Singapore Budget 2019

Building A Strong & United Singapore

Acutus

Accountants & Business Advisors

FOREWORD

Budget 2019, delivered by the Finance Minister, Mr Heng Swee Kiat, on 18 February 2019 offers strategic vision to strengthen Singapore's social framework as an inclusive and forward-looking society. Themed as building "a strong, united Singapore", this year's budget seeks to continue the restructuring journey which the Government had undertaken since 2010. It seems to unite the past, the present and the future by adopting both a generational and sectorial approach to ensure that the country's commitment to addressing long-term challenges for the aging, social mobility and economic transformation. In charting Singapore's path forward, several initiatives have been initiated to provide customised support schemes to start-ups, better financing options for businesses, support for businesses that are adopting technology as a part of their business transformation and climate change.

The unveiling of the S$6.1 billion Merdeka Generation Package, which will benefit half a million Singaporeans, ensures that "no one gets left behind" as the country progresses. This benefit is a demonstration of national gratitude for those aged between 59 to 69 now who grew up during the tumultuous years of 1950 and 1960s. This generation had steered Singapore's labor force in turbulent times, building a sturdy foundation for generations to come.

2019 also marks the year Singapore celebrates her bicentennial since the arrival of Sir Stamford Raffles in Singapore. This was a turning point in the country's history. One of the initiatives announced to commemorate this milestone is the introduction of a Bicentennial Bonus which is consistent with the Government's policy of sharing fiscal surpluses with Singaporeans.

On the tax front, save for the announcement on personal income tax relief, there are not many significant changes announced in Budget 2019. To a certain extent this was within expectations. With GST set to rise from 7% to 9% sometime between 2021 and 2025, new taxes introduced during the intervening period would probably be geared towards meeting specific policy objectives. Strangely, stamp duties, property tax and even taxes on tobacco and liquor were untouched.

Nevertheless, the Minister made a significant policy statement that a competitive tax regime is a key anchor in helping Singapore to attract and retain investments and talent. This is a prudent and calibrated decision as the OECD and nations around the world seek to review international tax policy in relation to the digital economy and profit-shifting.

From the business perspectives, Budget 2019 outlined 3 key thrusts to support industry transformation for globalisation:

❖ Build deep enterprise capabilities

  ➢ Companies will be provided support to scale up and venture into overseas markets through the Innovation Agents Programme, SME Co-Investment Fund III, Global Talent Programme and the Career Support Programme which are targeted to support businesses at different stages of growth.

- Build deep worker capabilities

  - In its continuous effort to transform the workforce caused by technological disruption and changing cost structures, initiatives have been introduced to help the workforce to upgrade skill or reskill and to embrace lifelong learning in order to stay relevant and employability. Whilst it may be inevitable that some jobs are relocated or made redundant, the Government will continue to invest in Singaporeans from their early childhood and through their working lives.

- Build deeper partnership across the economy

  - Singapore has negotiated various free trade agreements to help businesses gain access to new markets and the Government recognises the significant roles that trade association and chambers (TACs) play to assist these businesses. The Government will continue to work through TACs by strengthening support through the Local Enterprise and Association Development programme.

Finally, Singapore seeks to chart the course towards a sustainable future. Budget 2019 is about strengthening our economic competitiveness in order to deal with the inevitability. In an era of increasing uncertainties brought about by technological advancements, changing trade winds, increasing trade protectionism and the sentiment in supporting globalisations is on the wane worldwide. The trajectory to this year’s budget remains consistent with those of previous years as it seeks to continue to tackle long terms challenges by planning ahead. With all these in placed, it is now up to businesses to survive, grow and crafting a societal fabric tenacious enough to withstand multifold pressures.

Jack Lam
Managing Partner

27 February 2019

BUSINESS TAX

1. Corporate Income Tax Rate and Rebate

Present Position

- The current corporate tax rate is 17% with partial exemption of up to $300,000 of a company's chargeable income as follows:

  - For YA 2019:
    i) 75% exemption on the first S$10,000; and
    ii) 50% exemption on the next S$290,000.

  - From YA 2020:
    i) 75% exemption on the first S$10,000; and
    ii) 50% on the next S$190,000.

- Companies enjoy a 20% corporate income tax rebate capped at $10,000 for YA 2019.

Proposed

- The Minister did not propose any change to the corporate tax rate and partial tax exemption threshold remains the same.

- No corporate income tax rebate was announced for YA 2020.

Acutus Comments

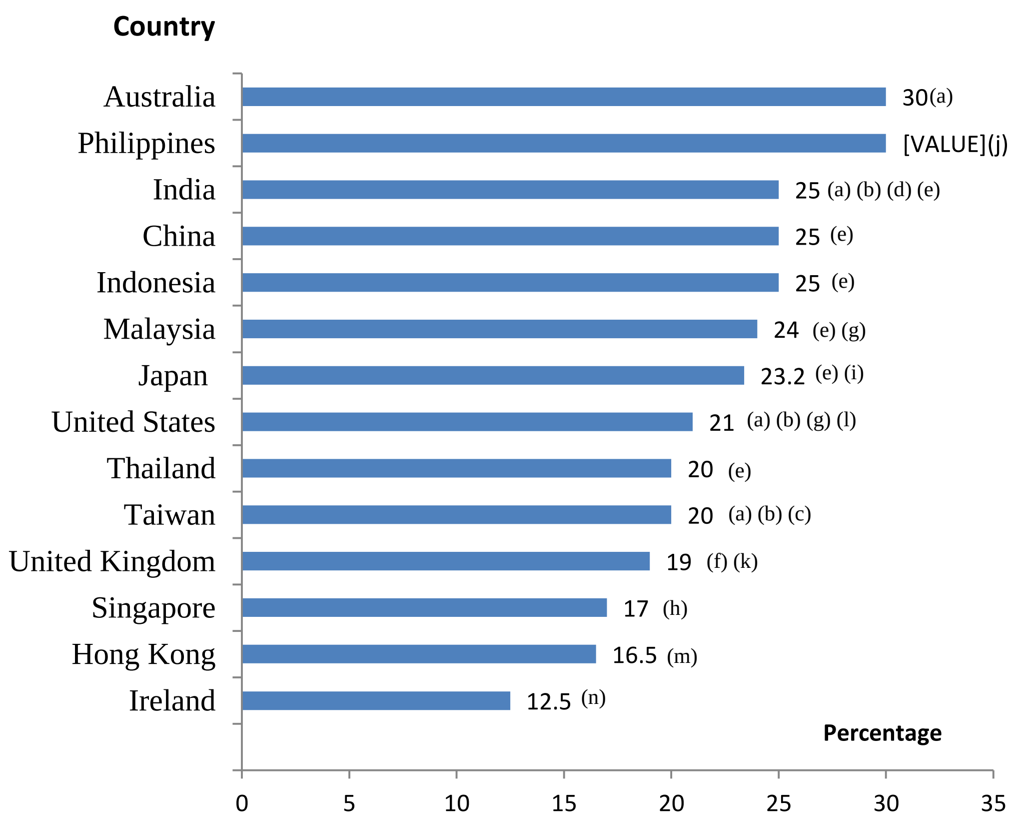
- It is not unexpected that our headline corporate tax rate remains unchanged as it is already one of the lowest in the world. Amidst the international tax community coming together to address the issues of Base Erosion Profit Shifting ("BEPS"), there is an increase attention to focus on a country's corporate tax rate. Thus, Singapore has to manage its corporate tax rate carefully while addressing to concerns of BEPS.

- With no further extension of corporate tax rebate beyond YA 2019, companies paying little or no tax should consider deferring their capital allowances claims or planning for their group relief claims in order to optimise the amount of tax rebate in YA 2019.

1. Corporate Income Tax Rate and Rebate (continued)

Acutus Comments (continued)

❖ A comparison of corporate tax rates of selected countries:



Note:

(a) Lower income bands are generally (with exception and/or subject to certain conditions) taxed at lower rate(s)
(b) An alternative minimum tax is applicable
(c) Effective from 1 January 2018
(d) A higher rate (40%) applies for foreign companies
(e) Certain income or companies that meet certain conditions enjoy a lower rate of tax
(f) To be reduced to 17% from 1 April 2020
(g) Certain income or companies are taxed at a higher rate
(h) Partial tax exemption is available on a specified amount of taxable income
(i) To be reduced to 23.2% for taxable years beginning on or after 1 April 2018
(j) Subject to enactment of the legislation, the corporate tax rate are expected to reduce by 2% per year till 20% in year 2023
(k) Different rates apply for ring-fence profits (from oil extraction and oil rights)
(l) Effective from 1 January 2018. Effective tax rate may vary depending on other state and local income tax.
(m) As per enactment of the legislation on 29 March 2018, a two-tiered profit tax regime will apply to both corporations and unincorporated businesses commencing from YA2018/2019 with certain exceptions. For corporations, the tax rate will be 8.25% for the first HK$2M of assessable profits and 16.5% for over HK$2M of assessable profits. Whereas, for unincorporated businesses, the tax rate will be 7.5% for the first HM$2M of assessable profits and 15% for over HK$2M of assessable profits.
(n) Only applicable to trading income. Different rates apply to other sources of income

The above rates are the top corporate tax rates, excluding dividend withholding tax, surcharges, trade tax, or other state or local taxes, etc. where applicable.

2. Extend the Writing Down Allowance (WDA) for acquisition of qualifying Intellectual Property Rights (IPRs) under Section 19B of the ITA.

Present position

- ❖ Under Section 19B of the ITA, companies and partnerships are granted WDA on capital expenditure incurred in acquiring qualifying IPRs for use in its trade or business. The expenditure can be written down over 5, 10 or 15 years.

- ❖ Qualifying IPRs are patents, trademarks, registered designs, copyrights, geographical indications, lay-out designs of integrated circuits, trade secrets or information that has commercial values and grant of protection of plant varieties.

- ❖ WDA is currently available for capital expenditure incurred in respect of qualifying IPRs acquired on or before the last day of the basis period for YA 2020.

Proposed

- ❖ In recognition that IPRs are important creators of value in a knowledge-based economy, the WDA under Section 19B will be extended to cover capital expenditure incurred in respect of qualifying IPRs acquired on or before the last day of basis period for YA 2025.

Acutus Comment

- ❖ As part of the on-going effort to strengthen Singapore’s position as an international hub for intellectual property, the extension of WDA ensures that Singapore remain competitive amidst competition from other jurisdictions whom are stepping up to boost their attractiveness as an alternative hub for intellectual property (e.g. Hong Kong had expanded its tax deduction regime in 2018 to cover additional types of IPRs).

3. Extending 100% Investment Allowance ("IA") under the Automation Support Package

Present position

- ❖ The Automation Support Package was introduced in Budget 2016 for a period of three years to support companies to automate, drive productivity and scale up. The package includes 100% IA support on the amount of approved capital expenditure, net of grants, on projects approved by Enterprise Singapore during 1 April 2016 to 31 March 2019. The approved capital expenditure is capped at S$10 million per project.

Proposed

- ❖ To maintain support to companies in their automation, productivity and scale-up efforts, the 100% IA measure under the Automation Support Package will be extended by two years, for projects approved by Enterprise Singapore from 1 April 2019 to 31 March 2021.
- ❖ The approved capital expenditure will remain capped at S$10 million per project.
- ❖ All other conditions of the scheme remain unchanged.

Acutus Comments

- ❖ With the lapse of Productivity and Innovation Credit Scheme ("PIC") in YA 2018, the extension of Automation Support Package is in-line with the Government's aim of providing targeted support to assist companies in their transformation journey.
- ❖ The extension also reflects the Government's commitments to encourage more businesses to leverage on innovation and technology by automating their operations in order to up-scale and increase productivity.

PERSONAL INCOME TAX

1. Personal Income Tax and Tax Rebate

Present Position

- From YA 2017, the tax rate applicable to Singapore resident taxpayers range progressively from 0% for the first S$20,000 of chargeable income to 22% for chargeable income in excess of S$320,000.

Proposed

- There were no changes announced to the personal income tax rates.
- As part of the Bicentennial Bonus, a personal income tax rebate of 50% of tax payable will be granted to all tax resident individuals for YA 2019 (i.e. for income earned in 2018). The rebate will be capped at S$200 per taxpayer.

Acutus Comment

- The personal income tax rebate announced is targeted to benefit the middle-income earners. Individual taxpayers who pay tax of more than S$400 (translated to annual chargeable income of more than S$35,700) will maximize the income tax rate capped at S$200. It is however, the lowest amount given in recent years.

1. Personal Income Tax and Tax Rebate (continued)

- Personal income tax rates applicable to YA 2019 is as follows:

Personal Income Tax Rates for Year of Assessment 2019			
	Chargeable Income $	Tax Rate %	Tax Payable $
On the first On the next	20,000 10,000	0 2.0	0 200
On the first On the next	30,000 10,000	 3.5	200 350
On the first On the next	40,000 40,000	 7.0	550 2800
On the first On the next	80,000 40,000	 11.5	3,350 4,600
On the first On the next	120,000 40,000	 15.0	7,950 6,000
On the first On the next	160,000 40,000	 18.0	13,950 7,200
On the first On the next	200,000 40,000	 19.0	21,150 7,600
On the first On the next	240,000 40,000	 19.5	28,750 7,800
On the first On the next	280,000 40,000	 20.0	36,550 8,000
On the first In excess of	320,000 320,000	 22.0	44,550

2. Lapse of the Not Ordinary Resident ("NOR") Scheme

Present Position

- Under the scheme, an eligible individual granted NOR status for a five-year period may, subject to conditions, receive the following tax concessions:

  - Time apportionment of Singapore employment income, whereby he/she would not be subject to tax on the portion of his/her Singapore employment income that corresponds to the number of days he/she has spent outside Singapore for business reasons pursuant to his/her Singapore employment.

  - Tax exemption of his/her employer's contribution to a non-mandatory overseas pension or provident fund.

2. Lapse of the Not Ordinary Resident ("NOR") Scheme (continued)

Proposed

- ❖ Access to global talent to complement our local talent is key to maintaining Singapore's competitiveness and driving our economic growth.

- ❖ The NOR scheme was introduced in Budget 2002 with the objective of attracting talent with regional and global responsibilities to relocate to Singapore. MOF periodically reviews the relevance of our tax schemes.

- ❖ The NOR scheme will lapse after YA 2020. The last such NOR status will be granted for YA 2020 and expire in YA 2024. Individuals who have been accorded the NOR status will continue to be granted NOR tax concessions until their NOR status expires, if they continue to meet the conditions of the concessions.

- ❖ Singapore will continue to build a conducive environment to attract and retain highly-skilled individuals. This includes a competitive tax regime, stable political, economic and social environment, strong regional connectivity, and high standards of healthcare, housing and education.

Acutus Comment

- ❖ The removal of the NOR scheme is not unexpected. As the nation progresses, Singapore employees also travels extensively in their line of work. The lapse of the scheme provides a level playing field for our local talents to open up and assume global roles and hence it will be a more equitable approach for all tax payers working in Singapore.

3. Enhance Grandparent Caregiver Relief

Present Position

- ❖ Working mothers who engage the help of their parents, grandparents, parents-in-law or grandparents-in-law to take care of their young children may claim Grandparent Caregiver Relief, subject to conditions. One of the conditions is that the child has to be 12 years old or below during the year preceding the YA of claim.

3. Enhance Grandparent Caregiver Relief (continued)

Proposed

❖ To provide greater support and recognition to working mothers with handicapped and unmarried dependent children, taxpayers will be allow to claim Grandparent Caregiver Relief in respect of a handicapped and unmarried dependent child, regardless of the child's age, if they have met all other conditions. This will take effect from YA 2020 (i.e. for income earned in 2019).

Acutus Comments

❖ The removal of age limit for handicapped children for purpose of the caregiver relief claim is a reflection of the Government's recognition that a higher level of financial support is needed for working mothers to care for such dependents.

❖ However, as the total personal income tax relief an individual can claim is currently capped at S$80,000 per YA, this change may not benefit high-income working mothers with handicapped and unmarried dependent children.

GOODS AND SERVICES TAX ("GST")

1. Tighten the GST Import Relief for Travellers

Present Position

- ❖ Travellers who spend less than 48 hours outside Singapore get GST import relief for the first S$150 value of goods bought overseas.

- ❖ Travellers who spend at least 48 hours outside Singapore get GST import relief for the first $600 of the value of goods bought overseas.

Proposed

- ❖ To ensure that our tax system continues to remain resilient amidst rising international travel, the quantum of GST import relief have revised as follows:

  - ➢ Travellers who spend less than 48 hours outside Singapore will get GST import relief for the first S$100 (instead of S$150 currently) of the value of goods bought overseas.

  - ➢ Travellers who spend at least 48 hours outside Singapore will get GST import relief for the first S$500 (instead of S$600 currently) of the value of goods bought overseas.

  - ➢ This took effect for travellers arriving in Singapore from 12.00 am, 19 February 2019.

Acutus Comment

- ❖ The reduced in GST import relief could potentially be targeted to support our local retail industry. The impact however may not be significant.

2. Extend the GST remission for S-REITs and Singapore-listed Registered Business Trusts ("RBTs") in the infrastructure business, ship leasing and aircraft leasing sectors

Present Position

- ❖ GST remission is granted to S-REITs and RBTs in the infrastructure business, ship leasing and aircraft leasing sectors, to allow them to claim GST on the following, subject to conditions:

  i) their business expenses, regardless of whether they hold underlying assets directly or indirectly through multi-tiered structures such as special purpose vehicles ("SPV") or sub-trusts;

  ii) their business expenses incurred to set up SPVs that are used solely to raise funds for the S-REITs or RBTs, and that do not hold qualifying assets of the S-REITs or RBTs, directly or indirectly; and

  iii) business expenses of financing SPVs mentioned in (ii).

- ❖ The GST remission is scheduled to lapse after 31 March 2020.

Proposed

- ❖ To continue facilitating the listing of S-REITs and RBTs in the infrastructure business, ship leasing and aircraft leasing sectors, the existing GST remission will be extended till 31 December 2025.
- ❖ All conditions for the GST remission remain the same.
- ❖ MAS will provide further details of the change by May 2019.

Acutus comment

- ❖ The extension of the GST remission demonstrates the Government's continuous efforts in promoting Singapore as the preferred location in Asia for the listing of REITs and qualifying RBTs.

3. Recovery of GST for Qualifying Funds

Present Position

- As a concession, Qualifying Funds that are managed by prescribed fund managers in Singapore are allowed, by way of remission, to claim GST incurred on expenses at a fixed recovery rate.

- The concession is scheduled to lapse after 31 March 2019.

Proposed

- To further grow Singapore as a centre for fund management and administration, the concession will be extended till 31 December 2024.

- MAS will release further details of the change by May 2019.

Acutus comment

- The extension is intended to enhance Singapore's position as a leading and preferred hub for fund management and administration.

OTHER CHANGES

1. Extend the income tax concessions for Singapore-listed Real Estate Investment Trusts ("S-REITs")

Present Position

❖ S-REITs are granted tax transparency if their trustees distribute at least 90% of their taxable income to unitholders in the same year in which the income is derived by the trustee.

❖ S-REITs are granted the following income tax concessions:

➢ Tax exemption on S-REITs distributions received by individuals, excluding individuals who derive any distribution:

i) through a partnership in Singapore; or
ii) from the carrying on of a trade, business or profession.

➢ Concessionary income tax rate of 10% for S-REITs distributions received by non-resident non-individual investors; and

➢ Tax exemption on qualifying foreign-sourced income (i.e. foreign-sourced dividend income, interest income, trust distributions and branch profits) received by S-REITs and wholly-owned Singapore resident subsidiary companies of S-REITs, that is paid out of qualifying income or gains in respect of overseas property acquire on or before 31 March 2020 by the trustee of the S-REITs or its wholly-owned Singapore resident subsidiary company.

❖ The income tax concessions are scheduled to lapse after 31 March 2020.

Proposed

❖ To continue to promote the listing of REITs in Singapore and to strengthen Singapore's position as a REITs hub in Asia, the existing tax concessions for S-REITs will be extended till 31 December 2025.

❖ The sunset clause for the tax exemption on S-REITs distributions received by individuals will be removed.

❖ All other conditions for the income tax concessions remain the same.

❖ MAS will provide additional details of the change by May 2019.

2. Extend the income tax concessions for Singapore-listed Real Estate Investment Trusts Exchange-Traded Funds ("REITs ETFs")

Present Position

❖ REITs ETFs are granted the following income tax concessions:

  - Tax transparency treatment on the distributions received by REITs ETFs from S-REITs, which are made out of the latter's specified income;

  - Tax exemption on such REITs ETFs distributions received by individuals, excluding individuals who derive any distribution:

    i) through a partnership in Singapore; or
    ii) from carrying on of a trade, business or profession; and

  - 10% concessionary tax rate on such REITs ETFs distributions received by qualifying non-resident non-individuals.

❖ The income tax concessions are scheduled to lapse after 31 March 2020.

Proposed

❖ The existing tax treatment accorded to REITs ETFs will be extended till 31 December 2025.

❖ The sunset clause will be removed for the tax exemption on REITs ETFs distributions received by individuals.

❖ All other conditions for the income tax concessions remain the same.

❖ MAS will provide further details of the changes by May 2019.

3. Extend and Refine Tax Incentive Schemes for Funds Managed by Singapore-based Fund Managers ("Qualifying Funds")

Present Position

- Qualifying Funds are granted the following tax concessions, subject to conditions:

  - Tax exemption on specified income ("SI") derived from designated investments ("DI"); and

  - Withholding tax exemption on interest and other qualifying payments made to non-resident persons (excluding permanent establishments in Singapore).

- Qualifying Funds comprise the following:

  - Basic tier funds (sections 13CA and 13R schemes); and

  - Enhanced tier funds (section 13X scheme).

- To qualify as a basic tier fund, a fund has to meet certain conditions, including not having 100% of the value of its issued securities beneficially owned, directly or indirectly, by Singapore persons.

- For enhanced tier funds approved as a collective structure, the master fund in the approved structure can have up to two tiers of SPVs. Such SPVs must be wholly-owned (directly or indirectly) by the master fund and can only take the form of companies.

- Separately, for real estate, infrastructure and private equity funds applying to be enhanced tier funds, the minimum fund size requirement to be met at the point of application may be determined based on the amount of committed capital ("committed capital concession").

- The schemes for Qualifying Funds are scheduled to lapse after 31 March 2019.

3. Extend and Refine Tax Incentive Schemes for Funds Managed by Singapore-based Fund Managers ("Qualifying Funds") (continued)

Proposed

- ❖ To continue to grow Singapore's assets management industry, the tax concessions relating to Qualifying Funds will be extended till 31 December 2024.

- ❖ The sections 13CA, 13R and 13X schemes will also be refined to keep the schemes relevant and to ease compliance burden. The key refinements are as follows:

  i) The condition that a basic tier fund must not have 100% of the value of its issued securities beneficially owned, directly or indirectly, by Singapore persons will be removed;

  ii) The enhanced tier fund scheme will be enhanced to (a) include co-investments, non-company SPVs and more than two tiers of SPVs, (b) allow debt and credit funds to access the "committed capital concession", and (c) include managed accounts;

  iii) The list of DI will be expanded by removing the counter-party and currency restrictions, and including investments such as credit facilities and advances, and Islamic financial products that are commercial equivalents of DI. The condition for unit trusts to wholly invest in DI will be removed;

  iv) The list of SI will be enhanced to include income in the form of payments that fall within the ambit of section 12(6) of the ITA; and

  v) Qualifying non-resident funds under sections 13CA and 13X will be able to avail themselves of the 10% concessionary tax rate applicable to qualifying non-resident non-individuals when investing in SREITs and REITs ETFs.

- ❖ The removal of condition in (i) will be effective from YA 2020.

- ❖ The enhancements in (ii) will apply on and after 19 February 2019.

- ❖ The enhancements in (iii) and (iv) will apply to income derived on and after 19 February 2019.

- ❖ The enhancements in (v) will apply to S-REITs and REITs ETFs distributions made during the period from 1 July 2019 to 31 December 2025.

- ❖ MAS will provide further details of the changes by May 2019.

4. Lapse the Designated Unit Trust ("DUT") scheme

Present Position

- Under the DUT scheme, specified income derived by a unit trust with the DUT status is not taxed at the trustee level, but is taxable upon distribution in the hands of investors. Qualifying foreign investors and individuals are exempt from tax on distributions made by a DUT.

- The DUT scheme is scheduled to lapse after 31 March 2019.

Proposed

- Tax incentive schemes are reviewed regularly to ensure relevance. The DUT scheme will lapse after 31 March 2019. Funds in the form of unit trusts may apply for other tax incentives for funds.

- Existing DUTs will continue to receive the tax deferral benefits under the DUT scheme, on and after 1 April 2019, if they continue to meet all the conditions.

5. Lapse the Approved Unit Trust ("AUT") scheme

Present Position

- Under the AUT scheme, the trustee is taxed on its investment income, and 10% of the gains derived from the disposal of securities. The remaining 90% of the gains from the disposal of securities are instead taxed in the hands of the unit holders when distributed. Tax exemption is allowed on such distribution if the unit holder is:

    - an individual resident in Singapore; or
    - a person who is not resident in Singapore and has no permanent establishment in Singapore.

Proposed

- Tax incentive schemes are reviewed regularly to ensure relevance.
- The AUT scheme will lapse after 18 February 2019.
- Existing AUTs will continue to receive the tax concession under the AUT scheme for a period of five years from YA 2020 to YA 2024.
- This will allow existing AUTs sufficient time to transit to alternative tax incentive schemes, where relevant.

6. Lapse the Property Tax (Tourist Projects) Order

Present Position

- The Property Tax (Tourist Projects) Order was introduced on 1 January 1987, to promote tourism. Under the concession, the Minister may grant approval for new tourist projects to have their Annual Value computed based on 6% of the preceding year's gross receipts, for the first five years from the completion of the buildings.

Proposed

- Schemes are reviewed regularly to ensure relevance. The Property Tax (Tourist Projects) Order will lapse after 18 February 2019.

- The Government remains supportive of the tourism industry, and has various schemes in place to support tourism projects which have clear economic benefits to Singapore.

MISCELLANEOUS

1. Tighten Duty-Free Allowance for Liquor products

Present Position

- ❖ Travellers have three litres of duty-free allowance that can be used in the following ways:

Option	Spirits	Wine	Beer
A	1 Litre	1 Litre	1 Litre
B	-	2 Litres	1 Litre
C	-	1 Litre	2 Litres

- ❖ The duty-free allowance will only be provided of all the following conditions are fulfilled:-

  - ➢ Traveller is 18 years old and above;
  - ➢ Traveller spent 48 hours or more outside Singapore immediately before arrival;
  - ➢ Traveller is not arriving from Malaysia;
  - ➢ The liquor is for the traveller's own consumption; and
  - ➢ The liquor is not prohibited from import to Singapore.

Proposed

- ❖ The total duty-free allowance will be two litres, with the maximum duty-free allowance for spirits remaining at one litre. This will take effect on and after 1 April 2019. The revised duty-free allowance options are as follows:

Option	Spirits	Wine	Beer
A	1 Litre	1 Litre	-
B	1 Litre	-	1 Litre
C	-	1 Litre	1 Litre
D	-	2 Litres	-
E	-	-	2 Litres

- ❖ All the conditions for the provision of duty-free allowance remain unchanged.

2. Restructure Diesel Taxes

- ❖ With effect from 18 February 2019, the excise duty on diesel fuel will be increased to $0.20 per litre.

- ❖ The annual special tax will be permanently reduced for diesel cars and taxis by $100 and $850 respectively.

- ❖ **Diesel Cars**

Emission Standard	Special Tax Rate (Every six months)
Pre-Euro IV compliant	6 times the road tax of an equivalent petrol-driven car less S$100
Euro IV compliant	S$0.625 per cc, less S$100, subject to a minimum payment of S$525
Euro V or JPN2009 compliant	S$0.20 per cc, less S$100, subject to a minimum payment of S$100

- ❖ **Diesel Taxis**

  S$1,700 every 6 months.

- ❖ Vehicle owners will continue to receive their road tax payment notice (including the special tax payable) based on the existing rates until end-June 2019. For owners paying the special tax based on the existing rates until end-June 2019, as well as those who have already paid the special tax for the period beyond 18 February 2019, the excess special tax paid will be used to offset the amount payable at the next road tax renewal. If the vehicle is transferred to another owner before its next road tax renewal, the excess special tax paid will be offset against the transfer fee payable, and any remaining excess special tax paid will accrue to the new registered owner.

3. Offset measures for commercial diesel vehicles

- ❖ To cushion the impact of the increase in diesel duty in Budget 2019, three years of road tax rebates will be provided for commercial diesel vehicles:

Period	Road Tax Rebate
1 August 2019 – 31 July 2020	100%
1 August 2020 – 31 July 2021	75%
1 August 2021 – 31 July 2022	50%

- ❖ The new road tax rebate of 100% for 1 August 2019 – 31 July 2020 will supersede the road tax rebate of 25% announced at Budget 2017.

3. Offset measures for commercial diesel vehicles (continued)

- In addition to the three-year road tax rebates:

  - diesel school buses will be given yearly cash grants to ease the impact of diesel duty on school bus fees:

Period	Cash Grants
1 August 2019 – 31 July 2020	$1,600
1 August 2020 – 31 July 2021	$800
1 August 2021 – 31 July 2022	$400

  - The new cash grant for 1 August 2019 – 31 July 2020 will supersede the cash grant of $350 announced at Budget 2017.

  - The cash grants will be disbursed by LTA every six months.

  - Eligible diesel private hire and excursion buses that ferry students will also be given cash grants to ease the impact as follow:

Period	Cash Grants
1 August 2019 – 31 July 2020	Up to $1,800
1 August 2020 – 31 July 2021	Up to $900
1 August 2021 – 31 July 2022	Up to $500

  - The new cash grant for 1 August 2019 – 31 July 2020 will supersede the cash grant of up to $450 announced at Budget 2017.

  - To be eligible for the cash grants, these buses must have ferried students continuously for at least six months. The cash grants will be pro-rated based on the number of days these buses have ferried students in the respective time period.

  - The cash rebates will be disbursed by LTA when the buses' road tax is renewed.

GLOSSARY

$	:	Singapore Dollars
AUT	:	Approved Unit Trust
BEPS	:	Base Erosion Profit Shifting
CIT	:	Corporate Income Tax
DI	:	Designated Investment
DUT	:	Designated Unit Trust
GST	:	Goods and Services Tax
IA	:	Investment Allowance
IPR	:	Intellectual Property Rights
IRAS	:	Inland Revenue Authority of Singapore
ITA	:	Income Tax Act
MAS	:	Monetary Authority of Singapore
MOF	:	Ministry of Finance
NOR	:	Non-Ordinary Resident
OECD	:	Organisation for Economic Co-operation and Development
PIC	:	Productivity and Innovation Credit
RBT	:	Singapore-Registered Business Trust
REITs ETFs	:	Singapore-listed Real Estate Investment Trust Exchange-Traded Fund
S-REITs	:	Singapore-listed Real Estate Investment Trust
SI	:	Specified Income
SME	:	Small and Medium Enterprise
SPV	:	Special Purpose Vehicle
TAC	:	Trade Association and Chamber
WDA	:	Writing Down Allowance
YA	:	Year of Assessment

ABOUT ACUTUS LLP

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On our international capabilities, Acutus is an independent member of Abacus Worldwide, an international association of independent accounting and legal firms. Through our membership, Acutus can leverage on its access to the global platform to facilitate Singapore companies' entry into Europe, United States of America, Latin America and beyond.

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The Acutus footprint is invaluable in meeting the needs for immediate local support as well as scalability and transparency in global operations. An intimate understanding of our clients' markets enables our professionals to extrapolate the implications of relevant regulations and practices specific to each jurisdiction in which our clients operate.

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