Complete Corporate Services

SINGAPORE BUDGET 2020: MINISTERIAL STATEMENT 5 OCTOBER 2020

CHARTING THE COURSE AHEAD IN THE NEW COVID-19 WORLD

Singapore's collective efforts of staying vigilant while battling the global pandemic has paid off. While many uncertainties still lie ahead till a vaccine is found, the reopening of the economy has definitely seen significant progress especially with talks surrounding progression towards Phase 3.

In his second Ministerial Statement, Deputy Prime Minister ("DPM") and Minister for Finance, Mr Heng Swee Keat, provided an overview of the Singapore Government's fiscal position and further revealed the three prongs of Singapore's reinvigorated economic strategies which will be the roadmap to Singapore's recovery in the new COVID-19 world.

Certain support measures have either been extended or enhanced for businesses in growth areas and those making efforts to internationalize, transform and digitalize.

For a concise summary of the announcement made, please refer to the information below.

EXTENSION OF THE ENHANCED TRAINING SUPPORT PACKAGE ("ETSP")



The ETSP provides course fee subsidies and absentee payroll funding (see Table 1 below) in specific sectors. While workers retain specialised skills acquired previously, they will also be able to position themselves better in the new COVID-19 world.

Businesses critically affected by COVID-19 are eligible for course fee support of up to 90%, and absentee payroll funding of 90% of hourly basic salary, capped at S$10 per hour.

Table 1: Eligibility for course fee subsidy and absentee payroll funding

Sectors	Course of commencement date	Eligible for enhanced course fee funding?	Eligible for enhanced absentee payroll funding?
Tourism*	Between 1 March 2020 and 31 December 2020	Yes, for selected sector-specific programmes	Yes
Air Transport			
Food & Beverage	Between 1 April 2020 and 31 December 2020		
Retail			
Land Transport			
Arts and Culture			

Table 1: Eligibility for course fee subsidy and absentee payroll funding (Cont.)

Sectors	Course of commencement date	Eligible for enhanced course fee funding?	Eligible for enhanced absentee payroll funding?
Aerospace	Between 1 September 2020 and 31 December 2020		
All other sectors	1 May 2020 to 31 December 2020	No	Yes

** Includes Tour Guides who are self-employed persons. However, absentee payroll funding will not be applicable to Tour Guides.*

Following Table 1, the ETSP will:

- Be extended for another six months, until 30 June 2021;
- Include Marine and Offshore sector effective 5 October 2020; and
- Reduce the absentee payroll funding to 80% of hourly basic salary, capped at S$7.50 per hour effective January 2021.

ENHANCEMENT OF THE JOBS GROWTH INCENTIVE ("JGI")



Available up to February 2021, businesses that increase their total headcount of local workers can receive wage support for the first S$5,000 of their gross monthly wages for a maximum of 12 months as follow:

- Up to 25% for workers who are below 40 years old; and
- Up to 50% for workers who are above 40 years old.

A higher tier of wage support of up to 50% will be given to workers with disabilities, hired between September 2020 and February 2021.

EXTENSION/ ENHANCEMENT OF VARIOUS CAPABILITY-BUILDING GRANTS



Various capability-building grants such as the Market Readiness Assistance Grant, Productivity Solutions Grant, Enterprise Development Grant and the PACT Programme will either be extended or enhanced to provide continued support to businesses making efforts to internationalise, transform and digitalise. Further details will be announced by the Ministry of Trade and Industry ("MTI") shortly.

EXTENSION OF THE MONETARY AUTHORITY OF SINGAPORE ("MAS") SINGAPORE DOLLAR ("SGD") FACILITY FOR ENTERPRISE SINGAPORE ("ESG") LOANS



The MAS SGD Facility for ESG Loans, extended till September 2021, provides lower-cost funding for banks and finance companies when granting loans to businesses under ESG's various financing schemes. The reduction in funding cost will help to lower the interest rates charged, thereby, providing cash flow support to the eligible corporate borrowers.

EXTENSION OF THE TEMPORARY BRIDGING LOAN PROGRAMME ("TBLP")



As announced in April 2020, eligible businesses have up to March 2021 to apply from Participating Financial Institutions ("PFI") for loans up to S$5 million, with interest rate capped at 5% p.a. ESG will co-share 90% risk on these loans.

The TBLP will be extended by six months until September 2021, but at reduced levels. Further details will be announced by ESG shortly.

ADJUSTMENT TO THE ENTERPRISE FINANCING SCHEME ("EFS")



The support available under EFS will be adjusted to help businesses access financing required for trade and project needs. Further details will be announced by the MAS and the MTI shortly.

REDEFINING THE RESEARCH, INNOVATION AND ENTERPRISE ("RIE") PLAN



Under the previous RIE 2020 Plan, the Singapore Government committed S$19 billion over a period of five years from 2016 to 2020 to embark on the Smart Nation initiative. Funding priority was given to four strategic areas of significance such as (i) Manufacturing and Engineering sector, (ii) Health and Biomedical Sciences industry, (iii) Urban Solutions and Sustainability area and (iv) Services and Digital Economy.

A new five-year RIE plan will be unveiled in December 2020 as a continuity to the aforementioned. With the current economic environment in mind, the new RIE plan aims at increasing R&D activities in the manufacturing, aviation and maritime industries, as well as boost Smart Nation capabilities and promote sustainability solutions. Concurrently, research activities will be enhanced on areas such as early childhood development, continuous learning, and elderly healthcare.

SINGAPORE'S ROADMAP FOR THE FUTURE

1. Remaking Singapore as a Global-Asia node of technology, innovation, and enterprise

- Maritime trade has remained resilient to COVID-19 as container throughput at Singapore port fell only by a small percentage as compared to air connectivity, which has seen a nosedive during this period of COVID-19. The Government is committed to revive its air hub and restore air connectivity to Asia and the world. Singapore will strengthen its value proposition through greater regional cooperation, and by building a leading trade and logistics ecosystem.
- To bring key players across the supply chain and form

an Alliance on Supply Chain Digitalisation.

- To position itself as a leading intellectual property centre in Asia.
- An online platform, Open Innovation Network, will match-make problem owners and solvers to spark industry-led solutions.

2. Fostering inclusive growth

- The Government is dedicated to grow skills across the workforce to keep our workers competitive in today's environment. Employers and training providers are encouraged to make full use of the various schemes introduced in the previous Budgets and announced in August 2020 Ministerial Statement, to help develop and upgrade the skill set of Singapore's workforce.
- Every worker faces different challenges regardless of their background and occupation. Therefore, additional support (e.g. ETSP and JGI mentioned earlier) to certain groups of workers are introduced to balance the gradient.

3. Augmenting economic flexibility and viability to bolster Singapore's competitive edge in today's environment

- To promote an efficient combination of having things ready "just in time" and the flexibility of building contingencies "just in case", a pivotal starting point is to enhance the production of essential supplies (e.g. food), which can be used for both domestic consumption and export. By leveraging on its strengths in R&D, Singapore aims to produce 30% of its local dietary needs by 2030.
- Environmental sustainability is a key cornerstone of Singapore's economic resilience. This entails a continued investment in R&D on energy and resource efficiency-related technologies. For instance, under the Zero Waste Masterplan, support will be given to businesses that turn "trash to treasure" by recycling or transforming waste into valuable inputs for (further) production. This will aid in developing the cycle of sustainable finance (i.e. business activities), services (i.e. on demand) and technologies (i.e. a plethora of possibilities).

CONCLUSION

In this Ministerial Statement, a series of interlocking strategies have been announced to help Singapore emerge stronger from this unprecedented crisis.

With collaborative efforts, businesses should be better placed to capture new opportunities in Asia through continuous digitalization and innovation.

FURTHER ADVICE

If you require assistance to understand how the second Ministerial Statement can help you and your business, please feel free to reach out to our tax professionals for further discussions. We would also be pleased to assist in any restructuring of your future operations to alleviate the financial difficulties arising from and/ or coping with the new COVID-19 world.

CCS TAXATION SERVICES

As a business owner, every transaction you plan to make may have direct or indirect tax consequences.

To achieve tax efficiency so as to enhance your return on investments, it is advisable that various tax issues be considered alongside the planning and structuring of your business.

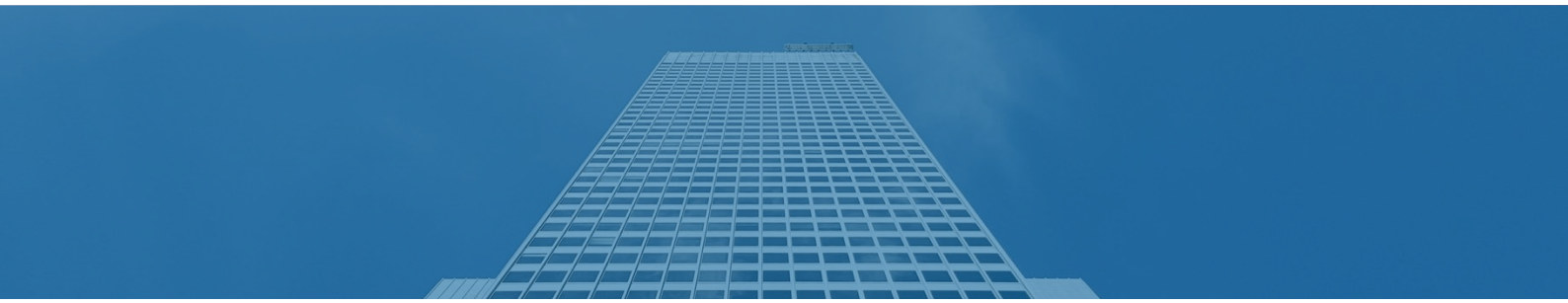
The tax landscape is changing at a rapid pace and expert advice is essential to mitigate tax risk and maintain profitability. We can assist you through our comprehensive tax compliance, tax advisory and transfer pricing services to minimise your effective tax burden.

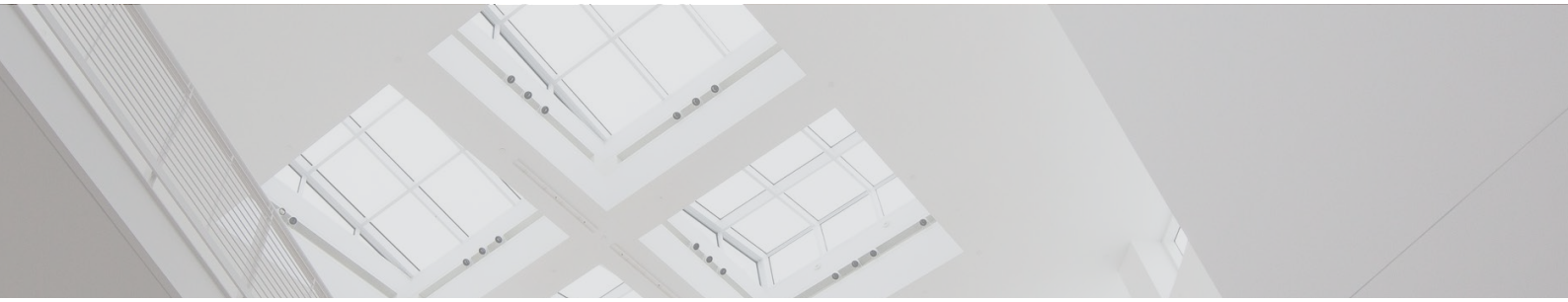


COMPLETE CORPORATE SERVICES

Complete Corporate Services is a leading integrated business solution provider. Working in parallel with your businesses objectives, our corporate solutions and innovative technologies enable you to maximise your capabilities for sustainable growth. Dedicated in the work that we do, our team of qualified professionals will work with you to ensure quality, effective and efficient service delivery.







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