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Singapore Budget 2016

Our observations and analysis

March 2016

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Head of Tax

Finance Minister Mr Heng Swee Keat delivered his first Singapore Budget on 24 March, 2016. It comes in an era in which Singapore builds on the celebrated economic success of its first 50 years of independence, to embrace new responsibilities and challenges.

It acknowledges the influences of regional economic powerhouses like China and India, and the expected growth in the ASEAN region. GDP growth is expected to match 2015, somewhere in the range of 1-3%.

The Budget broadly has three key thrusts.

First, it will counter cyclical weaknesses in the economy by adopting fiscal policies that are driven towards growth in GDP.

Secondly, it aims to develop the structural environment for business by building deeper capabilities, scaling up and growing internationally. The Industry Transformation Programme will help drive growth through innovation. SME businesses are a focus with the announcement of tax rebate enhancements, a working capital loan programme and benefits for employers. There will be a new and enhanced allowance for investment in automation, mergers and foreign expansion. Several tax incentive schemes have been enhanced or modified.

The Jurong Enterprise District, which may not be operative for another 6 years, will be a new and enhanced incentives for home, education, enterprise, and lifestyle around innovative themes.

Thirdly, the Budget supports Singaporeans by funding the development of skills and employment opportunities. In a range of ways, it is intended for Singapore to be a more caring and resilient society.

Overall, the Budget outcome is expected to result in a surplus of $S3.4bn, which sounds very responsible in the wake of a 2015 deficit.

Prudence is balanced by the need to develop enterprise. Growth through innovation and the promotion of industry sector incentives continues to be a positive platform for the Government.

In this Budget Summary we explore the more specific initiatives that were announced that we believe will impact on businesses and individuals in Singapore.

Contents

Corporate Income Tax Rebate

Current

YA 2016 and YA 2017

All companies are granted a 30% Corporate Income Tax Rebate capped at $20,000 per YA.

This rebate is given to all companies (including Registered Business Trusts) regardless of their tax residency status and eligibility for the concessionary corporate tax rate.

Proposed

YA 2016 and YA 2017

The Corporate Income Tax Rebate has been increased to 50% of tax payable, capped at $20,000 per YA.

Observations

With the increased percentage for the corporate tax rebate, the effective tax rate for chargeable income below S$660,000 is 10% or less. Further, companies whose chargeable income is S$380,000 and below and who have paid tax for YA 2016 can expect a refund of the tax overpaid.

Industry Transformation Programme

Current

This is a new initiative.

Observations

This has the appearance of a beefed-up productivity and innovation credit, where the expenditure requires approval (something lacking under the PIC) but where other holistic assistance is provided. It is not clear how SMEs will be defined for these purposes.

Proposed

Automation Support Package

A four-part Automation Support Package has been introduced to help companies to automate, drive productivity, and scale up their businesses.

SPRING's Capability Development Grant (CDG)

The CDG will be expanded to support the roll-out or scaling up of automation projects at up to 50% of qualifying cost. The grant is capped at S$1 million.

Investment Allowance (IA)

Qualifying projects may be eligible for an IA of 100% of the amount of approved capital expenditure (capped at $10 million per project), net of grants. This IA is in addition to the existing capital allowances for plant and machinery.

Enhanced financing support

To improve access to loans for qualifying projects, the government has increased the sharing of risk with participating financial institutions under SPRING's Local Enterprise Finance Scheme. The Local Enterprise Finance Scheme will be expanded to cover equipment loans for non-SMEs to a 50% risk-share with participating financial institutions (PFIs). For SMEs the percentage increases to 70%.

Access to overseas markets

As such large-scale automation projects enable firms to scale and internationalise, IE Singapore will work together with SPRING to help businesses access overseas markets.

M&A Allowance

Current

The M&A Allowance scheme was introduced in 2010 to encourage mergers and acquisitions involving Singapore businesses. It was effectively a quid pro quo for the fact that interest on borrowings to acquire shares in a business did not rank for tax deduction because of Singapore's exemption for dividends.

Currently, tax deductions are given for 25% of the cost of the qualifying acquisition up to a deal size of $20 million, giving a $5 million allowance in total over a five-year period, as well as stamp duty relief of up to $40,000 on the same deal size, and double deductions for transaction costs on a maximum of $100,000 of qualifying costs.

Proposed

The Minister announced that the $20 million deal size ceiling would be increased to $40 million for the purposes of the principal deduction, giving relief now of up to $10 million per YA. The stamp duty relief will also follow suit and double to $80,000. The other allowances remain unaffected.

Effective date

The changes will be effective for expenditure incurred on or after 1 April 2016.

Expiry

31 March 2020.

Observations

This incentive is still very much a Singapore play, as qualifying acquisitions are restricted to companies carrying on business in Singapore. It could have benefitted from being expanded to include foreign acquisitions, so as to encourage outward investment. No relief is available either under the group relief provisions, which means the acquiring company will require significant profits in order to take full advantage of the new changes.

Exemption for gains on disposals of equity investments

Current

It is true to say that Singapore does not have a Capital Gains Tax regime. But that does not mean that transactions that take place in relation to "investments" cannot be seen as revenue transactions and thus taxable as normal income. Significant time, cost and unproductive energy has been spent over the years in trying to deal with this highly subjective area. In order to bring some regularity to the matter, an exemption was introduced on 1 June 2012 for transactions in ordinary shares that met certain criteria.

The exemption is available to Singapore companies that dispose of ordinary shares in another company (in Singapore or elsewhere) where the seller has held at least 20% or more of the ordinary shares in that other company for a period of at least 24 months prior to the disposal. The current scheme covers disposals made on or before 31 May 2017.

Proposed

The Minister announced that the scheme will be extended, based on existing conditions, until 31 May 2022.

Effective date

The changes will be effective immediately.

Expiry

The scheme covers disposals made on or before 31 May 2020 (thus the last qualifying acquisition date is 1 June 2018).

Observations

The extension is a welcome relief. The existing scheme had already expired, since shares acquired from 1 June 2015 could not, by definition, meet the 24 month condition. It is also disappointing that the conditions were not relaxed more in line with participation regimes found in Europe and elsewhere.

Double Tax Deduction for Internationalisation (DTD) Scheme

Current

Market Expansion

The current DTD scheme is applicable to businesses registered in Singapore or permanently established in Singapore. The DTD Scheme seeks to help businesses with the costs of market expansion and overseas investment development.

Amount and Period of Claim

The current DTD scheme provides for an automatic claim for a 200% tax deduction on the first $100k of eligible expenses per YA without prior approval from IE Singapore. Any expenditure above $100k requires approval from and will be assessed by IE Singapore on a case-by-case basis. It covers eligible expenditure incurred from 1 July 2012 to 31 March 2016.

Proposed

Extension

The DTD scheme will be extended for an additional four years from 1 April 2016 to 31 March 2020.

Observations

The extension is a reinforcement of the push for businesses in Singapore to internationalize and as such should be encouraged. However, the popularity of the DTD Scheme should be questioned.

Enhancing the LIA scheme

Current

The LIA scheme was first introduced in Budget 2010. Given the scarcity of land in Singapore, the LIA is targeted at encouraging higher industrial land productivity.

LIA grants an initial allowance of 25% and an annual allowance of 5% on qualifying capital expenditure incurred on the construction of a qualifying building or structure.

The LIA can only be claimed by a user who has incurred the qualifying expenditure on an approved building or structure.

Proposed

The LIA scheme will be extended to buildings used by a user or multiple users, who are related, for one or multiple qualifying trades or businesses, if certain conditions are met. In addition, the LIA applicant must be related to the qualifying user or users of the building.

Effective date

For LIA applications or planning or conservation permissions for construction or renovation made from 25 March 2016.

Observations

The relaxation of the LIA scheme to qualifying buildings used by multiple users is a welcome change. It may encourage collaboration among the users. However, it is our hope that the conditions that may be imposed will not be onerous enough to discourage collaboration.

Writing-down allowances for IP

Current

Section 19B of the ITA provides for a tax deductible allowance for the costs of acquiring IP. This was introduced to encourage businesses to own and to exploit IP from using Singapore as their base and support the country's aspirations to be the leading knowledge and innovation centre in the region.

The allowance is given, straight-line, over five years. Any excess of the allowance over taxable income in a particular YA can be group relieved, but it is also susceptible to forfeiture on a change in ownership of the business. The same expenditure can qualify for PIC which is similarly spread over the five-year period.

Proposed

The Minister announced that it will now be possible to spread the expenditure over five, 10 or 15 years at the taxpayer's discretion.

Effective date

The changes will be effective for expenditure incurred in the basis periods for YAs 2017 to 2020.

Expiry

End of the basis period for YA 2020.

Observations

This is a subtle change, possibly aimed at allowing greater absorption of foreign tax credits attaching to royalties earned from the licencing of the IP, which may be wasted with a faster write-down. It is likely also, however, that the PIC claims would be similarly affected by the rate chosen.

A company may choose a longer duration for the write-down to minimise the risk of forfeiture of any unutilised WDA should it expect a substantial change in its shareholders.

Anti-avoidance under section 19B

Current

As noted above, section 19B of the ITA provides for a tax deductible allowance for the costs of acquiring IP. However, the magnitude of the allowances can be manipulated through inflation of the transfer price of the asset, particularly in a related party situation. By the same token, the claw-back of allowances on a disposal can be artificially suppressed.

Current anti-avoidance legislation in the section is confined to denying allowances when the IP is transferred in from a company that has claimed deductions in Singapore from its creation.

Proposed

New market value rules will be introduced to remove the scope for price manipulation both when the IP is acquired or when it is subsequently sold.

Effective date

The changes will be effective for transactions made from 25 March 2016.

Expiry

Not applicable.

Observations

This is not an unexpected modification in the context of perceived abuse.

PIC – lower cash payout and lapse of PIC scheme

Current

PIC was introduced in the 2010 Budget for YA 2011 to YA 2015 to encourage productivity and innovation activities. It was subsequently extended for another 3 years from YA2016 to YA 2018.

PIC grants businesses which invest in specified productivity and innovation activities, deductions/allowances of up to $400,000 of qualifying expenditure incurred in each specified activity per YA. The total deductions/allowances amounts to 400% per dollar of qualifying expenditure.

In lieu of the deductions/allowances, businesses may choose to convert qualifying expenditure incurred of up to $100,000 for each YA into cash. The cash payout rate is 60% of the qualifying expenditure incurred for YA 2013 to YA 2018.

Proposed

The cash payout rate will be lowered from the current 60% to 40% for qualifying expenditure incurred on or after 1 August 2016.

There are no further changes to the other conditions of the PIC scheme.

The scheme, which was extended in the 2014 Budget from YA2016 to YA2018 will not be extended and will expire thereafter on schedule.

Observations

The cash payout scheme was first mooted to help businesses defray the cost of investing in innovation. It appears to be have been abused. There were 7 convicted cases of PIC fraud between September 2013 and February 2016. In view of the reduced rate of payout, businesses should plan ahead on qualifying expenditure spend before 1 August 2016.

The PIC Scheme may have outlived its usefulness and it will lapse after YA 2018.

Extending and Enhancing the FTC Scheme

Current

The Finance and Treasury Centre (FTC) Scheme is aimed at encouraging multinational organisations to use Singapore as a regional or global centre for conducting their treasury and finance functions and thus leveraging off and supporting the country's position as a leading global financial centre.

Currently, interest and fee income from qualifying services earned from approved associated companies or offices are taxed at 10%. There are also, more importantly, withholding tax exemptions for interest payments to these same companies or offices. To qualify for the concessionary tax rate, funds managed and redeployed by the FTC have to be sourced directly by the FTC.

Proposed

The scheme will be extended until 31 March 2020. In addition, the concessionary rate will be reduced to 8%, but with additional substance requirements as a quid pro quo. The fund sourcing rules will also be relaxed so that funds can come indirectly from associates now. With this, some measures aimed at preventing round-tripping, that is, to make sure the funds have not originated from Singapore, will be introduced.

Finally, the withholding tax exemption will now include interest on deposits placed by non-resident approved offices and associated companies, provided the funds are used for qualifying purposes.

Effective date

The changes will be effective 25 March 2016.

Expiry

31 March 2021.

Observations

This is a welcome extension in the light of Hong Kong's recent announcement that it would be bringing in rules that enhanced the territory's appeal for such functions. The lower rate is not to be snubbed, but may not be that compelling. Finally, the relaxation of the source of funds rules has made life easier in theory but if round-tripping safeguards such as tracking the source of funds are introduced, nothing will have significantly changed.

Extending and Enhancing the Tax Incentive Scheme for Trustee Companies

Current

This scheme was introduced in support of Singapore's financial services and wealth management industries.

Currently, income from the provision of trustee, custodian, trust management and administration services is taxed at 10%. The scheme is scheduled to lapse on 31 March 2016

Proposed

The scheme will be subsumed under the FSI scheme from 1 April 2016 and the scope of qualifying services extended to align themselves with trustee activities found already under the FSI-ST, with the consequence that the rate will similarly be aligned at 12% for new entrants after that date. Existing recipients will continue to enjoy current benefits until the expiry of their award.

Effective date

1 April 2016.

Expiry

Not applicable.

Observations

Rationalising similar activities under two schemes by merging the smaller into the larger makes sense.

Extending and Refining the Tax Incentive Schemes for Insurance Companies

Current

There are a variety of tax incentive schemes available for insurance companies with tax rates ranging from zero to 10%.

Business lines that are affected by the 2016 Budget are:

- Marine Hull and Liability Insurance – 5% tax rate
- Specialised Insurance Business - Exempt
- Captive Insurance - Exempt
- Insurance Business Development – 10%

Proposed

As announced in the Budget Statement, the first three of the business lines mentioned opposite will be subsumed on the following dates under the umbrella of the Insurance Business Development scheme, subject to the following changes:

Marine Hull

From 1 April 2016. The tax rate will increase to 10% for new awards after that date

Specialised Insurance Business

From 1 September to 31 August 2021. The tax rate will graduate up to 8% from 1 September 2019, with a 5% rate for new awards granted between 1 September 2016 and 31 August 2019. Renewal awards from 1 September 2016 will only qualify for a 10% rate.

Captive Insurance

From 1 April 2018, the tax rate will be increased to 10%. Existing recipients of awards will continue unaffected until expiry or renewal of the awards they currently enjoy.

Effective date

As above.

Expiry

31 August 2021 although this may require clarification.

Observations

It can hardly be expected that these changes will be seen as a positive step by insurers.

Enhancing GTP (Structured Commodity Finance) Scheme

Current

The GTP was launched in 2001 to facilitate the growth of the trading sector in Singapore. In 2010, the GTP was enhanced to include Structured Commodity Finance (SCF) activities for tax concessions. This program is managed by IE Singapore. The aim of SCF is to improve credit and performance risk management for the commodities sector.

Approved GTP(SCF) companies enjoy a 5% or 10% concessionary tax rate on income derived from existing qualifying activities

Proposed

To strengthen Singapore's trade finance capabilities and to encourage more SCF activities to be carried out in Singapore, the GTP(SCF) scheme has been enhanced to include the following qualifying activities:

- Consolidation, management and distribution of funds for designated investments;
- M & A advisory services; and
- Streaming Financing.

Effective date

The change will take effect from 25 March 2016.

Observations

The enhancement of the incentive is a welcomed development to increase the depth of the commodity finance market and strengthen Singapore's position as a leading financial market.

Enhancing the MSI scheme

Current

The MSI scheme was introduced in 2011 to consolidate the various tax shipping incentives, namely, the approved international shipping operations, maritime leasing arrangements and shipping support services in Singapore.

Qualifying shipping income of ship operators under the MSI-Shipping Enterprise (Singapore Registry of Ships) for the operation of Singapore-flagged ships and MSI-Approved International Shipping Enterprise for the operation of foreign flagged ships are exempt from tax.

Under the MSI-Maritime Leasing (Ship) award, income from leasing ships used for qualifying activities to qualifying counterparties for use outside the port limits of Singapore is exempt from tax.

Proposed

Tax exemption for qualifying income of ship operators under MSI-Shipping Enterprise (Singapore Registry of Ships) for the operation of Singapore-flagged ships and MSI-Approved International Shipping Enterprise for the operation of foreign flagged ships has been extended to cover income derived from the operation of ships used for exploration or exploitation of offshore energy or minerals, or ancillary activities.

For the MSI-ML(Ship) award, the qualifying income derived from the leasing of ships used for exploration or exploitation of offshore energy or offshore minerals, or ancillary activity relating to those activities, will also be exempt from tax. In addition, the restriction on the qualifying counterparty requirement will be removed. Therefore, tax exemption will be granted on income derived from leasing of ships to any counterparty for qualifying use outside the port limits of Singapore.

Effective date

The above changes will take effect from 25 March 2016.

Observations

The MSI scheme has been enhanced over the last few years. Instead of making the enhancements on a piecemeal basis, MPA should consider having a negative list and only excluding shipping activities that it does not want to include.

Business and IPC Partnership Scheme (BIPS)

Current

DTD for qualifying donations

As a measure to encourage philanthropic giving, the IRAS currently allows businesses to enjoy 250% of tax deduction for qualifying donations made to a registered IPC. Donations with certain benefits will also be deemed to be pure donations as a concession.

Qualifying period

From 1 January 2016 to 31 December 2018

Proposed

Additional forms of philanthropic giving

Businesses can enjoy 250% tax deduction on wages and incidental cost when they send their employees to volunteer and provide any services to the IPCs. This benefit extends to secondments of employees to registered IPCs. As per existing tax rules, any unutilised donations can be carried forward for a period of 5 YAs. The wages of business owners cannot be included for the 250% tax deduction.

Qualifying conditions and period

The amount of qualifying expenses will be capped at $250,000 per business and S$50,000 per IPC annually.

This scheme is applicable for the period from 1 July 2016 to 31 December 2018.

Observations

With the new BIPS scheme, businesses will be incentivised to take part in CSR activities. This may promote the spirit of volunteering amongst the employees and may perhaps, contribute to the development of volunteering in Singapore.

Allocation of Section 14U and pre-commencement expenses

Current

Under section 14U of ITA, the date of business commencement is deemed to be the first day of the accounting year in which the business earns its first dollar of trading income. Further, section 14U provides that businesses can claim a tax deduction for expenditure incurred up to 12 months before that date (the "Section 14U expenses").

Where a business is awarded with an incentive in the same year in which the first dollar is earned, Section 14U does not require it to allocate the Section 14U expenses to the pre-incentive and incentive income. Similarly, there is no requirement for the allocation between pre-incentive and incentive income for pre-commencement expenses granted deductions under Part V of the ITA ("the pre-commencement expenses")

Proposed

The proposed changes to Section 14U and pre-commencement expenses require direct expenses to be tracked and set off against each category of income, and indirect expenses (i.e., expenses other than the direct expense) to be allocated between pre-incentive and incentive income based on comparative income ratios (e.g. using turnover, gross profit).

Effective date

The changes will be effective for expenses incurred from 25 March 2016.

Observations

The changes appear logical. However, in relation to the allocation of indirect expenses, there is no indication of which period is chosen to determine the turnover, etc., and whether the taxpayer will be given a choice to pick the more beneficial income ratio.

Mandatory Electronic-Filing ("e-filing")

Current

Corporate tax returns

Businesses either file their annual Corporate tax returns (ECI, Form C and Form C-S) by paper-filing or through IRAS' e-Services platform.

PIC cash payout

Businesses either submit their PIC cash payout applications by paper application or through IRAS' e-Services platform.

Proposed

Corporate tax returns

Mandatory e-filing of Corporate tax returns will be introduced in stages based on turnover as follows: -

YA	Target Group
2018	Companies with turnover of more than $10 million in YA2017
2019	Companies with turnover of more than $1 million in YA2018
2020	All companies

PIC cash payout

There will be mandatory e-filing of PIC cash payout applications from 1 August 2016.

Observations

Mandatory e-filing of GST returns was introduced in phases from January 2007 to September 2008. The move to e-file corporate tax returns (and other relevant applications) is therefore expected and in line with the Government's direction for more effective delivery of public services.

Withdrawal of Incentives/Exemptions

Approved Investment Company Scheme

The Approved Investment Company scheme under Section 10A of the ITA was introduced to promote the investment management industry.

It provided upfront certainty on the tax treatment of gains derived from the Approved Investment Company's disposal of securities whereby these gains were taxed according to a schedule based on the length of time that the securities were held.

The scheme was assessed to be no longer relevant and will be withdrawn from YA 2018.

Exemption on Income Derived by Non-Residents Trading in Specified Commodities

The income derived by non-residents trading through consignees in the commodities specified below and that are produced outside Singapore was granted tax exemption:

a) Rubber
b) Copra
c) Pepper
d) Tin
e) Tin-ore
f) Gambier;
g) Sago flour; and
h) Cloves.

The scheme was assessed to be no longer relevant and will be withdrawn from YA 2018.

Extension of NPO Tax Incentives

Current

The NPO tax incentive under Section 13U of the ITA grants tax exemption on the income derived by an approved NPO.

The incentive is scheduled to lapse on 14 February 2017.

Proposed

The incentive will be extended till 31 March 2022 to continue the Government's intentions and efforts in promoting Singapore as a hub for NPOs.

Expiry

31 March 2022.

Encouraging SHARE donations to the Community Chest

Current

Tax deduction for donations to the Community Chest

The Community Chest's monthly donation programme, SHARE, has enabled it to receive regular donations from employees through GIRO or payroll deductions, to raise funds for various Voluntary Welfare Organisations. Such donations to the SHARE scheme are tax deductible by individuals at 250% of the original donation. That is, a $100 donation will entitle a taxpayer to a tax deduction of $250.

Proposed

Dollar-for-dollar matching for additional donations through SHARE

To encourage increased donations through SHARE, the Minister has announced a dollar-for-dollar matching for additional donations through the SHARE scheme, over and above the level in FY 2015. This is available for three years starting from April 2016, assessed annually. Businesses that encourage their employees to donate regularly will be allowed to claim 50% of the matching funds (up to $10,000 a year) for approved CSR activities for employee participation.

Observations

The dollar-for-dollar matching for additional employee donations under the SHARE scheme will double the amounts into the Community Chest as they can claim a portion of the matched donations. The proposed scheme will boost the profile of CSR by enabling businesses to engage in more social initiatives, and therefore, this should have a very positive impact on Singapore's society.

Introduction of a cap on personal income tax relief claims

Current

No limit on personal relief claims

There are currently 15 personal income tax reliefs available for individuals to claim as a deduction against their assessable income. Many of these have been enhanced over the years and each tax relief serves a worthy objective such as supplementing retirement savings, encouraging mothers to work after having children, or take up a course.

An individual is allowed to claim as many reliefs as applicable so long as the conditions to claim the reliefs are fulfilled. However, there has been no limit on the amount of tax relief that individuals can claim to reduce their total taxable income. Therefore, taken together, the reliefs may unduly reduce total taxable income for a small proportion of individuals.

Proposed

Cap of $80,000 on personal relief claims

The Minister announced that a cap of $80,000 will be introduced on the total amount of personal income tax relief that an individual can claim per YA, with effect from the YA 2018. More details are expected to be released by June 2016.

Such a proposal was made to enhance the progressivity of the personal tax regime with a view to keeping the tax burden on tax resident individuals relatively low whilst allowing the tax structure to stay competitive.

Observations

The cap on the personal relief claims is estimated to affect only 1% of tax resident individuals. A potential category of individuals affected by the cap would be working mothers of Singaporean citizens who qualify for the WMCR, where 1 out of 10 is expected to have their personal income tax reliefs limited. As the WMCR is based on a percentage of the working mother's income, this is likely to have an adverse impact on women in active employment.

Removal of home leave passage concession for expatriate employees

Current

20% concession on qualifying home leave passage

For most expatriates (who are neither Singapore citizens nor Singapore permanent residents), only 20% of the cost of home leave passage is taxable, as a concession. This is available for up to one passage per year for the employee, one passage per year for the employee's spouse and up to two passages per year per qualifying child.

Proposed

Removal of concession

The concession will be removed with effect from YA 2018. Such trips will be taxed in full.

Observations

Home leave passage forms an important part of an expatriate's assignment package as it allows the expatriate and his or her family members to return home and maintain both personal and business relationships whilst on assignment in Singapore. Many expatriates who have home leave provisions are tax equalised or tax protected, that is the company will usually be the one bearing the tax cost on the home leave benefit.

The removal of the home leave passage tax concession would therefore increase the business cost for employers who need to bring expats into Singapore, usually to plug a shortfall in the local labour market. Those employers with expatriate assignees in Singapore should review the cost of their assignees to ensure that the business is appropriately informed.

Fiscal Position FY 2015 and FY 2016

"Budget 2016 is the first step of the next lap in what we hope will be a long, successful journey."

	Revised FY2015	%	Estimated FY2016	%	Change over Revised FY2015	
	$billion	of total	$billion	of total	$billion	% change
Operating Revenue	64.16		68.44		4.28	6.7%
Corporate Income Tax	13.85	21.6%	13.41	19.6%	-0.43	-3.1%
Personal Income Tax	9.13	14.2%	10.13	14.8%	1	10.9%
Withholding Tax	1.31	2.0%	1.33	1.9%	0.02	1.4%
Statutory Boards' Contributions	0.43	0.7%	1.88	2.7%	1.45	333.0%
Assets Taxes	4.39	6.8%	4.4	6.4%	0	0.1%
Customs and Excise Taxes	2.56	4.0%	2.91	4.3%	0.35	13.6%
GST	10.33	16.1%	10.62	15.5%	0.29	2.8%
Motor Vehicle Taxes	1.8	2.8%	2.93	4.3%	1.14	63.3%
Vehicle Quota Premiums	5.41	8.4%	5.65	8.3%	0.25	4.6%
Betting Taxes	2.71	4.2%	2.72	4.0%	0.01	0.4%
Stamp Duty	2.73	4.3%	2.52	3.7%	-0.21	-7.6%
Other Taxes	5.88	9.2%	6.33	9.2%	0.45	7.6%
Other Fees and Charges	3.29	5.1%	3.32	4.9%	0.02	0.7%
Others	0.35	0.5%	0.3	0.4%	-0.05	-14.3%

FY 2015

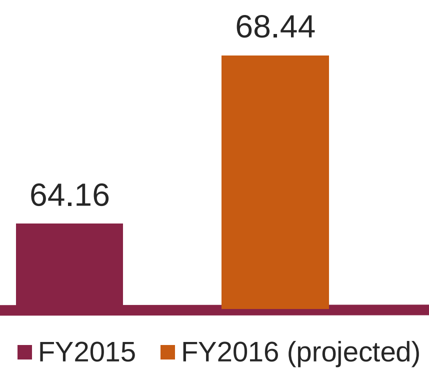
The Budget is expected to record a deficit of $4.9 billion at 1.2% of GDP which is lower than the deficit of $6.7 billion at 1.7% of GDP budgeted a year ago.

FY 2016

Total spending is expected to be $5 billion at 7.3% higher than in FY 2015.

Overall budget surplus is $3.4 billion at 0.8% of GDP.

Operating revenue



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Join us for our Budget seminar

1:30pm – 5:00pm, Tuesday 5 April 2016
Park Royal on Pickering
William Ballroom, Level 2
3 Upper Pickering St, 058289

Glossary

CSR – Corporate Social Responsibility

DTD – Double Tax Deduction

ECI – Estimate of Chargeable Income

EDB – Economic Development Board

FSI – Financial Sector Incentive

FSI-ST – Financial Sector Incentive - Standard Tier

FTC – Finance and Treasury Centre

FY – Financial year

GST – Goods and Services Tax

GTP (SCF) – Global Trader Programme (Structured Commodity Finance)

IE Singapore – International Enterprise Singapore

IP – Intellectual Property

IPC – Institution of Public Character

IRAS – Inland Revenue of Authority of Singapore

ITA – Income Tax Act

LIA – Land Intensification Allowance

M&A – Mergers and Acquisitions

MPA – Maritime Port Authority of Singapore

MSI – Maritime Sector Incentive

NPO – Not-for-Profit Organisation

PIC – Productivity and Innovation Credit

SME – Small and Medium-sized Enterprise

SPRING – Standards, Productivity and Innovation Board (SPRING Singapore)

WDA – Writing down allowance

WMCR – Working Mother's Child Relief

YA(s) – Year(s) of Assessment.

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