



BUDGET HIGHLIGHTS - 2016

Evelyn Lim & Harsh Shah

1 April 2016

AN OVERVIEW

Partnering for the future

- Prudent budget which focuses on near-term business concerns and long term challenges
- S\$4.5 billion industry transformation programme package to deepen innovation capabilities and leveraging new technologies
- S\$400 million automation support package for businesses as they scale up their automation projects
- Assistance to help Singapore companies internationalise
- Budget to lay a foundation for the next 50 years

CORPORATE TAX

CORPORATE INCOME TAX REBATE (1/4)

Current treatment

- Available for the period from YA 2016 to YA 2017
- The Corporate Income Tax (“CIT”) rebate is at 30% of tax payable, up to a cap of S\$20,000 per YA

New treatment

- The CIT rebate will be raised from 30% to 50% of tax payable
- The cap of S\$20,000 per YA remains
- Specifically targeted to benefit small and medium enterprises

EFFECTIVE TAX RATE (2/4)

Corporate

Chargeable Income (S\$)	Corporate Tax Rate* (%) (YA 2013 to YA 2015)	Corporate Tax Rate* (%) (YA 2016 to YA 2017)
300,000	5.8	4.2
500,000	8.3	7.8
544,656	8.6	8.6
740,735	9.5	10.8
1,000,000	11.4	12.4

* After partial exemption of \$152,500 & rebate

For YA 2013 to YA 2015 - 30% rebate capped at S\$30,000 per YA

For YA 2016 and YA 2017 - 50% rebate capped at S\$20,000 per YA

EFFECTIVE TAX RATE (3/4)

Corporate versus Personal

Chargeable Income (S\$)	Corporate Tax Rate* (%) (YA 2013 to YA 2015)	Corporate Tax Rate* (%) (YA 2016 to YA 2017)	Personal Tax Rate^ (%) (YA 2017)
300,000	5.8	4.2	13.52
500,000	8.3	7.8	16.83
544,656	8.6	8.6	17.25
740,735	9.5	10.8	18.51
1,000,000	11.4	12.4	19.42

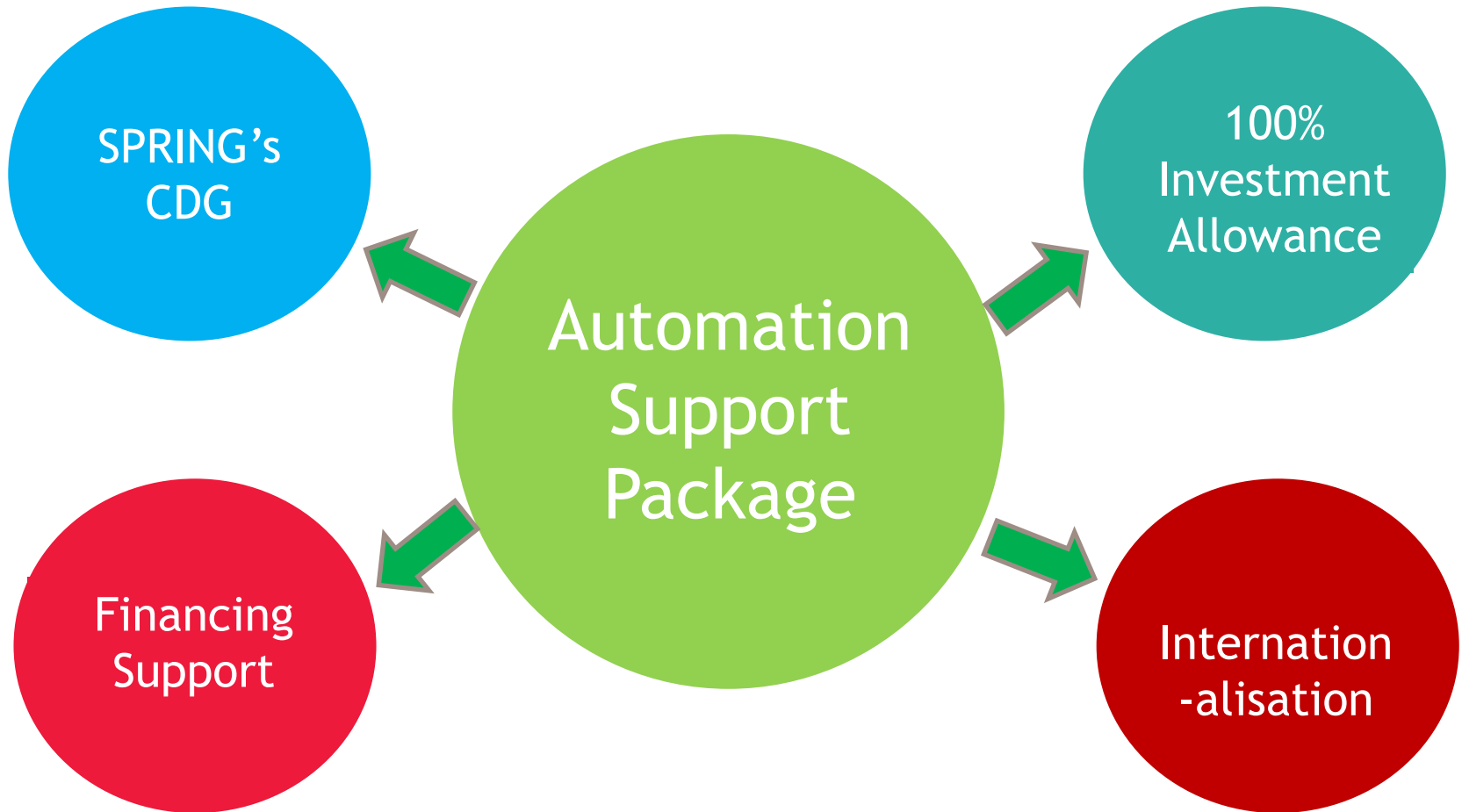
* After partial exemption of \$152,500 & rebate

^ After reliefs for a Singaporean tax resident

CORPORATE INCOME TAX REBATE (4/4)

- No need to apply for the rebate
- Rebate to be computed on the tax payable after tax credits and aggregate of the normal and concessionary tax liability; rebate not applicable to income subject to final withholding of tax
- Eligible entities are all companies including registered business trusts; however loss-making companies are left out

AUTOMATION SUPPORT PACKAGE (1/7)



AUTOMATION SUPPORT PACKAGE (2/7)

SPRING's Capability Development Grant

Current treatment

- No automation support package
- Presently, Capability Development Grant (CDG) defrays up to 70% of qualifying costs for SMEs
- The costs could relate to consultancy, training, certification and equipment costs
- Grant for increasing productivity, process improvement, product development and market access

New treatment

- SPRING's Capability Development Grant will be expanded to support roll-out or scaling up of "automation projects"
- The grant will be available up to 50% of the qualifying cost, capped at S\$1 million

AUTOMATION SUPPORT PACKAGE (3/7)

100% Investment allowance

Current treatment

- No automation support package

New treatment

- Approved capital expenditure for qualifying projects may be eligible for an investment allowance of 100%
- The investment allowance is in addition to the existing capital allowance for plant and machinery
- Approved capital expenditure is capped at S\$10 million per project

AUTOMATION SUPPORT PACKAGE (4/7)

Financing support

Current treatment

- No automation support package

New treatment

- Government to increase their risk-share from 50% to 70% on loans for qualifying projects undertaken by SMEs
- The risk-share is for loans from Partnering Financial Institutions under SPRING's Local Enterprise Finance Scheme (LEFS) equipment loan
- The LEFS to cover equipment loans will be expanded to non-SMEs at 50% risk-share

AUTOMATION SUPPORT PACKAGE (5/7)

Internationalisation

Current treatment

- No automation support package

New treatment

- International Enterprise, Singapore will work with SPRING to help businesses to access overseas markets

AUTOMATION SUPPORT PACKAGE (6/7)

Issues

- Qualifying entities - SMEs or non-SMEs as well
- SMEs are defined as:
 - Registered and operating in Singapore
 - Has at least 30% local shareholding
 - Group annual sales turnover of not more than S\$100 million or group employment of not more than 200 employees
- Definition of an “automation project” - whether PIC principles will be applied
- Constituents of “qualifying cost” eligible for grant is unclear

AUTOMATION SUPPORT PACKAGE (7/7)

Issues

- Impact of PIC claims on qualifying equipments - whether one can opt to claim PIC rather than investment allowance
- Need clarity on the effective date of application
- However, businesses will continue to benefit through the PIC and PIC+ Schemes till YA 2018

ENHANCING MERGERS & ACQUISITIONS SCHEME (1/4)

Current treatment

- The Mergers and Acquisitions (“M&A”) Scheme was extended until 31 March 2020
- Tax allowance increased from 5% to 25% while the acquisition value per YA was reduced to S\$20 million

New treatment

- Deal value doubled from existing S\$20 million to S\$40 million
- M&A allowance will also increase from S\$5 million to S\$10 million
- Eligible for M&A deals made from 1 April 2016

EXTENDING AND ENHANCING MERGERS & ACQUISITIONS SCHEME (2/4)

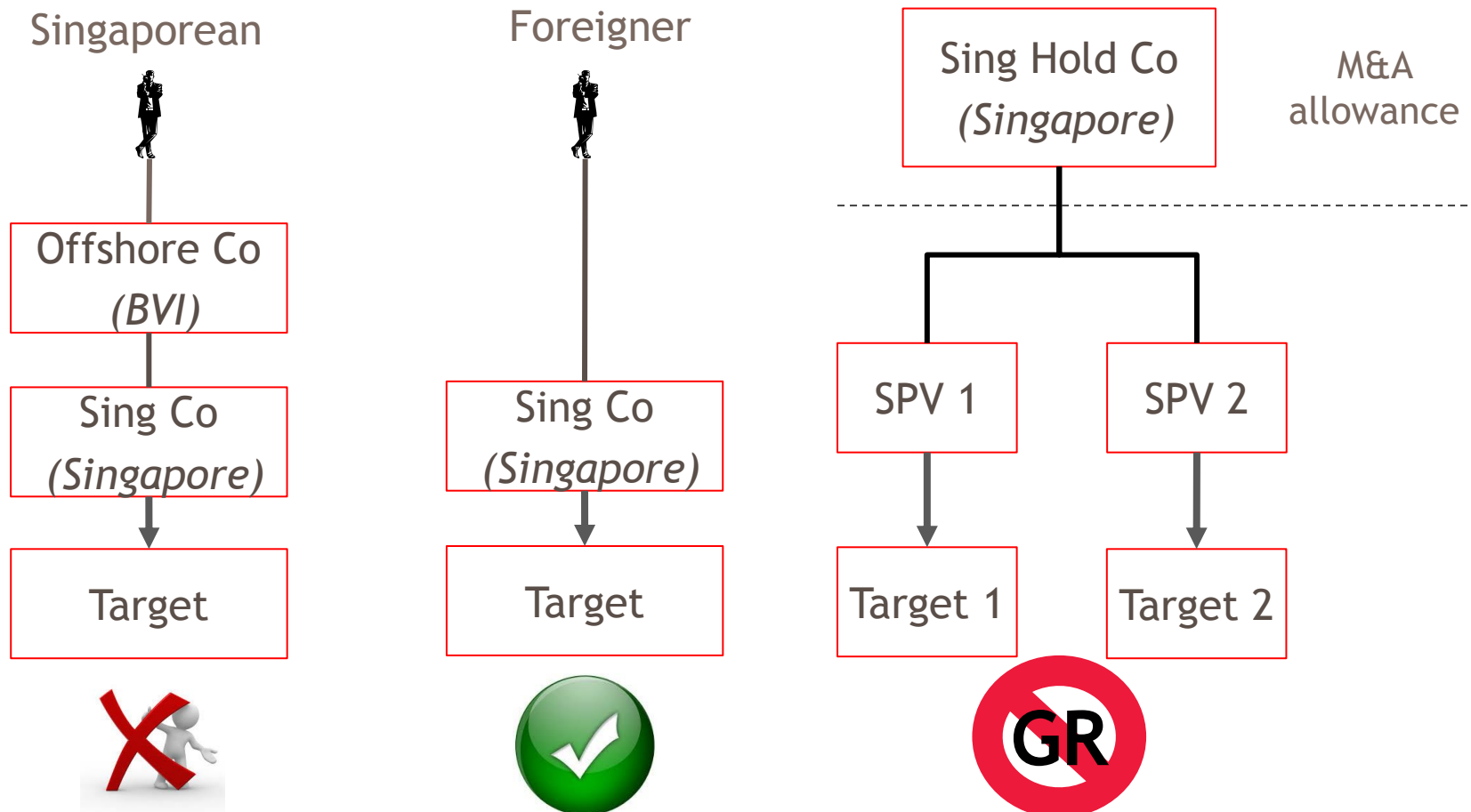
- Illustration:-

Acquisition value	Current treatment	New treatment
S\$10 million	S\$2.50 million	S\$2.50 million
S\$20 million	S\$5.00 million	S\$5.00 million
S\$40 million	S\$5.00 million	S\$10.00 million
S\$50 million	S\$5.00 million	S\$10.00 million

EXTENDING AND ENHANCING MERGERS & ACQUISITIONS SCHEME (3/4)

- Stamp duty relief capped at S\$80,000 per financial year (increase from S\$40,000)
- No change to 200% allowance on transaction costs incurred for qualifying M&As, capped at S\$100,000 per YA
- Unabsorbed M&A allowance not available for transfer under group relief or carry back
- IRAS will release further details by June 2016

EXTENDING AND ENHANCING MERGERS & ACQUISITIONS SCHEME (4/4)



NON-TAXATION OF COMPANIES' GAINS ON DISPOSAL OF EQUITY INVESTMENTS

Current treatment

- Gains on disposal of equity investments by companies are tax exempt provided:
 - The divesting company has owned legally and beneficially at least 20% of the ordinary shares in the investee company; and
 - The divesting company maintains that 20% shareholding at all times during a continuous period of at least 24 months just prior to the disposal

New treatment

- The tax exemption is extended for another five years until 31 May 2022
- Covers disposal of equity investments from 1 June 2017 to 31 May 2022

EXTENDING DOUBLE TAX DEDUCTION FOR INTERNATIONALISATION SCHEME

Current treatment

- 200% automatic tax deduction for expenditure incurred up to S\$100,000 on following activities:
 - Overseas business development trips/ missions
 - Overseas investment study trips/ missions
 - Participation in overseas trade fairs; and
 - Participation in approved local trade fairs
- Expenditure exceeding S\$100,000 allowed, subject to approval

New treatment

- Scheme extended for another four years
- The new period will be from 1 April 2016 to 31 March 2020

EXTENDING WRITING DOWN PERIOD FOR INTELLECTUAL PROPERTY RIGHTS

Current treatment

- 100% writing-down allowance (WDA) is available over a five year period for acquiring qualifying Intellectual Property Rights (IPR)
- The following IPR are eligible:
 - Patents, Trademarks, Copyrights
 - Registered designs
 - Geographical indications
 - Lay-out designs of integrated circuits
 - Trade secret or information that has commercial value
 - Plant varieties

New treatment

- The WDA period is extended to five, 10 or 15 years
- Eligible on making an election which is irrevocable
- To elect at the point of submitting the tax return for the basis period in which cost is first incurred
- Applies to IPR acquisitions made within basis periods for YA 2017 to YA 2020

INTRODUCED ANTI-AVOIDANCE MEASURES FOR IPR TRANSFERS

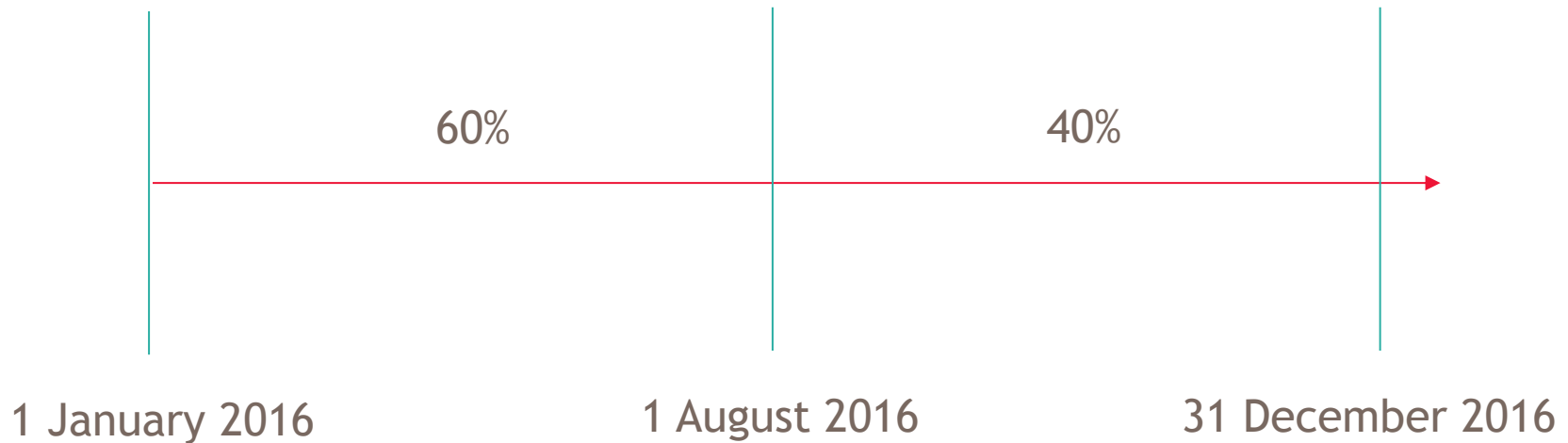
Current treatment

- No power to Comptroller of Income Tax (Comptroller) to make adjustments to the transacted price of an IPR to reflect the market value

New treatment

- Comptroller to make adjustments if IPR transfer not transacted at Open Market Value (OMV):
 - Acquisition price higher than OMV; then transacted price will be OMV and WDA will be restricted to OMV
 - Disposal price lower than OMV; then disposal price will be OMV
- Applies to both related and third party transactions

REDUCTION IN PIC CASH PAYOUT & EXPIRY OF PIC SCHEME (1/5)



PIC scheme to lapse from YA 2019

PIC CASH PAYOUT VERSUS PIC (2/5)

Examples

Profit	PIC S\$	PIC Cash Payout S\$
Profit	500,000	500,000
PIC	(400,000)	-
Chargeable Income	100,000	500,000
Partial tax exemption	(52,500)	(152,500)
	47,500	347,500
Tax @ 17%	8,075	59,075
CIT Rebate @ 50% (capped at S\$20,000)	(4,038)	(20,000)
Cash payout @ 40%	-	(40,000)
Tax payable	4,037	(925)

PIC CASH PAYOUT VERSUS PIC (3/5)

Examples

Profit	PIC S\$	PIC Cash Payout S\$	PIC Cash Payout S\$
Profit	540,000	540,000	540,000
PIC	(400,000)	-	-
Chargeable Income	140,000	540,000	540,000
Partial tax exemption	(72,500)	(152,500)	(152,500)
	67,500	387,500	387,500
Tax @ 17%	11,475	65,875	65,875
CIT Rebate @ 50% (capped at S\$20,000)	(5,738)	(20,000)	(20,000)
Cash payout @ 40%/ 60%	-	(40,000)	(60,000)
Tax payable	5,737	5,875	(14,125)

PIC CASH PAYOUT VERSUS PIC (4/5)

Examples

Profit	PIC S\$	PIC Cash Payout S\$	PIC Cash Payout S\$
Profit	695,500	695,500	695,500
PIC	(400,000)	-	-
Chargeable Income	295,500	695,500	695,500
Partial tax exemption	(150,250)	(152,500)	(152,500)
	145,250	543,000	543,000
Tax @ 17%	24,693	92,310	92,310
CIT Rebate @ 50% (capped at S\$20,000)	(12,347)	(20,000)	(20,000)
Cash payout @ 40%/ 60%	-	(40,000)	(60,000)
Tax payable	12,346	32,310	12,310

PIC CASH PAYOUT VERSUS PIC (5/5)

Examples

Profit	PIC S\$	PIC Cash Payout S\$	PIC Cash Payout S\$
Profit	1,000,000	1,000,000	1,000,000
PIC	(400,000)	-	-
Chargeable Income	600,000	1,000,000	1,000,000
Partial tax exemption	(152,500)	(152,500)	(152,500)
	447,500	847,500	847,500
Tax @ 17%	76,075	144,075	144,075
CIT Rebate @ 50% (capped at S\$20,000)	(20,000)	(20,000)	(20,000)
Cash payout @ 40%/ 60%	-	(40,000)	(60,000)
Tax payable	56,075	84,075	64,075

INTRODUCED BUSINESS AND IPC PARTNERSHIP SCHEME (1/2)

Current treatment

- Presently, Corporate Social Responsibility expenditure incurred by businesses is tax deductible

New treatment

- A pilot Business and Institution of Public Character Scheme (BIPS) introduced
- 150% additional tax deduction on wages and incidental expenses (over the existing 100%) for businesses when their employees volunteer at IPCs, including secondments
- Capped at S\$250,000 per business and S\$50,000 per IPC on the qualifying costs

INTRODUCED BUSINESS AND IPC PARTNERSHIP SCHEME (2/2)

- No restriction on services; however, donation of goods not eligible
- All types of secondments will be allowed (some possible sectors include legal, IT, accounting, and other professional services)
- Wages of owners in sole proprietorships, partnerships and companies are disqualified from tax deductions
- Any unutilised tax deductions will be eligible for carry forward and set-off as per existing tax rules
- Scheme to run from 1 July 2016 to 31 December 2018; details will be released by June 2016

ALLOCATION OF EXPENSES

Current treatment

- Presently, no specific requirement to allocate:
 - expenses incurred before the first dollar is earned; and
 - other pre-commencement expensesto the pre-incentive and incentive income

New treatment

- Directly incurred expenses to derive pre-incentive income or incentive income to be identified and set-off appropriately
- Allocation of remaining expenses based on appropriate allocation key (e.g. turnover, gross profit, etc)
- Need to track expenses if a business is awarded an incentive in the same accounting year in which first dollar is earned

MANDATORY e-FILING OF CIT RETURNS & PIC CASH PAYOUT

- Mandatory e-filing of CIT returns will be implemented in stages as follows:

YA	Target group
2018	Companies with turnover of more than S\$10 million in YA 2017
2019	Companies with turnover of more than S\$1 million in YA 2018
2020	All companies

- Mandatory e-filing of PIC cash payout application will be effective from 1 August 2016

WITHDRAWALS & EXTENSIONS

- Approved Investment Company Scheme which provides certainty on the tax treatment of gains derived from the disposal of their securities will be withdrawn from YA 2018
- Scheme to exempt income derived by non-residents trading in Singapore through consignees in specified commodities produced outside Singapore will be withdrawn from YA 2018
- The Not-for-Profit Organisation (NPO) tax incentive grants tax exemption under Section 13U of the SITA on the income derived by an approved NPO is extended till 31 March 2022

MISCELLANEOUS

FOREIGN WORKER LEVY

- For Services sector, the levy rates for R2 workers will be raised. For basic tier from S\$420 to S\$450, tier 2 from S\$550 to S\$600 and tier 3 from S\$700 to S\$800
- For S-pass holders, levy rates will increase on 1 July 2016. For basic tier from S\$315 to S\$330 and tier 2 from S\$550 to S\$650
- No changes to work permit levies for the Manufacturing sector
- For Construction sector, the basic tier levy for R2 workers will be raised from S\$550 to S\$650 on 1 July 2016 and to S\$700 on 1 July 2017
- Marine and Process sectors, the levy increases will be deferred for one

EXTENSION OF SPECIAL EMPLOYMENT CREDIT (SEC)

- SEC extended for three years from 1 January 2017 to 31 December 2019
- It provides wage offsets to employers hiring Singaporean workers aged 55 and above, and earning up to S\$4,000 a month as below:

Age	Wage offsets for monthly wages of up to S\$4,000
55 to 59	3% of monthly wages
60 to 64	5% of monthly wages
65 and above	8% of monthly wage (plus additional 3% until the re-employment age is raised in 2017)

QUANTUM OF SEC

Year 2017 to Year 2019 (Proposed)

Monthly wage	SEC for the month for each employee		
	Age 55 to 59 (up to 3% of monthly wage)	Age 60 to 64 (up to 5% of monthly wage)	Aged 65 and above (up to 8% of monthly wage)
S\$1,500	S\$45	S\$75	S\$120
S\$2,000	S\$60	S\$100	S\$160
S\$2,500	S\$75	S\$125	S\$200
S\$3,000	S\$90	S\$150	S\$240
S\$3,500*	S\$45	S\$75	S\$120
S\$4,000 and above	Not available	Not available	Not available

* A lower SEC will be provided for workers earning between S\$3,500 to S\$4,000.

TIMELINE & PAYMENT DATES FOR SEC

- Employers will automatically receive SEC payments based on the regular monthly CPF contributions
- Paid twice a year, in March and September

SME WORKING CAPITAL LOAN

- Introduced by SPRING Singapore for an initial period of three years
- Loans up to S\$300,000 for local SMEs
- Funds used for daily operations or for automation and upgrading of factory and equipment, where government will co-share 50% of the default risk on these loans with participating financial institutions (PFIs)

SME MEZZANINE GROWTH FUND

- Launched in Budget 2014 to provide mezzanine capital to qualifying investee companies under Co-Investment Programme (CIP)
- Companies must have their key management and headquartered functions in Singapore
- Increase in fund size from S\$100 million to S\$150 million
- This new funding dedicated to smaller SMEs with annual revenues of S\$50 million and below at time of investment

COMMUNITY CHEST SHARE PROGRAMME

- The government will match, dollar-for-dollar the increases in annual donations made through Community Chest SHARE programme, over and above the FY 2015 level for three years.
- Business participating in SHARE can claim 50% of the matching grant attributed to the increase in their donations, up to a cap of S\$10,000 a year, for approved Corporate Social Responsibility initiatives.

COMMUNITY CHEST SHARE PROGRAMME

Illustration

FY	COMPANY A			Comments
	SHARE Donations	Government Matching Grant	Maximum Claim for Businesses' CSR initiatives	
2015	S\$20,000	-	-	-
2016	S\$20,000	S\$20,000 - S\$20,000 = S\$0	50%*S\$0=S\$0	<u>No matching grant</u> as donation does not exceed that of FY2015
2017	S\$30,000	S\$30,000 - S\$20,000 = S\$10,000	50%*S\$10,000 =S\$5,000	Company can claim <u>50% of Government matching grant</u>
2018	S\$42,000	S\$42,000 - S\$20,000 = S\$22,000	50%*S\$22,000 =S\$11,000 (max claim of S\$10,000)	Maximum claim is <u>capped at S\$10,000</u>

IMPACT ON INDIVIDUAL

A Quick Recap: Salient Changes - YAs 2016/17

INCREASE IN CENTRAL PROVIDENT FUND (CPF) SALARY CEILING

❖ Impact on the individual:

Salary ceiling (\$)	Employer Contribution Rate	CPF (\$)
6,000	17%	1,020
5,000	17%	<u>850</u>
Increase in employer's monthly CPF contribution		<u>170</u>

Salary ceiling (\$)	Employee Contribution Rate	CPF (\$)
6,000	20%	1,200
5,000	20%	<u>1,000</u>
Decrease in monthly disposable income		<u>200</u>

Overall increase in CPF contribution by \$370

INCREASE IN CENTRAL PROVIDENT FUND (CPF) SALARY CEILING

❖ Impact on the individual:

Salary ceiling (\$)	Employee Contribution Rate	CPF (\$)
6,000	20%	1,200
5,000	20%	<u>1,000</u>
Increase in tax relief		<u>200</u>

Tax relief is available in respect of employee's compulsory CPF contribution

INCREASE IN SUPPLEMENTARY RETIREMENT SCHEME (SRS) CAP

Current

Years	Absolute income base*	Maximum yearly SRS contribution for Singaporean/SPR	Maximum yearly SRS contribution for foreigner
2011 to 2015	(17 months x S\$5,000) = S\$85,000	15% of absolute income base (15% x S\$85,000) = S\$12,750	35% of absolute income base (35% x S\$85,000) = S\$29,750

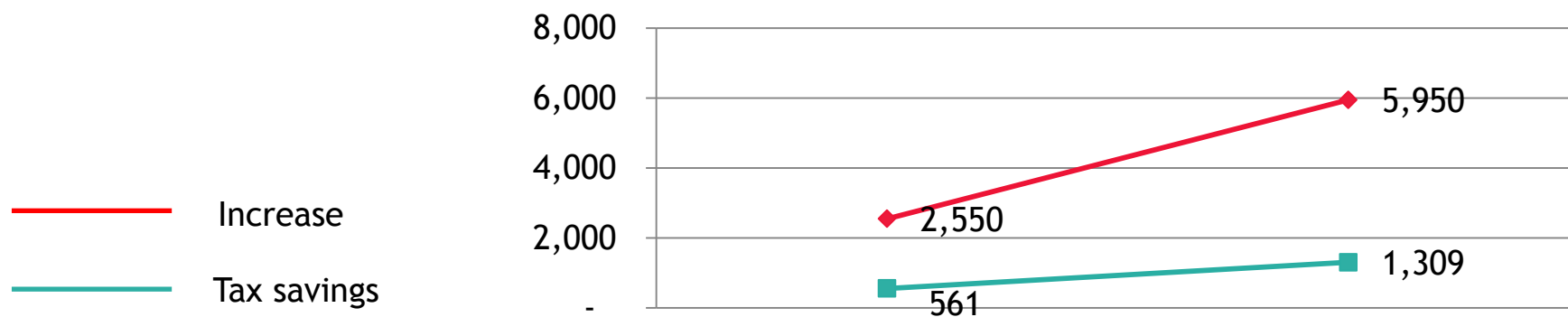
INCREASE IN SUPPLEMENTARY RETIREMENT SCHEME (SRS) CAP

New

Years	Absolute income base*	Maximum yearly SRS contribution for Singaporean/SPR	Maximum yearly SRS contribution for foreigner
2016 onwards	(17 months x S\$6,000) = S\$102,000	15% of absolute income base (15% x S\$102,000) = S\$15,300 (increase by S\$2,550)	35% of absolute income base (35% x S\$102,000) = S\$35,700 (increase by S\$5,950)

- Tax relief is available to Singapore tax resident in respect of SRS contribution, subject to the above cap.

INCREASE IN SUPPLEMENTARY RETIREMENT SCHEME (SRS) CAP



Years	Absolute income base*	Maximum yearly SRS contribution	
		Singaporean/SPR	Foreigner
2011 to 2015	S\$85,000 (17 mths x S\$5,000)	S\$12,750 (15% of S\$85,000 absolute income base)	S\$29,750 35% of S\$35,000 absolute income base
2016 onwards	S\$102,000 (17 mths x S\$6,000)	S\$15,300 (15% of S\$102,000 absolute income base)	S\$35,700 (35% of S\$102,000 absolute income base)

- Tax relief is available to Singapore tax resident in respect of SRS contribution, subject to the above cap.

PERSONAL INCOME TAX REBATE FOR TAX RESIDENTS

Current treatment

- A personal income tax rebate of 50%, capped at S\$1,000 per tax resident individual taxpayer for YA 2015

New treatment

- No personal income tax rebate extended

INCREASE IN PERSONAL INCOME TAX RATES FOR TAX RESIDENTS

Current treatment

- Current personal income tax rates for tax resident individual taxpayers

New treatment

- New personal income tax rates for tax resident individual taxpayers
- The changes are effective from YA 2017

TAX RATES FOR RESIDENT INDIVIDUALS

First
S\$160,000

YA 2015 to YA 2017

	Chargeable Income (\$)	Rates	Gross Tax Payable (\$)
On the first	20,000	0	0
On the next	10,000	2.0%	200
On the first	30,000		200
On the next	10,000	3.5%	350
On the first	40,000		550
On the next	40,000	7.0%	2,800
On the first	80,000		3,350
On the next	40,000	11.5%	4,600
On the first	120,000		7,950
On the next	40,000	15%	6,000
On the first	160,000		13,950

TAX RATES FOR RESIDENT INDIVIDUALS



Above
S\$160,000

		YA 2015 & YA 2016		YA 2017	
	Chargeable Income (\$)	Rates	Gross Tax Payable (\$)	Rates	Gross Tax Payable (\$)
On the first	160,000		13,950		13,950
On the next	40,000	17%	6,800	18%	7,200
On the first	200,000		20,750		21,150
On the next	40,000	18%	7,200	19%	7,600
On the first	240,000		27,950		28,750
On the next	40,000	18%	7,200	19.5%	7,800
On the first	280,000		35,150		36,550
On the next	40,000	18%	7,200	20%	8,000
On the first	320,000		42,350		44,550
Above	320,000	20%	Varies	22%	Varies

Moving on: YA 2018

CAPPING OF PERSONAL INCOME TAX RELIEFS

- With effect from YA 2018, the total amount of personal income tax reliefs will be capped at S\$80,000 per YA.

CAPPING OF PERSONAL INCOME TAX RELIEFS

Locals

Assumptions

- A working female, Singapore tax resident individual below 55 years of age
- Two dependent, Singapore citizen children (under age 16)
- Parent is below 65 years old, living with taxpayer in the same household in Singapore, and not in receipt of an annual income of more than S\$4,000
- Does not qualify for foreign maid levy concession
- No personal income tax rebate
- No unutilised Parenthood Tax Rebate (PTR) balance carried forward
- Income includes two months' bonus annually with employee CPF contributions on additional wages (AW) being capped at the AW ceiling

CAPPING OF PERSONAL INCOME TAX RELIEFS

Based on income of S\$170,000

Year of Assessment (YA)	2016	2017	2018
	S\$	S\$	S\$
Income (A)	170,000	170,000	170,000
Less: Personal Reliefs			
Earned income relief	(1,000)	(1,000)	(1,000)
QCR	(8,000)	(8,000)	(8,000)
WMCR [(15%*(A) + 20%*(A))]	(59,500)	(59,500)	(59,500)
Parent relief	(9,000)	(9,000)	(9,000)
CPF relief	(17,000)	(20,400)	(20,400)
Foreign maid levy relief	(6,360)	(6,360)	(6,360)
NSman wife relief	(750)	(750)	(750)
Total Personal Reliefs	(101,610)	(105,010)	(105,010)
Cap on Total Personal Reliefs	-	-	(80,000)
Chargeable Income	68,390	64,990	90,000
Tax Payable (at resident rate)	2,537.30	2,299.30	4,500.00
Singapore effective tax rate	3.71%	3.54%	5.00%
Increase in absolute term			2,200.70
Increase in percentage term			1.46%

CAPPING OF PERSONAL INCOME TAX RELIEFS

Based on income of S\$200,000

Year of Assessment (YA)	2016	2017	2018
	S\$	S\$	S\$
Income (A)	200,000	200,000	200,000
<i>Less: Personal Reliefs</i>			
Earned income relief	(1,000)	(1,000)	(1,000)
QCR	(8,000)	(8,000)	(8,000)
WMCR [(15%*(A) + 20%*(A))]	(70,000)	(70,000)	(70,000)
Parent relief	(9,000)	(9,000)	(9,000)
CPF relief	(17,000)	(20,400)	(20,400)
Foreign maid levy relief	(6,360)	(6,360)	(6,360)
NSman wife relief	(750)	(750)	(750)
Total Personal Reliefs	(112,110)	(115,510)	(115,510)
<i>Cap on Total Personal Reliefs</i>	-	-	(80,000)
Chargeable Income	87,890	84,490	120,000
Tax Payable (at resident rate)	4,257.35	3,866.35	7,950.00
Singapore effective tax rate	4.84%	4.58%	6.63%
Increase in absolute term			4,083.65
Increase in percentage term			2.05%

CAPPING OF PERSONAL INCOME TAX RELIEFS

Based on income of S\$300,000

Year of Assessment (YA)	2016	2017	2018
	S\$	S\$	S\$
Income (A)	300,000	300,000	300,000
<i>Less: Personal Reliefs</i>			
Earned income relief	(1,000)	(1,000)	(1,000)
QCR	(8,000)	(8,000)	(8,000)
WMCR [(15%*(A) + 20%*(A))]	(105,000)	(105,000)	(105,000)
Parent relief	(9,000)	(9,000)	(9,000)
CPF relief	(17,000)	(20,400)	(20,400)
Foreign maid levy relief	(6,360)	(6,360)	(6,360)
NSman wife relief	(750)	(750)	(750)
Total Personal Reliefs	(147,110)	(150,510)	(150,510)
<i>Cap on Total Personal Reliefs</i>	-	-	(80,000)
Chargeable Income	152,890	149,490	220,000
Tax Payable (at resident rate)	12,883.50	12,373.50	24,950.00
Singapore effective tax rate	8.43%	8.28%	11.34%
Increase in absolute term			12,576.50
Increase in percentage term			3.06%

CAPPING OF PERSONAL INCOME TAX RELIEFS

Based on income of S\$500,000

Year of Assessment (YA)	2016	2017	2018
	S\$	S\$	S\$
Income (A)	500,000	500,000	500,000
<i>Less: Personal Reliefs</i>			
Earned income relief	(1,000)	(1,000)	(1,000)
QCR	(8,000)	(8,000)	(8,000)
WMCR [(15%*(A) + 20%*(A))]	(175,000)	(175,000)	(175,000)
Parent relief	(9,000)	(9,000)	(9,000)
CPF relief	(17,000)	(20,400)	(20,400)
Foreign maid levy relief	(6,360)	(6,360)	(6,360)
NSman wife relief	(750)	(750)	(750)
Total Personal Reliefs	(217,110)	(220,510)	(220,510)
<i>Cap on Total Personal Reliefs</i>	-	-	(80,000)
Chargeable Income	282,890	279,490	420,000
Tax Payable (at resident rate)	35,670.20	36,450.55	66,550.00
Singapore effective tax rate	12.61%	13.04%	15.85%
Increase in absolute term			30,099.45
Increase in percentage term			2.80%

CAPPING OF PERSONAL INCOME TAX RELIEFS

Based on income of S\$1,000,000

Year of Assessment (YA)	2016	2017	2018
	S\$	S\$	S\$
Income (A)	1,000,000	1,000,000	1,000,000
<i>Less: Personal Reliefs</i>			
Earned income relief	(1,000)	(1,000)	(1,000)
QCR	(8,000)	(8,000)	(8,000)
WMCR [(15%*(A) + 20%*(A))]	(350,000)	(350,000)	(350,000)
Parent relief	(9,000)	(9,000)	(9,000)
CPF relief	(17,000)	(20,400)	(20,400)
Foreign maid levy relief	(6,360)	(6,360)	(6,360)
NSman wife relief	(750)	(750)	(750)
Total Personal Reliefs	(392,110)	(395,510)	(395,510)
Cap on Total Personal Reliefs	-	-	(80,000)
Chargeable Income	607,890	604,490	920,000
Tax Payable (at resident rate)	99,928.00	107,137.80	176,550.00
Singapore effective tax rate	16.44%	17.72%	19.19%
Increase in absolute term			69,412.20
Increase in percentage term			1.47%

CAPPING OF PERSONAL INCOME TAX RELIEFS

Ideal estimated income bracket to fall within...

Year of Assessment (YA)	2016	2017	2018
	S\$	S\$	S\$
Income (A)	98,544	98,544	98,544
<i>Less: Personal Reliefs</i>			
Earned income relief	(1,000)	(1,000)	(1,000)
QCR	(8,000)	(8,000)	(8,000)
WMCR [(15%*(A) + 20%*(A))]	(34,490)	(34,490)	(34,490)
Parent relief	(9,000)	(9,000)	(9,000)
CPF relief	(17,000)	(20,400)	(20,400)
Foreign maid levy relief	(6,360)	(6,360)	(6,360)
NSman wife relief	(750)	(750)	(750)
Total Personal Reliefs	(76,600)	(80,000)	(80,000)
Cap on Total Personal Reliefs	-	-	(80,000)
Chargeable Income	21,944	18,544	18,544
Tax Payable (at resident rate)	38.87	0.00	0.00
Singapore effective tax rate	0.18%	0.00%	0.00%
Increase in absolute term			0.00
Increase in percentage term			0.00%

CAPPING OF PERSONAL INCOME TAX RELIEFS

Expatriates

Assumptions

- A working female, Singapore tax resident individual below 55 years of age
- Two dependent children (under age 16)
- Does not qualify for foreign maid levy concession
- Contributes to SRS up to the annual cap limit
- Earns an annual income of S\$300,000 (includes two months' bonus)

CAPPING OF PERSONAL INCOME TAX RELIEFS

Year of Assessment (YA)	2016	2017	2018
	S\$	S\$	S\$
Income	300,000	300,000	300,000
<i>Less: Personal Reliefs</i>			
Earned income relief	(1,000)	(1,000)	(1,000)
QCR	(8,000)	(8,000)	(8,000)
Foreign maid levy relief	(6,360)	(6,360)	(6,360)
SRS relief	(29,750)	(35,700)	(35,700)
Total Personal Reliefs	(45,110)	(51,060)	(51,060)
Cap on Total Personal Reliefs	-	-	(80,000)
Chargeable Income	254,890	248,940	248,940
Tax Payable (at resident rate)	30,630.20	30,493.30	30,493.30
Singapore effective tax rate	12.02%	12.25%	12.25%
Increase in absolute term			0.00
Increase in percentage term			0.00%

REMOVAL OF TAX CONCESSION ON HOME LEAVE PASSAGES FOR EXPATRIATE EMPLOYEE

Current treatment

- Taxed at 20% of the cost of airfare provided to an expatriate employee and his immediate family members
- Restricted to one home leave passage for the expatriate employee and his spouse and two home leave passages for each dependent child annually
- Not applicable if the expatriate employee is a Singapore Citizen or Singapore Permanent Resident

New treatment

- This tax concession of taxing only 20% of the value of home leave passages provided to expatriate employees and their immediate family members will be removed

REMOVAL OF TAX CONCESSION ON HOME LEAVE PASSAGES FOR EXPATRIATE EMPLOYEE

Assumptions

- ❖ A Singapore tax resident individual below 55 years of age
- ❖ Spouse is not in receipt of an annual income exceeding S\$4,000
- ❖ Two dependent children (under age 16)
- ❖ Earns an annual income of S\$100,000 (excludes bonus)
- ❖ Entitled to one home leave passage benefit each for self, spouse and children, i.e. capped at a total value of S\$10,000 per year. Home leave entitlement is fully utilised every year.

REMOVAL OF TAX CONCESSION ON HOME LEAVE PASSAGES FOR EXPATRIATE EMPLOYEE

Year of Assessment (YA)	YA 2016	YA 2017	YA 2018
Base Salary	100,000	100,000	100,000
Bonus	40,000	40,000	40,000
Total Remuneration	140,000	140,000	140,000
<i>Home Leave</i>	<i>2,000</i>	<i>2,000</i>	<i>10,000</i>
Taxable Income	142,000	142,000	150,000
Less: Personal Reliefs			
Earned income relief	(1,000)	(1,000)	(1,000)
Spouse relief	(2,000)	(2,000)	(2,000)
QCR	(8,000)	(8,000)	(8,000)
Chargeable Income	131,000	131,000	139,000
Tax Payable (at resident rate)	9,600.00	9,600.00	10,800.00
<i>Singapore effective tax rate</i>	<i>7.33%</i>	<i>7.33%</i>	<i>7.77%</i>
<i>Increase in absolute term</i>			<i>1,200</i>
<i>Increase in percentage term</i>			<i>0.44%</i>

Thank you