Singapore
Budget Highlights 2025

Onward together for a better tomorrow

Celebrating 60 years of Independence

Acutus
Accountants & Business Advisors

FOREWORD

The Singapore Budget 2025, presented by the Prime Minister and Minister for Finance Mr. Lawerence Wong on 18 February 2025, marks a pivotal moment for Singapore as the nation celebrates 60 years of independence and progress. The theme for this year's budget, "Onward Together for a Better Future Tomorrow", reflects Singapore's resilience and commitment to adapting to an increasingly complex economical and geopolitical environment. It stands as a blueprint for navigating challenges, seizing new opportunities by tackling sustainability concerns and climate change, and accelerating innovation to transform the workforce in preparation for a future that benefits all Singaporeans.

In an era defined by rising global tensions, economic uncertainties, and evolving technological landscape, Budget 2025 emphasizes the importance of solidarity and collective effort. It underscores Singapore's intention to build a more sustainable, inclusive, and future-ready economy. The government's approach is centered on reinforcing key areas such as supporting individuals and families through cost-of-living relief, safeguarding jobs in an ever-changing workforce, and enabling businesses to thrive amidst external challenges.

Among the many initiatives in Budget 2025, one of the most notable is the expansion of the Cost-of-Living Support Package, which is designed to directly address the financial pressure faced by Singaporeans, particularly vulnerable groups. This initiative includes targeted cash handouts and subsidies aimed at easing daily expenses.

Another critical area of focus is enhancing job security and creating new employment opportunities. Budget 2025 allocates significant resources to workforce transformation programs that emphasize upskilling and reskilling, preparing individuals for a future dominated by new technologies and evolving industries. The government will also invest in green technologies and sustainability initiatives, positioning Singapore as a leader in the global green economy. This includes supporting businesses with incentives for eco-friendly practices and promoting innovation in clean energy.

In Budget 2025, it was announced that up to S$150 million will be set aside for a new Enterprise Compute Initiative to help eligible enterprises leverage AI more efficiently in their transformation journey. Under this initiative, eligible enterprises can partner major cloud service providers to access AI tools, computing power, and expert consultancy services. For future generations, Budget 2025 lay out a clear vision for investing in education and research, with a focus on equipping Singaporeans with the skills required for a rapidly changing world.

In line with the nation's long term economic objectives, Budget 2025 announced key corporate income tax changes. For companies, to provide support amidst rising cost of doing business, a 50% corporate income tax rebate will be granted in Year of Assessment 2025 with a minimum benefit of S$2,000 for eligible companies.

For individuals, as part of the package to recognize Singaporeans' contributions, a one-off personal income tax rebate of 60% for Year of Assessment 2025 will be granted subject to a cap of S$200.

Singaporeans can also look forward to stronger support for social infrastructure, as the government commits to bolstering healthcare and housing systems, ensuring long-term stability for all citizens. These measures are designed to ensure that no one is left behind.

Together, the nation will continue to overcome obstacles, unlock new potentials, and make strides towards a brighter tomorrow.

Budget 2025 is a testament to the strength of Singapore's collective spirit and its enduring commitment to progress, shared prosperity and unity. Let us move forward together, building on the foundation of past achievements while embracing present challenges and opportunities of the future.

Jack Lam
Managing Partner

20 February 2025

		Page
BUSINESS TAX		
1.	Corporate Income Tax (“CIT”) Rate and CIT Rebate and Cash Grant	1
2.	Extend the Double Tax Deduction for Internationalisation (“DTDi”) scheme	2
3.	Extend the Mergers and Acquisitions (“M&A”) scheme	2
4.	Enhance Section 13W of the Income Tax Act 1947 (“ITA”) that Provides Upfront Certainty of Non-Taxation of Companies’ Disposal Gains	3
5.	Introduce a Tax Deduction on Payments to the Holding Company or a Special Purpose vehicle (“SPV”) for Issuance of New Shares of the Holding Company Under Employee Equity-Based Remuneration (“EEBR”) Scheme	4
6.	Introduce a Tax Deduction for Payments Made Under an Approved Cost-Sharing Agreement (“CSA”) for Innovation Activities	5
7.	Extend and Enhance the Land Intensification Allowance (“LIA”) Scheme	6
8.	Rationalise the Tax Incentive for Project and Infrastructure Finance	7
9.	Extend and Refine the Insurance Business Development (“IBD”) Scheme	8
10.	Introduce an Additional CTR Tier of 15% for the Financial Sector Incentive (“FSI”) Scheme	8
11.	Introduce Tax Incentive Recommended by Equities Market Review Group	9
12.	Extend and Enhance the Income Tax Concessions for Real Estate Investment Trusts Listed on the Singapore Exchange (“S-REITs”)	12
13.	Extend the Income Tax Concession for Real Estate Investment Trust Exchange-Traded Funds (“REIT ETFs”) Listed on the Singapore Exchange (“S-REIT ETFs”)	14
14.	Allow the Venture Capital Fund Incentive (“VCFI”) and the Venture Capital Fund Management Incentive (“FMI”) to Lapse	15
15.	Introduce an Approved Shipping Financing Arrangement (“ASFA”) Award (for Ships and Containers)	15
16.	Extend and Enhance the Maritime Sector Incentive (“MSI”)	16
17.	Extend the Broad-Based WHT Exemption for Container Lease Payments Made to Non-Tax Resident Lessors Under Operating Lease (“OL”) Agreements	18
18.	Extend the Broad-Based WHT Exemption for Ship and Container Lease Payments Made FL Agreements Made to Non-Tax-Resident Lessors for MSI Recipients	18
19.	Allow the WHT Concession for Non-Tax-Resident Arbitrators to Lapse	19
20.	Allow the WHT Concession for Non-Tax-Resident Mediators to Lapse	19

Page

PERSONAL INCOME TAX

1. Personal Income Tax ("PIT") and Tax Rebate 20

2. Exclude Cash Top-Ups that Attract Matching Grant from the Government under the Matched MediSave Scheme ("MMSS") from CPF Cash Top-Up Relief 20

MISCELLANEOUS

1. Extend the GST Remission for S-REITs and Singapore-Listed Registered Business Trusts ("RBTs") in the Infrastructure Business, Ship Leasing and Aircraft Leasing Sectors 22

2. Introduce the Additional Flat Component ("AFC") of Road Tax for Electric Heavy Goods Vehicles ("HGVs") and Buses 23

OTHERS

1. Enhancements to the Progressive Wage Credit Scheme ("PWCS") 24

2. Increase in Senior Worker CPF Contribution Rates and CPF Transition Offset 24

3. Extension of Enabling Employment Credit ("EEC") from End-2025 to End-2028 25

4. Extension of Uplifting Employment Credit ("UEC") from End-2025 to End-2028 25

5. Extension of Senior Employment Credit ("SEC") from End-2025 to End-2026 25

ABOUT ACUTUS LLP 26

BUSINESS TAX

1. Corporate Income Tax (“CIT”) Rate and CIT Rebate Cash Grant

Present Position

- The current corporate tax rate is 17% with partial exemption available on the first $200,000 of a company’s chargeable income.

Proposed

- There is no change in the corporate tax rate.
- To help companies manage rising costs, a CIT Rebate of 50% of tax payable will be granted in YA 2025.
- Active companies that have employed at least one local employee in Calendar Year (“CY”) 2024 (referred to as “local employee condition”) will receive a minimum benefit of $2,000 in the form of a CIT Rebate Cash Grant.
- Companies that have met the local employee condition will automatically receive the CIT Rebate Cash Grant by the second quarter of 2025. The CIT Rebate, less any CIT Rebate Cash Grant received, will be automatically incorporated in companies’ tax assessments raised after they file their CIT returns for YA 2025.
- The total maximum benefits of CIT Rebate and CIT Rebate Cash Grant that a company can receive is $40,000.
- Eligible companies will automatically receive the benefits from 2Q CY 2025 onwards.
- A company is considered to have met the local employee condition if it has made CPF contributions to at least one local (i.e., Singapore Citizen or Permanent Resident) employee, excluding shareholders who are also directors of the company, in CY 2024.
- For example, Company A hired two local employees in CY 2024. It has a tax payable of $30,000 for YA 2025. Company A will receive a $2,000 CIT Rebate Cash Grant and another $13,000 [(50%* $30,000) - $2,000] in CIT Rebate.

2. Extend the Double Tax Deduction for Internationalisation ("DTDi") Scheme

Present Position

- Businesses are allowed a tax deduction of 200% on qualifying market expansion and investment development expenses under the DTDi scheme.
- The scheme is scheduled to lapse after 31 December 2025

Proposed

- To continue supporting businesses in their internationalisation efforts, the DTDi scheme will be extended till 31 December 2030.

EnterpriseSG will provide further details by 2Q 2025.

3. Extend the Mergers and Acquisitions ("M&A") Scheme

Present Position

- The M&A scheme allows a Singapore company that makes a qualifying acquisition of the ordinary shares of another company to claim the following tax benefits, subjects to conditions:
    - An M&A allowance (to be written down over five years) that is based on 25% of up to $40 million of the value of all qualifying acquisitions per YA (i.e., $10 million); and
    - 200% tax deduction on transaction costs incurred on qualifying acquisitions, subject to an expenditure cap of $100,000 per YA.

  The scheme is scheduled to lapse after 31 December 2025.

Proposed

- To continue supporting companies to grow through M&A, the scheme will be extended till 31 December 2030.

4. Enhance Section 13W of the Income Tax Act 1947 (“ITA”) that Provides Upfront Certainty of Non-Taxation of Companies’ Disposal Gains

Present Position

- Section 13W of the ITA provides that gains derived from the disposal of ordinary shares by companies will not be taxed, if:
  - The divesting company maintains a minimum level of shareholding of 20% in the investee company for a continuous period of at least 24 months prior to the disposal of any shares in the investee company (“shareholding threshold condition”): and
  - The shares are disposed during the period from 1 June 2012 to 31 December 2027.

Proposed

- To provide greater certainty to companies. The sunset date under Section 13W will be removed and the following enhancements will be made:
  - Expand the scope of eligible gains to include gains from the disposal of preference shares that are accounted for as equity by the investee company under the applicable accounting principles; and
  - Allow the assessment of the shareholding threshold condition to be done on a group basis.
- These changes will take effect for disposal gains derived on or after 1 January 2026.
- IRAS will provide further details by Q3 2025.

5. Introduce A Tax Deduction on Payments to the Holding Company or a Special Purpose Vehicle ("SPV") for Issuance of New Shares of the Holding Company Under Employee Equity-Based Remuneration ("EEBR") Schemes

Present Position

- Companies are allowed tax deduction for treasure shares or previously issued shares of the company or the holding company that are transferred to employees under EEBR schemes.

- No tax deduction is allowed where new shares are issued to employees under EEBR schemes.

Proposed

- To ensure that our tax regime remains relevant and competitive, companies will be allowed to claim a tax deduction on payments to the holding company or a SPV for the issuance of new shares of the holding company under EEBR schemes.

- The deduction will be the lower of:

  - The amount paid by the company: and

  - The fair market value, or net asset value of the shares (if the fair market value is not readily available), at the time of the shares are applied for the benefit of the employee, less any amount payable by employees for the shares.

- The changes will take effect from YA 2026.

- IRAS will provide further details by 3Q 2025.

6. Introduce a Tax Deduction for Payments Made Under an Approved Cost-Sharing Agreement (“CSA”) for Innovation Activities

Present Position

❖ Payments made under a CSA for innovation activities that do not meet the definition of “research and development” under Section 2 of the ITA are not deductible.

Proposed

❖ To support collaborative innovation activities, a 100% tax deduction for payments made by companies under an approved CSA for innovation activities will be introduced with effect from 19 February 2025.

❖ EDB will provide further details by 2Q 2025.

7. Extend and Enhance the Land Intensification Allowance ("LIA") Scheme

Present Position

- The LIA scheme grants an approved recipient:
  - An initial allowance of 25% of the qualifying capital expenditure incurred on the qualifying building: and
  - An annual allowance of 5% of the qualifying capital expenditure incurred over 15 years, upon issuance of the temporary occupation permit for the completed building, subject to conditions.
- At least 80% of the gross floor area of the qualifying building must be used by the approved recipient or its related users. To be considered related, the users must have at least 75% of their shareholdings held in common (or have entitlement to at least 75% of the income in the case of a partnership), whether directly or indirectly.
- The scheme is scheduled to lapse after 31 December 2025.

Proposed

- To continue encouraging businesses to intensify their land use, the LIA scheme will be extended till 31 December 2030.
- The shareholding requirement for building users to be considered as related will be lowered from "at least 75%" to "more than 50%". This change will apply to LIA applications made from 1 January 2026.
- BCA and EDB will provide further details by 3Q of 2025.

8. Rationalise the Tax Incentives for Project and Infrastructure Finance

Present Position

- The tax incentives for Project and Infrastructure Finance include:

    - Exemption of qualifying income from qualifying project debt securities (“QPDS”): and

    - Exemption of qualifying foreign-sourced income from qualifying offshore infrastructure projects / assets received by approved entities listed on the Singapore Exchange.

- These incentives are scheduled to lapse after 31 December 2025.

Proposed

- To ensure that our tax incentives remain relevant, the QPDS scheme will be allowed to lapse after 31 December 2025.

- Project bond investors can continue to avail themselves of tax incentives for debt securities such as the Qualifying Debt Securities(“QDS”) scheme, if the debt securities qualify as QDS and the conditions of the QDS scheme are satisfied. Investors of QPDS issued on or before 31 December 2025 will continue to enjoy the tax benefits under the QPDS scheme for the remaining life of the issue of the securities, if the conditions o the QPDS scheme are satisfied.

- To support Singapore-based infrastructure project sponsors that leverage Singapore’s financial ecosystem to invest in and finance overseas infrastructure projects, the tax incentive under (b) will be extended till 31 December 2030.

9. Extend and Refine the Insurance Business Development ("IBD") Scheme

Present Position

- Approved insurers and insurance brokers are granted a concessionary tax rate ("CTR") of 10% on a relevant qualifying income under the IBD, IBD-Captive Insurance ("IBD-CI") and IBD-Insurance Broking Business ("IBD-IBB") schemes.
- The IBD and IBD-CI schemes are scheduled to lapse after 31 December 2025.

Proposed

- To continue supporting Singapore's value proposition as an Asian insurance and reinsurance centre, the IBD and IBD-CI schemes will be extended till 31 December 2030.
- Further, to ensure that our tax incentives remain relevant and competitive, an additional CTR tier of 15% will be introduced with effect from 19 February 2025 for the IBD, IBD-CI and IBD-IBB schemes.
- MAS will provide further details by 2Q of 2025.

10. Introduce an Additional CTR Tier of 15% for the Financial Sector Incentive ("FSI") Scheme

Present Position

- Approved incentive recipients are eligible for a CTR of 10% or 13.5% on qualifying income (where applicable) under the FSI scheme.

Proposed

- To ensure that our tax incentive remain relevant and competitive, an additional CTR tier of 15% will be introduced with effect from 19 February 2025 for the FSI-Standard Tier, FSI-Trustee Company and FSI-Headquarter Services schemes.
- MAS will provide further details by 2Q of 2025.

11. Introduce Tax Incentives Recommended by Equities Market Review Group

Present Position

- N/A

Proposed

- To encourage new listings in Singapore and increase investment demand for Singapore-listed equities, the following tax incentives will be introduced:

  - Listing CIT Rebate for new corporate listings in Singapore:

    To encourage companies to raise public capital and grow their economic activities in Singapore, qualifying entities may apply for a 10% or 20% Listing CIT Rebate. Refer to Table below.

Parameter	Details
Qualifying entities	• Companies and registered business trusts that are tax residents in Singapore
Tax benefit	• Primary listings: 20% CIT rebate • Secondary listings (with share issuance): 10% CIT rebate • Subject to rebate cap of: (a) $6 million per Year of Assessment ("YA") for qualifying entities with market capitalisation of at least $1 billion; or (b) $3 million per YA for qualifying entities with market capitalisation of less than $1 billion
Minimum criteria	• Achieve a primary or secondary (with share issuance) listing on a Singapore exchange and remain listed for 5 years. • Commit to incremental local business spending or fixed asset investments, and incremental skilled employment by the end of the award tenure.
Award tenure	• 5 years per qualifying entity, non-renewable
Scheme duration	• Open for award until 31 December 2027
Administering agency	• Interested entities can approach EDB or EnterpriseSG to enquire for more details

11. Introduce Tax Incentives Recommended by Equities Market Review Group (continued)

Proposed (continued)

- Enhanced CTR of 5% for new fund manager listings in Singapore:

  To enhance Singapore's value proposition to fund managers seeking to scale up their activities via public fundraising and grow their investment activities in Singapore, an enhanced CTR tier of 5% will be introduced under the FSI-FM for newly listed fund managers. Refer to Table below:

Parameter	Details
Qualifying entities	• Singapore fund managers
Tax benefit	• 5% CTR on qualifying income
Minimum criteria	• Fund manager or its holding company achieves a primary listing on a Singapore exchange and remains listed for 5 years. • Fund manager must distribute a portion of its profits as dividends. • Fund manager must also meet minimum requirements for professional headcount and assets under management ("AUM").
Qualifying income	• Fees earned from qualifying fund management and investment advisory activities under FSI-FM
Award tenure	• 5 years per fund manager, non-renewable
Scheme duration	• Open for award until 31 December 2028
Administering agency	• Interested fund managers can approach the MAS to enquire for more details

11. Introduce Tax Incentives Recommended by Equities Market Review Group (continued)

Proposed (continued)

- Tax exemption on fund managers' qualifying income arising from funds investing substantially in Singapore-listed equities.

  To support fund managers to launch and manage qualifying funds that invest substantially in Singapore-listed equities, a corporate tax exemption on income arising from such funds will be introduced under the FSI-FM. Refer to Table below:

Parameter	Details
Qualifying entities	• Singapore fund managers
Tax benefit	• Tax exemption on qualifying income
Minimum criteria	• Fund managers must meet minimum requirements for professional headcount and AUM, as currently required of FSI-FM companies. • Qualifying funds must meet the following criteria: (a) • For new funds: At least 30% of AUM invested in Singapore-listed equities (b) • For existing funds: - At least 30% of AUM invested in Singapore-listed equities; and - Annual net inflows (i.e., subscriptions less redemptions to fund) equivalent to at least 5% of fund's AUM in the preceding year
Qualifying income	• Fees earned from fund management and investment advisory activities related to the qualifying funds (as defined in the minimum criteria)
Award tenure	• 5 years per fund managed by fund manager, non-renewable
Scheme duration	• Open for award until 31 December 2028
Administering agency	• Interested fund managers can approach the MAS to enquire for more details

12. Extend and Enhance the Income Tax Concessions for Real Estate Investment Trusts Listed on the Singapore Exchange ("S-REITs")

Present Position

- The following income tax concessions are granted to S-RTEITs and their investors:
  - Tax transparency on specified income in the hands of the trustee of the S-REIT if the trustee distributes at least 90% of its specified income to unitholders in the same year that the income is derived by the trustee:
  - (*) Tax exemption on qualifying foreign-sourced income received by S-REITs, S-REITs' wholly-owned Singapore sub-trusts, and S-REITs' wholly-owned companies incorporated and tax-resident in Singapore ("FSIE-REIT"), subject to conditions;
  - Tax exemption on S-REITs distributions received by individuals; and
  - (#) Final withholding tax ("WHT") rate of 10% for S-REIT distributions received by qualifying non-tax-resident non-individuals and qualifying non-tax resident funds.
- The tax concessions at (*) and (#) are scheduled to lapse after 31 December 2025.

Proposed

- To continue promoting the listing of REITs in Singapore and to sustain Singapore's position as a global REIT hub, the tax concessions will be extended till 31 December 2030.
- The scope of specified income for the tax transparency treatment will be expanded to include all co-location and co-working income derived from 1 July 2025.

12. Extend and Enhance the Income Tax Concessions for Real Estate Investment Trusts Listed on the Singapore Exchange ("S-REITs") (continued)

Proposed (continued)

- The following refinements will be introduced for FSIE-REIT from 19 February 2025:
  - Qualifying foreign-sourced income will include rental and ancillary income received in Singapore from 19 February 2025, subject to conditions;
  - The requirement for wholly-owned companies of S-REITs to be incorporated in Singapore will be removed. The wholly-owned companies must still be Singapore tax residents to qualify for the concession;
  - Repayment of shareholder loans and return of capital will now be recognised as qualifying modes of remittance for wholly-owned Singapore sub-trusts and wholly-owned Singapore tax residents' companies to pass remitted income through to S-REITs; and
  - Singapore sub-trusts will be allowed to deduct other operational expenses against their income before passing the remaining amount to S-REITs.
- IRAS will provide further details by 2Q of 2025.

13. Extend the Income Tax Concessions for Real Estate Investment Trust Exchange-Traded Funds ("REIT ETFs") Listed on Singapore Exchange ("S-REIT ETFs")

Present Position

- The following income tax concessions are granted to S-REIT ETFs and their investors:
  - (*) Tax transparency in the hands of the trustee of S-REIT ETFs on distributions received by S-REIT ETFs from S-REITs, which are paid out of the latter's specified income;
  - Tax exemption on such S-REIT ETFs distributions received by individuals; and
  - (#) Final WHT rate of 10% for S-REIT ETFs distributions received by qualifying non-tax-resident non-individuals and qualifying non-tax-resident funds.
- The tax concessions at (*) and (#) are scheduled to lapse after 31 December 2025.

Proposed

- To support the continued growth of the S-REIT ETFs sector, the sunset date for tax concession (*) will be removed.
- Tax consumption (#) will be extended till 31 December 2030.
- MAS will provide further details by 2Q 2025.

14. Allow the Venture Capital Fund Incentive (“VCFI”) and the Venture Capital Fund Management Incentive (“FMI”) to Lapse

Present Position

- Under the VCFI, approved venture capital funds are granted tax exemption on qualifying income.
- Under the venture capital FMI, approved fund management companies are granted a CTR of 5% on management fees and performance bonus derived from managing authorised investments of an approved venture capital fund.
- Both the VCFI and the venture capital FMI are scheduled to lapse after 31 December 2025.

Proposed

- To ensure that our tax incentives remain relevant, the VCFI and the venture capital FMI will be allowed to lapse after 31 December 2025.
- The Government will continue to support the venture capital sector through a holistic suite of policies and initiatives.

15. Introduce an Approved Shipping Financing Arrangement (“ASFA”) Award (for Ships and Containers)

Present Position

- N/A

Proposed

- To support the ownership and management of ships and sea-containers from Singapore, the AFSA Award will be introduced to provide withholding tax (“WHT”) exemption on interest and related payments made by approved entities to non-tax resident lenders in respect of qualifying arrangements entered into on or before 31 December 2031 to finance the purchase or construction of ships and containers.
- Ship and container lease payments made to non-tax-resident lessors (excluding payments derived from any operation carried on by the non-tax-resident through its permanent establishment in Singapore) under finance lease (“FL”) agreements for ASFA Award recipients will also be exempted from WHT.
- The ASFA Award will be administered by MPA and be introduced with effect from 19 February 2025.
- MPA will provide further details by 2Q 2025.

16. Extend and Enhance the Maritime Sector Incentive (“MSI”)

Present Position

❖ Ship operators, maritime lessors and providers of certain shipping-related support services can enjoy various tax concessions by way of exemption, CTR or the alternative net tonnage basis of taxation, subject to conditions, under the following MSI sub-schemes:

   ➢ MSI-Shipping Enterprise (Singapore Registry of Ships) (“MSI-SRS”);

   ➢ MSI-Approved International Shipping Enterprise (“MSI-AIS”) Award;

   ➢ MSI-Maritime Leasing (Ship) (“MSI-ML(Ship)”) Award;

   ➢ MSI-ML (Container) Award; and

   ➢ MSI-Shipping-related Support Services (“MSI-SSS”) Award.

❖ In addition, WHT exemption is granted on qualifying payments made by qualifying MSI entities to on-tax-residents (excluding a permanent establishment in Singapore) in respect of qualifying financing arrangements entered into on or before 31 December 2026 to finance the construction or purchase of qualifying assets (e.g., ships, containers), subject to conditions.

❖ The MSI-AIS for qualifying entry players, MSI-ML (Ship), MSI-ML (Container) and MSI-SSS schemes are scheduled to lapse after 31 December 2026.

16. Extend and Enhance the Maritime Sector Incentive ("MSI") (continued)

Proposed

- To continue developing Singapore as an international maritime centre, the MSI will be extended till 31 December 2031. Similarly, the WHT exemption will be extended for qualifying payments made on qualifying financing arrangements entered into on or before 31 December 2031.

- To ensure that the MSI remains relevant, the qualifying scope will be updated. Key changes are as follows:

  - Expand the scope of prescribed ship management services under the MSI-SRS, MSI-AIS and MSI-SSS to include emission management services;

  - Expand the scope of offshore renewable energy activities under the MSI-SRS and MSI-AIS to cover the subsea distribution of renewable energy generated onshore;

  - Expand the scope of ships used for offshore renewable energy activities under the MSI-ML (Ship) to include ships that support subsea distribution of renewable energy generated onshore;

  - Allow assets leased-in from third parties under FL treated as sale agreements to be recognised as qualifying assets under the MSI-ML (Ship) and MSI-ML (Container) awards; and

  - Expand the scope of shipping-related support services under the MSI-SSS to include maritime technology services.

- These changes will take effect from 19 February 2025.

- MPA will provide further details by 2Q 2025.

17. Extend the Broad-Based WHT Exemption for Container Lease Payments Made to Non-Tax-Resident Lessors Under Operating Lease ("OL") Agreements

Present Position

- Container lease payments made to non-tax-resident lessors (excluding payments derived from any operation carried on by the non-tax-resident through its permanent establishment in Singapore) under OL agreements for the use of qualifying containers for the carriage of goods by sea are exempted from WHT.

- This exemption is scheduled to lapse after 31 December 2027.

Proposed

- To continue supporting local container lessees in Singapore, the WHT exemption for container lease payments made to non-tax-resident lessors under OL agreements will be extended to agreements entered into on or before 31 December 2031.

18. Extend the Broad-Based WHT Exemption for Ship and Container Lease Payments Under FL Agreements Made to Non-Tax-Resident Lessors for MSI Recipients

Present Position

- Ship and container lease payments made to non-tax-resident lessors (excluding payments derived from any operation carried on by the non-tax-resident through its permanent establishment in Singapore) under FL agreements for specified MSI recipients are exempted from WHT.

- This exemption is scheduled to lapse after 31 December 2028.

Proposed

- To continue developing Singapore as an international maritime centre, the WHT exemption for ship and container lease payments made by specified MSI recipients to non-tax-resident lessors under FL agreements will be extended to agreements entered into on or before 31 December 2031.

19. Allow the WHT Concession for Non-Tax-Resident Arbitrators to Lapse

Present Position

- Non-tax-resident professionals are subject to WHT at a rate of 15% on gross income from the profession; or they may elect to be taxed at 24% on net income. As a concession, income derived by non-tax-resident arbitrators from arbitration work carried out in Singapore is subject to WHT at a rate of 10%.

- This concession is scheduled to lapse after 31 December 2027.

Proposed

- To ensure parity in the treatment of income of non-tax-resident professionals, the concession for non-tax-resident arbitrators will be allowed to lapse after 31 December 2027.

- The Government will continue to support the international arbitration sector through a holistic suite of policies and initiatives.

20. Allow the WHT Concession for Non-Tax-Resident Mediators to Lapse

Present Position

- Non-tax-resident professionals are subject to WHT at a rate of 15% on gross income from the profession; or they may elect to be taxed at 24% on net income. As a concession, income derived by non-tax-resident mediators from mediation work carried out in Singapore is subject to WHT at a rate of 10%.

- This concession is scheduled to lapse after 31 December 2027.

Proposed

- To ensure parity in the treatment of income of non-tax-resident professionals, the concession for non-tax-resident mediators will be allowed to lapse after 31 December 2027.

- The Government will continue to support the commercial mediation sector through a holistic suite of policies and initiatives.

PERSONAL INCOME TAX

1. Personal Income Tax ("PIT") and Tax Rebate

Present Position

❖ N/A

Proposed

❖ As part of the SG60 package, a PIT Rebate of 60% of tax payable will be provided to all tax resident individuals for YA 2025. The rebate will be capped at $200 per taxpayer.

2. Exclude Cash Top-Ups that Attract Matching Grant from the Government Under the Matched MediSave Scheme ("MMSS") from CPF Cash Top-Up Relief

Present Position

❖ Tax resident CPF members may, subject to conditions, enjoy CPF Cash Top-Up Relief for cash top-ups made to their own or their eligible loved ones:

  ➢ Retirement Account ("RA") and / or Special Account ("SA") (excluding any amount of cash top-ups that attract a matching grant under the Matched Retirement Savings Scheme ("MRSS"); and

  ➢ MediSave Account ("MA").

Proposed

❖ As the MMSS matching grant announced in Budget 2025 is already significant benefit extended by the Government, cash top-ups made from 1 Jaanuary 2026 to the MA of a MMSS-eligible CPF member that attract the MMSS matching grant will not entitle the giver to the CPF Cash Top-Up Relief from YA 2027.

❖ This also ensures parity with the current tax treatment for the MRSS, where cash top-ups to the RA or SA of an MRSS-eligible CPF member that attracts the MRSS matching grant will not entitle the giver to the CPF Cash Top-Up Relief.

2. Exclude Cash Top-Ups that Attract Matching Grant from the Government Under the Matched MediSave Scheme ("MMSS") from CPF Cash Top-Up Relief (continued)

Proposed (continued)

- A giver may continue to enjoy tax relief of up to $16,000 per year for eligible CPF cash top-ups that do not attract the MMSS or MRSS matching grant. The maximum amount of CPF Cash Top-Up Relief is $8,000 per year for cash top-ups to the giver's own SA, RA or MA, and another $8,000 per year for cash top-ups to such accounts of the giver's loved ones.

- The Government will introduce a five-year Matched MediSave Scheme ("MMSS") from January 2026, to boost MediSave adequacy for seniors with lower balances.

- Under the MMSS, the Government will match every dollar of voluntary cash top-ups to the MediSave Account ("MA") of eligible CPF members, up to an annual cap of $1,000. Anyone, including their families, employers, and the community, can make the top-ups to eligible members' CPF MA. Givers will not receive income tax relief ("CPF Cash Top-Up Relief") for cash top-ups that attract the MMSS matching grant.

- To be eligible for the MMSS, the CPF member whose CPF MA is being topped up must:

  - Be a Singapore Citizen aged 55 to 70;

  - Own no more than one property;

  - Have a residential Annual Value of not more than $21,000;

  - Have an average monthly income of not more than $4,000; and

  - Have a CPF MA balance that is less than half the prevailing Basic Healthcare Sum.

- MMSS eligibility is automatically assessed every year, and the CPF Board will notify eligible members at the beginning of each year, from January 2026. Members can also check their eligibility via the CPF website from January 2026. About 184,000 CPF members are expected to be eligible for the MMSS. Matching grants by the Government will be disbursed to eligible members in the following year.

MISCELLANEOUS

1. 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 input GST on the following, subject to conditions;
  - Their business expenses, regardless of whether they hold underlying assets directly or indirectly through multi-tiered structures such as SPVs or sub-trusts;
  - (*) 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 asset of the S-REITs or RBTs, directly or indirectly; and
  - Business expenses of financing SPVs mentioned in (*).
- The GST remission is scheduled to lapse after 31 December 2025.

Proposed

- The existing GST remission for S-REITs and RBTs will be extended till 31 December 2030.

2. Introduce the Additional Flat Component ("AFC") of Road Tax for Electric Heavy Goods Vehicles ("HGVs") and Buses

Present Position

- The AFC is a lump-sum tax for electric cars, light good vehicles, and motorcycles. Electric HGVs and buses currently do not pay AFC.

Proposed

- For electric HGVs (goods vehicles with a Maximum Laden Weight > 3.5, metric tonnes) registered from 1 January 2026, the road tax schedule will include the following AFC:

Licensing period	**6-monthly AFC**
1 January 2026 to 31 December 2026	$50
1 January 2027 to 31 December 2027	$75
1 January 2028 onwards	$125

- For electric buses with a Maximum Laden Weight < 3.5 metric tonnes registered from 1 January 2026, the road tax schedule will include the following AFC:

Licensing period	6-monthly AFC
1 January 2026 to 31 December 2026	$25
1 January 2027 to 31 December 2027	$50
1 January 2028 onwards	$95

- For electric buses with a Maximum Laden Weight > 3.5 metric tonnes registered from 1 January 2026, the road tax schedule will include the following AFC:

Licensing period	6-monthly AFC
1 January 2026 to 31 December 2026	$100
1 January 2027 to 31 December 2027	$175
1 January 2028 onwards	$275

- For electric HGVs and buses registered up till 31 December 2025, AFC will be waived until 1 January 2029.

- There is no change to the other components of the road tax schedule for HGVs and buses.

OTHERS

1. Enhancements to the Progressive Wage Credit Scheme ("PWCS")

The PWCS was introduced at Budget 2022 to provide transitional wage support for employers to adjust to the Progressive Wages moves from calendar year 2022 to calendar year 2026, as well as encourage employers to raise wages of lower-wage workers.

To strengthen support for employers to uplift the wages of lower-wage employees, the PWCS co-funding support will be enhanced for wage increases given in the qualifying years 2025 and 2026 as shown in the table below: -

Qualifying Year (i.e., year that wage increase was given)	Payout Period	Current	Proposed
2025	1Q 2026	30%	40%
2026	1Q 2027	15%	20%

2. Increase in Senior Worker CPF Contribution Rates and CPF Transition Offset

In line with the recommendations by the Tripartite Workgroup on Older Workers, the Government announced in 2019 that CPF contribution rates would be raised gradually over the next decade or so for Singaporean and Permanent Resident workers aged above 55 to 70.

As such, the next increase in CPF contribution rates, for workers aged above 55 to 65, by a further 1.5 percentage points will take place on 1 January 2026. The revised rates are as follows: -

Age band	CPF Contribution Rates from 1 January 2026		
	Total	Employer	Employee
55 and below	No change		
Above 55 to 60	34%	16%	18%
Above 60 to 65	25%	12.5%	12.5%
Above 65 to 70	No change		
Above 70	No change		

The increase in contribution rates will be fully allocated to the CPF Retirement Account to help senior workers save more for retirement.

To mitigate the rise in business costs due to this increase, the Government will provide employers with a one-year CPF Transition Offset equivalent to half of the 2026 increase in employer CPF contribution rates for every Singaporean and Permanent Resident worker they employ aged above 55 to 65. Employers do not need to apply for the offset as this will be provided automatically.

3. Extension of Enabling Employment Credit ("EEC") from End-2025 to End-2028

The EEC provides wage offsets to employers hiring local employees with disabilities aged 13 and above, and earning below S$4,000 a month. To continue supporting the employment of persons with disabilities, the EEC will be extended till 31 December 2028. The current parameters will continue to apply from 2026 to 2028 as shown in the table below:-

Wage Support from 2026 to 2028	
Permanent wage offset	Up to 20% of wages, capped at S$400/month per employee
Additional time-limited wage offset for persons with disabilities who have not been in work for at least six months	Up to 20% of wages for the first nine months, capped at-S$400/month per employee

More details about the extension of the EEC will be announced at the Ministry of Manpower's Committee of Supply.

4. Extension of Uplifting Employment Credit ("UEC") from End-2025 to End-2028

The UEC provides wage offsets to employers hiring local ex-offenders earning below S$4,000, and released within three years prior to employment. The UEC will be extended till 31 December 2028.

To continue supporting the employment of ex-offenders, the extended UEC will continue providing employers with a wage offset of up to 20% of local ex-offenders' wages for the first nine months of employment, capped at S$600 per month per employee.

More details about the extension of the UEC will be announced at the Ministry of Manpower's Committee of Supply.

5. Extension of Senior Employment Credit ("SEC") from End-2025 to End-2026

The SEC provides wage offsets to employers that hire Singaporean workers aged 60 and above, and earning up to S$4,000 a month. To continue supporting the employment of senior workers, the SEC will be extended till 31 December 2026. In addition, the qualifying age for the highest SEC wage support tier will be raised to 69 years old, from 68 years old today. Hence, companies will receive 7% of the wages that they pay to workers aged 69 and above. The details are as shown in the table below:

Wage support in 2025		Wage support in 2026	
Age	Wage Support	Age	Wage Support
60-64	Up to 2%	60-64	Up to 2%
65-67	Up to 4%	65-68	Up to 4%
68 and above	Up to 7%	69 and above	Up to 7%

More details about the extension of the SEC will be announced at the Ministry of Manpower's Committee of Supply.

ABOUT ACUTUS LLP

Acutus LLP was established in 1987 to provide clients with access to a spectrum of assurance, tax and advisory services throughout South East Asia.

Over the years, the firm's professionals, operating in one of Asia's key financial and high-technology hubs, have represented a diverse range of businesses - from start-ups and small-medium entrepreneurial enterprises to family offices, financial institutions, and publicly-held businesses within Asia and beyond. We empower our clients to effectively structure, streamline, and control their business operations, ultimately enabling them to make more informed and strategic business decisions. This hands-on expertise allows our clients to thrive in an increasingly complex and dynamic global market.

Acutus is an independent member of Abacus Worldwide, a global association of independent accounting and legal firms. Through this membership, Acutus gains access to an extensive international network, allowing us to seamlessly address our clients' global professional needs in legal, accounting and tax services.

The Acutus footprint is crucial in addressing the demand for immediate local support, scalability, and transparency in global operations. By having an in-depth understanding of our clients' markets, our professionals are able to access the implications of relevant regulations and practices unique to each jurisdiction in which our clients operate. This expertise ensures tailored solutions that align with the specific needs and complexities of each market, enhancing both local impact and global efficiency.

KEY CONTACTS

Tax Services

International Tax	Jimmy Oei	jimmy.oei@acutus-ca.com
Voluntary Disclosure Programme and Transfer Pricing	Ang Poh Geok	pohgeok.ang@acutus-ca.com
GST & Compliance	Ang Poh Geok	pohgeok.ang@acutus-ca.com
Assurance	Lim Soh Yen	sohyen.lim@acutus-ca.com
	Wendy Tan	wendy.tan@acutus-ca.com
	Yan Yun Ha	yunha.yan@acutus-ca.com
Corporate Services	Kim Chng	kim.chng@acutus-ca.com
	Tan Bee Kiow	beekiow.tan@acutus-ca.com
	Jaslyn Lim	jaslyn.lim@acutus-ca.com

KEY CONTACTS (continued)

Insolvency & Corporate Recovery	Lim Soh Yen	sohyen.lim@acutus-ca.com
	Tee Wey Lih	weylih.tee@acutus-ca.com
	Lydia Loh	lydia.loh@acutus-ca.com
Accounting & Payroll	Cindy Khor	cindy.khor@acutus-ca.com
	Chin Kar Wei	karwei.chin@acutus-ca.com
	Megan Tay	megan.tay@acutus-ca.com
	Sonal Mehta	sonal.mehta@acutus-ca.com
Valuation Advisory & Litigation Support	Jack Lam	jack.lam@acutus-ca.com
	Gerald Tan	gerald.tan@acutus-ca.com
Hong Kong Practice	Peggy Fung	peggy.fung@acutus-hk.com
	Terry Mui	terry.mui@acutus-hk.com
Malaysia Practice	Jack Lam	jack.lam@acutus-ca.com

Acutus LLP
133 New Bridge Road, #24-01/02, Chinatown Point, Singapore 059413
T: (65) 6538 5488 https://x.com/acutusllp

Acutus CPA Limited
Unit 201, 2nd Floor Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong SAR
T: (852) 3996 7830 F: (852) 3747 2693 https://x.com/acutuscpa

www.acutus-ca.com