



FORTITUDE BUDGET 2020

On 26 May 2020, a third supplementary budget amounting to S\$33 billion was announced by the Minister of Finance, Mr Heng Swee Keat. Named as the Fortitude Budget, it is aimed to support businesses and households as Singapore prepares to gradually re-open its economy.

Building on the previous budgets, the Fortitude Budget focuses on helping companies as well as the workforce to be in a better position for the next phase of reopening and for beyond the pandemic. Various measures are introduced to protect the livelihoods of the people, to support employers in transforming digitally and to strengthen our social resilience to ensure that the country will prevail through current challenges and get back on the path of growth.

We are pleased to present you with these exclusive highlights to assist you in understanding the various initiatives that were unveiled.

ENHANCEMENT TO THE JOB SUPPORT SCHEME (JSS)

- JSS payouts will be extended by 1 more month to cover wages paid in August 2020.
- The list of sectors to be directly and severely affected by travel restrictions has been updated.
- Businesses such as retail outlets, cinemas and gyms that cannot resume operations immediately after 1 June 2020 will continue to receive JSS support at 75% until August 2020 or when they are allowed to re-open, whichever is earlier. Pro-ration will be applied if businesses resume their operations in the middle of the month.

Details of the updated payout computations are as follows:

| Payout Month | Payout Details | Tier 1 | Tier 2 | Tier 3 | CPF contributions must be made by: |
|--------------|--|---|---|---|------------------------------------|
| | | Computation of Payout <i>Capped at first S\$4,600 of gross monthly wages</i> <i>Based on:</i> | | | |
| April 2020 | Payout 1 | 75% of Oct 2019 wages + 75% of Nov 2019 wages + 75% of Dec 2019 wages | 50% of Oct 2019 wages + 50% of Nov 2019 wages + 50% of Dec 2019 wages | 75% of Oct 2019 wages + 25% of Nov 2019 wages + 25% of Dec 2019 wages | 14 February 2020 |
| | Top-up as advance for April 2020 wages | | + 25% of Oct 2019 wages | + 50% of Oct 2019 wages | |
| May 2020 | Advance for May 2020 wages | 75% of Nov 2019 wages | 75% of Nov 2019 wages | 75% of Nov 2019 wages | 14 February 2020 |
| July 2020 | Payout 2 | 75% of Feb 2020 wages + 75% of Mar 2020 wages + 75% of Apr 2020 wages | 50% of Feb 2020 wages + 50% of Mar 2020 wages + 75% of Apr 2020 wages | 25% of Feb 2020 wages + 25% of Mar 2020 wages + 75% of Apr 2020 wages | 31 May 2020 |
| | Adjustment for April 2020 advance | | - 25% of Oct 2019 wages | - 50% of Oct 2019 wages | |
| October 2020 | Payout 3 | 75% of May 2020 wages + 75% of Jun 2020 wages + 75% of Jul 2020 wages + 75% of Aug 2020 wages | 75% of May 2020 wages + 50% of Jun 2020 wages + 50% of Jul 2020 wages + 50% of Aug 2020 wages | 75% of May 2020 wages + 25% of Jun 2020 wages + 25% of Jul 2020 wages + 25% of Aug 2020 wages | 14 September 2020 |
| | Adjustment for May 2020 advance | - 75% of Nov 2019 wages | - 75% of Nov 2019 wages | - 75% of Nov 2019 wages | |

RENTAL RELIEF FOR NON-RESIDENTIAL PROPERTIES

In addition to the 2020 Property Tax Rebate announced earlier, a new cash grant will be available for SME tenants (< S\$100 million annual turnover) with qualifying leases commencing before 25 March 2020 to offset their rental cost as follows:

- Cash grant of 0.8 months of rent for SME tenants in qualifying commercial properties (e.g. shops)
- Cash grant of 0.64 months of rent for SME tenants in other non-residential properties (e.g. industrial and office properties).

SME property owners who run a trade or business on their own property will also be eligible for the new cash grant. Vacant property and land under development will not be eligible.

For property owners whose properties are only partially let out, or whose properties are let out to both SME and non-SME tenants under a single property tax account, they will not automatically receive the government cash grant. In such instances, the property owner should submit an application to IRAS, and provide supporting documents, including proof of SME tenants within its property. IRAS will pro-rate the government cash grant accordingly.

The cash grant will be distributed automatically by IRAS to qualifying property owners and landlords are required to pass on the benefit to their SME tenants.

IRAS will provide further details by end-June 2020.

INTRODUCTION OF NEW BILL MANDATING RENTAL WAIVER BY LANDLORDS

A new Bill will be introduced, mandating that landlords of commercial properties contribute by granting a rental waiver to their SME tenants who have suffered a significant drop in revenue over the past few months

If passed by Parliament, SME tenants of qualifying commercial properties who have suffered a significant revenue drop will benefit from a total of 4 months rental relief shared equally between the Government and landlords. SME tenants of industrial and office properties will also be given some relief. More details will be provided in June 2020.

RENTAL WAIVERS FOR TENANTS IN PUBLIC PROPERTIES

For businesses located in Government-owned or managed non-residential properties, rental waivers will be provided as follows:

- Qualifying stallholders in hawker centres/markets will get another 2 months' worth of rental waiver (total 5 months), with a minimum waiver of S\$200 per month.
- Qualifying commercial tenants will get another 2 months' worth of rental waiver (total 4 months). Eligible tenants/lessees may include those providing commercial accommodation, retail, F&B, recreation, entertainment, healthcare, and other services.
- Qualifying other non-residential tenants will get another month's worth of rental waiver (total 2 months). Eligible tenants/lessees may include those in premises used for industrial or agricultural purpose, or as an office, a business or science park, or a petrol station.

The rental waivers do not apply to any rented premises, or a part of any rented premises, used for residential purposes. The rental waivers also do not apply to tenants who pay property tax. Tenants/lessees paying property tax will be receiving the Government cash grant instead.

SUPPORTING DIGITAL TRANSFORMATION & INNOVATION

E-Payment Adoption

To encourage stallholders in hawker centres, wet markets, coffee shops, and industrial canteens to adopt e-payment, the Government will:

- Give a bonus of up to S\$1,500 (S\$300 per month over 5 months) to stallholders who adopt this solution; and
- Bear transaction fees (i.e. merchant discount rate payable by merchants) until 31 December 2023.

Stallholders will only need to sign up once with NETS to receive payments from customers through Singapore Quick Response Codes (“SGQRs”).

Digital Resilience Bonus

Food Services and Retail sector businesses that adopt pre-defined categories of digital solutions can receive bonus payouts of up to S\$10,000 to offset the cost of adoption. More details on qualifying conditions will be announced at a later date.

The solution categories and Digital Resilience Bonus quantum are as follows:

| | Baseline | Category 1 (S\$2,500) | Category 2 (S\$2,500) | Category 3 (S\$5,000) |
|---------------|----------------------------------|--|---|---|
| Food Services | PayNow Corporate and e-invoicing | Business process solutions: <ul style="list-style-type: none"> ➤ Accounting; ➤ HR/Payroll; and ➤ Digital ordering (dine-in/takeaway) | Digital presence: online food delivery (via food delivery platforms or own online shopfront) or e-procurement | Data-driven operations: data mining and analytics |
| Retail | PayNow Corporate and e-invoicing | <ul style="list-style-type: none"> ➤ Accounting; ➤ HR/Payroll; and ➤ Inventory management | Digital presence: e-commerce | Data-driven operations: data mining and analytics |

FOREIGN WORKER LEVY (“FWL”)

Businesses that are not allowed to resume operations on-site after the circuit breaker will receive an extension of the FWL waiver and rebate for up to 2 months. This will include all businesses in the construction, marine and offshore, and process sectors. Details are as follows:

- FWL waiver will be 100% in June 2020 and 50% in July 2020
- FWL rebate will be S\$750 in June 2020 and \$375 in July 2020

CPF CONTRIBUTION RATE INCREASE FOR SENIOR WORKERS

The planned increase in CPF contribution rates for senior workers and CPF transition offset scheme will be deferred from 1 January 2021 to 1 January 2022.

SUPPORT FOR THE BUILT ENVIRONMENT SECTOR

To further support the built environment sector, which includes construction, and to continue with important infrastructure projects in Singapore, the Government will be co-sharing the additional costs incurred by businesses which will need to meet additional requirements in order to resume their existing projects safely. The Minister for National Development and Building and Construction Authority will announce the details later.

SUPPORT FOR BUSINESSES FACING LONGER-TERM CHALLENGES

Noting that some sectors, such as aviation and tourism, will take longer to re-open fully, given the restrictions on global travel for the foreseeable future, the Government will consider providing additional help, depending on the situation and longer-term shape of these industries, and plans for the economy.

SUPPORT FOR PROMISING START-UPS

To sustain innovation and entrepreneurship, the Government will be setting aside S\$285 million to catalyse and crowd in matching private investments. This is in addition to the S\$300 million set aside under the Unity Budget for deep-tech startups.

If you wish to understand more on the above, please contact:

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