Singapore Budget
19 February 2018

Businesses

• Enhanced deduction for R&D on qualifying expenditure incurred in Singapore, raised from 150% to 250%. No cap
• The corporate tax rebate has been increased as follows: YA 2018 → 40% of tax payable, capped at S$15k
  YA 2019 → 20% of tax payable, capped at S$10k
• New double tax deductions (200%) for IP licensing and IP registration fees, each capped at S$100k per year
• Tax deductions for qualifying donations (IPC) of 250% will be extended 3 more years until 31 Dec 2021
• Business and IPC Partnership Scheme will be extended 3 more years until 31 December 2021
• Increased qualifying expenditure cap for internationalisation scheme, from S$100k to S$150k in YA 2019
• Enhancement of various financial sector incentives
• GST rate to be increased from 7% to 9% sometime between 2021 and 2025
• From 1 Jan 2020, imported services to be subject to GST if the receiving business cannot fully reclaim its GST
• Overseas vendors and electronic market place operators, providing digital services to local consumers, will have to register for GST from 1 January 2020 in Singapore subject to certain thresholds
• The threshold for the partial tax exemption and full tax exemption for startups will be reduced to S$200k with effect from YA2020

Individuals

• With immediate effect, 19 Feb 2018, excise duties on all tobacco products increased by a further 10%
• From 20 Feb 2018, stamp duty on residential properties increases from 3% to 4% for the value exceeding S$1 million. This change will also affect businesses investing in residential property. There is no change to the stamp duty rate on values up to and including S$1 million
• By way of reminder, as previously announced by Singapore Finance Minister Heng, total personal income tax relief is capped at S$80k with effect from YA2018
• From 2020, the introduction of carbon tax is likely to increase household utility bills by about 1% but there will be subsidies for certain sectors of society
• Sometime between 2021 and 2025 the GST rate increase to 9% is likely to increase household utility bills by about 1% but there will be subsidies for certain sectors of society
• Happy Chinese New Year! Government to pay “hongbao” bonus to all Singaporeans over 21 of up to S$300

Environmental

• With the introduction of carbon tax, measures will be introduced to assist the environment. The tax will be levied on businesses at S$ per tonne for emissions of 25,000 tonnes or more per year. The levy commences in 2020 and will be based on 2019 emissions
• The government expects to raise S$1 billion of carbon tax revenue in the first 5 years
• The government will increase the carbon tax levy to a rate of between S$10 to S$15 per tonne of emissions by 2030
• There is no increase in other environmental taxes

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