Complete Corporate Services Pte Ltd

SINGAPORE SUPPLEMENTARY BUDGET 2020: FORTITUDE BUDGET

FORGING AHEAD WITH **FORTITUDE**

The 8-week Circuit Breaker in Singapore is expected to be lifted in less than a week's time. To mitigate the risk of further wave(s) of infection or community transmission of the Covid-19, the Government of Singapore has decided to exit the Circuit Breaker in phases. During Phase 1 which will begin on 2 June 2020, some businesses will remain closed and many offices are advised to continue with the work-from-home arrangements for employees. To provide continued support for the affected businesses and individuals, Deputy Prime Minister ("DPM") and Minister for Finance, Mr Heng Swee Keat, announced on 26 May 2020 in his fourth Budget on the proposed measures for the post-Circuit Breaker period. He also touched on boosting enterprise transformation and how workers can adapt and reskill to prepare for the economic recovery. At a time where many businesses are feeling the heat from the curtailment of economic activities which is induced by the global pandemic, will these measures come as a cool relief and bring on the fortitude in them to persevere through this economic turbulence? For a quick rundown of some of the measures, please refer to the summary below.

SUPPORTING BUSINESSES & WORKERS



CASHFLOW



- **Job Support Scheme ("JSS")**

- Enhanced JSS payout of 75% on the first S$4,600 of gross monthly wages for every local employee for all firms (regardless of sectors) will be extended for the month of May 2020, as announced on 21 April 2020.
- JSS will also be extended by 1 month to cover wages paid in August 2020 (total of 10 months). The JSS payout for August 2020 will be paid out in October 2020.
- JSS wage support levels will revert to original levels for businesses that are allowed to resume from 2 June 2020.
- Businesses that cannot resume operations after 1 June 2020 will continue to receive enhanced JSS support at 75% until August 2020, or when they are allowed to re-open (whichever is earlier).
- The list of sectors deemed to be directly or severely affected by travel restrictions and/or safe distancing measures has been updated on the Inland Revenue Authority of Singapore ("IRAS") website for JSS.
- No application is required for JSS, which will be automatically computed based on Central Provident Fund ("CPF") contribution data and disbursed via PayNow Corporate, GIRO or cheque.



COST



- **Foreign Worker Levy ("FWL") waiver and rebate**

- FWL waiver and rebate will be extended for businesses that will not be allowed to resume operations on-site immediately after 1 June 2020.
- This will include all businesses in the Construction, Marine and Offshore, and Process sectors.
- 100% FWL waiver in June 2020 and 50% FWL waiver in July 2020.
- FWL rebates in June 2020 and July 2020 of S$750 and S$375 respectively, for each S Pass or Work Permit holder.
- No application is required for the FWL rebates, which will be received via PayNow Corporate Account or by cheque.
- Further details will be released by the Ministry of Manpower.

SUPPORTING BUSINESSES & WORKERS (CONT.)

CPF %

- **Deferring CPF contribution rate increase for senior workers**

- The planned increase in CPF contribution rates for Singaporean and Permanent Resident senior workers from 1 January 2021 will be deferred to 1 January 2022.

Age	Current	From 1 January 2021 (deferred to 1 January 2022)	By about 2030
≤55	37.0%	No change	
>55 – 60	26.0%	28.0%	37.0%
>60 – 65	16.5%	18.5%	26.0%
>65 – 70	12.5%	14.0%	16.5%
>70	12.5%	No change	



- **Cash grant to subsidise rental costs of Small Medium Enterprises ("SMEs") in private non-residential properties**

- A cash grant of 0.8 month's rent for qualifying commercial properties (e.g. shops).
- A cash grant of 0.64 month's rent for other non-residential properties (e.g. industrial and office properties).
- Available to SME tenants which derived not more than S$100 million in annual turnover (based on the tax returns for the Year of Assessment 2019).
- No application is required.
- The cash grant will be disbursed automatically by IRAS to qualifying property owners from end July 2020, calculated based on Annual Values of properties for 2020. Landlords are required to pass on the benefit to their SME tenants.
- IRAS will provide more details of this cash grant on its website by end June 2020.



- **Mandated rental waiver by landlords**

- A new law will be introduced mandating that landlords grant rental waivers to qualifying SME tenants of qualifying commercial properties who have suffered a significant revenue drop.
- 4 months of rental relief, shared equally between the Government and landlords, will benefit the eligible SME tenants.
- SME tenants of industrial and office properties will also be given some relief.
- More details will be provided in June 2020.



- **Rental waivers for tenants of government-owned/managed non-residential properties**

- Additional 2 months' rental waiver for eligible commercial tenants, which includes those providing commercial accommodation, retail, F&B, recreation, entertainment, healthcare, and other services.
- Additional 1 month's rental waiver for other non-residential tenants, which includes premises used for industrial or agricultural purposes, or as an office, a business or science park, or a petrol station.
- The rental waivers do not apply to any rental premises (or any part of the rental premises) used for residential purposes.



CREDIT



- **Financing support for startups**

- S$285 million fund set aside for startups, to catalyse and crowd in at least another S$285 million from private investments.
- These funding will support promising startup companies to raise capital and to develop their business.

SUPPORTING BUSINESSES & WORKERS (CONT.)

DIGITAL TRANSFORMATION

- **Support for E-payment solution adoption**
  - A bonus of up to S$1,500 (S$300 per month, over 5 months) will be given to encourage stallholders (i.e. hawkers, coffee shops, industrial canteens) to adopt e-payment solution.
  - This is subject to the stallholders' sustained use of the solution, with a minimum number of e-payments transactions per month.
  - Government will bear the transaction fees until 31 December 2023.
  - Stallholders can sign up for the e-payment solution with NETS or contact Infocomm Media Development Authority ("IMDA") for more information.

- **Digital Resilience Bonus**
  - Eligible Food Services and Retail businesses that adopt PayNow Corporate, e-invoicing, process or e-commerce solutions can receive a baseline bonus payout of up to S$5,000.
  - An additional bonus of S$5,000 will be given to such eligible businesses for adopting digital solutions across all baseline and advanced categories (data-driven operations i.e. data mining and analytics).
  - Further details on qualifying conditions will be provided at a later date.
  - Businesses can approach IMDA for further information.

TRAINEESHIPS AND HIRING INCENTIVES

- **Co-funding of Trainee allowances - first-time job seeker trainees ("SGUnited Traineeships")**
  - Was introduced in March 2020 to provide Singapore Citizens and Permanent Residents graduates opportunities to gain valuable industry-relevant work experience.
  - The number of placements will be increased from 8,000 to 21,000.
  - Workforce Singapore ("WSG") will co-fund 80% of the qualifying training allowance, with the remaining 20% borne by the employer.
  - Companies can contact WSG for details on the scheme
  - Recent and new graduates can apply for these opportunities on MycareersFuture.sg from 1 June 2020 onwards.

- **Co-funding of Trainee allowances - mid-career trainees ("SGUnited Mid-Career Traineeships")**
  - A new scheme to create 4,000 positions for mid-career individuals or unemployed mid-career jobseekers looking to gain meaningful industry-relevant experience.
  - More details will be provided by WSG in due course.

- **Enhanced Hiring Incentive**
  - Enhanced salary support for local workers hired through eligible reskilling programmes:-
    - 40% for 6 months, capped at S$12,000 (for workers aged 40 and above); and
    - 20% for 6 months, capped at S$6,000 (for workers aged below 40)
  - Eligible reskilling programmes are:-
    - Professional Conversion Programmes (PCPs);
    - Place-and-Train (PnT) programmes for rank-and-file workers;
    - Career transition programmes by Continuing Education and Training ("CET") Centres;
    - SGUnited Traineeships;
    - SGUnited Mid-Career Traineeships; and
    - SGUnited Skills
  - Detailed information available from agency, Workforce Singapore (contact: 6883 5885)

TRAINEESHIPS AND HIRING INCENTIVES (CONT.)

- **Training allowance for individuals ("SGUnited Skills")**
- A new full-time training programme ranging from 6 to 12 months which comprises certifiable courses delivered by companies and CET Centres, including Institutes of Higher Learning
- Trainees will receive training allowance of S$1,200 per month for the duration of the training programme, to cover subsistence expenses.
- Course fees will be highly subsidised. SkillsFuture Credit can be used to offset the course fees.
- The training programme will be rolled out from July 2020. Detailed information will be provided by the Ministry of Education.

CONCLUSION

These additional measures form the fourth instalment of Budget 2020 given over a span of less than 4 months, and the four Budgets will cost the Government a total of almost S$100 billion, with the need to draw on a total of S$52 billion of Singapore's past reserves. Nevertheless, it is imperative to help businesses and individuals who are affected by the distressed economic climate. Although the path ahead will be long and dubious, the further measures shall help Singapore businesses and individuals to build courage in these times of adversity, to adapt and to emerge stronger in the wake of the crisis.

FURTHER ADVICE

Our tax professionals are only a telephone call away if you wish to discuss any of the matters raised by the DPM. We would also be pleased to assist in any restructuring that will assist in your Company's future operations to alleviate the difficulties arising from operating business during and post pandemic outbreak.

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