

SINGAPORE BUDGET 2009

A total of S\$20.5 billion Resilience Package to help Singapore see through the current period of exceptional difficulty was unveiled in Singapore Budget 2009 on 22 January 2009 by our Finance Minister, Mr. Tharman Shanmugaratnam.

The breakdown of this package is as follows:

- a) S\$5.1 billion will go towards preserving jobs
- b) S\$5.8 billion to stimulate bank lending
- c) S\$2.6 billion for various tax measures to improve cash flow
- d) S\$2.6 billion to help households via various rebates
- e) S\$4.4 billion to bring forward infrastructure spending plus health and education improvements.

This is also first time for budget to tap from Singapore's past reserves.

Some of the benefits for individuals and companies are as follows:

(A) FOR INDIVIDUALS:

- I) Households will get a 20% personal income tax rebate for Year of Assessment 2009, which is capped at S\$2,000.
- II) Property owners will enjoy a 40% property tax rebate for each owner-occupied homes in 2009.
- III) Individuals who have lost their jobs in 2008 and 2009 will be able to pay their personal income taxes by installments of up to 24 months starting from this year.
- IV) GST Credits would be doubled and will be payout on March 2009.
- V) Additional rebates will be given on HDB rents and service and conservancy charges, on top of existing measures announced previously such as U-Save, which help families with their utilities.
- VI) First time home buyers, the government will increase CPF Housing Grant from S\$30,000 to S\$40,000 and at the same time increase the qualify households' income ceiling from S\$4000 to S\$5,000.
- VII) Another S\$200 million will be added to Eldercare Fund and Medifund, which is used to subsidise healthcare for low-income Singaporeans.
- VIII) Public Assistance rate for single-person households will be increased by S\$30 per month and Public Transport Fund would also be topped up to S\$10 million.
- IX) Low income workers who may face lower wages or even lesser working hours will benefit from the Workfare Income Supplement (WIS) with an additional S\$0.50 payment

(B) FOR COMPANIES:

- (I) Corporate income tax rate will be cut by one percentage point to 17% cent from the Year of Assessment 2010
- (II) There will be 40% property tax rebate for industrial and commercial properties in 2009 and industrial & commercial property owners are expected to pass these benefits on to tenants. As such, Housing Development Board (HDB) and Singapore Land Authority (SLA) will provide 15% rental rebate to their tenants and land lessees. This is also extended to those who pay market rents in markets and food centre managed by the National Environment Agency (NEA).

- (III) Business is allowed to accelerate the write-down of their capital investments over 3 years, up from the current period of 2 years, in order for the companies to sharpen their competitiveness and prepare for the economic recovery.
- (IV) Property developers will enjoy the deferred tax for 2 years for land approved for development.
- (V) Local property developers who bought government land sites and foreign developers who own private residential land here will be given a 1 year extension to develop the land.

And if the developers decided to cease operation can resell the land or dispose of their interest in it before 21 January 2010, which previously they are not allowed to resell the land without developing it.

Foreign developers will also be given 2 more years to dispose of the units, and can also rent out any unsold units for up to 4 years.

- (VI) A 12% cash grant on the first S\$2,500 earned by each employee on the CPF payroll will be given out to employers every quarterly, starting from March 2009. This scheme, known as Jobs Credit, is for a year and the grant will be equivalent to a 9% point cut in the employers' contribution rate to the Central Provident Fund Board (CPF).
- (VII) Course fee subsidies under the Skills Programme for Upgrading and Resilience (SPUR) will also be increased from 80% to 90% to allow more professionals, managers, executives, and technicians (PMETs) to upgrade. The Economic Development Board (EDB) will complement SPUR with an S\$100 million programme. Fresh graduates will also get funding for on-the-job training in these fields.
- (VIII) A new Special Risk-Sharing Initiative will enhance the current Bridging Loan Programme. Business Owners will enjoy loans of up to S\$5 million, up from the current S\$500,000 and the government will share 80% risk on these loans from the current 50%.
- (IX) Also for the first time, the government will share 75% of the risk for trade financing under the new programme called Loan Insurance Scheme Plus.
- (X) A new Trade Credit Insurance Programme will be launched in March 2009 and it provides protection against non-payment and default risks of buyers.
- (XI) 30% road tax rebate for goods vehicles, buses and taxis for a year, starting from 1 July 2009 and the government will also waive the special diesel tax for un-hired taxis for a year.
- (XII) The special tax exemption for Compressed Natural Gas (CNG) vehicles will be extended for two years till 21 December 2011.
- (XIII) Port service providers will have a 20% concession in port dues for all harbour craft engaged in commercial activities.