

Singapore Budget Highlights

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Securing
Our Future
Together in
a Changing
World

FOREWORD

The Singapore Budget 2026, delivered by the Prime Minister and Minister for Finance Mr. Lawrence Wong on 12 February 2026, comes at a pivotal moment of the nation's fiscal and economic trajectory. In the face of a challenging and fragmented global economy mark by geopolitical tensions, supply chain pressures and uneven demand, Budget 2026 reaffirms the Government's stance on prudence, resilience and forward-looking investment.

Budget 2026 highlighted that global economic fragility – including slower growth in major markets, rising protectionism, and strategic decoupling – presents both risks and opportunities for a small, and open, economy like Singapore.

The theme of Budget 2026, “*Securing Our Future Together in a Changing World*”, reflects the aspirations and collective vision to foster a partnership with individuals, communities and enterprises to thrive amidst global challenges.

Singapore's recent economic performance illustrates this balance of resilience and adaptability. The economy grew robustly in 2025. GDP is revised by the Ministry of Trade and Industry to 5% from 4.8% earlier, a stronger-than-expected outcome underpinned by manufacturing (especially a strong Artificial Intelligence-related electronics demand), wholesale trade, and finance and insurance sectors. Building on this momentum, the Government has also achieved a significant fiscal outcome. For Financial Year 2025, Singapore expects a budget surplus of S\$15.1 billion – more than double of the earlier estimate, reflecting strong tax revenues (especially from corporate income tax), higher vehicle quota premium receipts and solid assets-related returns. This figure stands as one of the largest absolute surpluses in recent history, representing 1.9% of GDP, and underscores the strength of Singapore's public finances. For Financial Year 2026, a smaller surplus of S\$8.5 billion, or 1% of GDP, is projected, confirming the need to exercise fiscal prudence notwithstanding strategic spending on key priorities.

Supporting Individuals and Strengthening Social Fabric

Budget 2026 delivers targeted support to help Singaporean households navigate current cost-of-living pressures, and build long term financial resilience. Enhanced support includes household assistance schemes, cash payouts, rebates and community-level vouchers aimed particularly at lower- and middle-income families. Investment in upskilling and lifelong learning continues to be a priority, ensuring that workers can adapt to new opportunities and technological shifts. The Government will also increase funding for community organisations, social services and cultural programmes to strengthen social cohesion and support vulnerable individuals. These initiatives demonstrate a commitment to inclusive growth, ensuring that broad segments of society share in Singapore's prosperity.

Empowering Companies, Workforce and Start-ups

For the corporate sector, Budget 2026 seeks to support and maintain the competitiveness of Singapore companies, from small and medium enterprises (SMEs) to high-growth startups, for success in a more complex global environment. Budget 2026 introduces a 40% corporate income tax rebate for qualifying firms in Year of Assessment 2026 with a minimum benefit of S\$1,500, extends grants for overseas market expansion, and provides enhanced support for adoption of digital and Artificial Intelligence technologies that boost productivity.

Labour market strategies are also front and center. Manpower policies are refined in response to structural shifts in the workforce. These include updates to foreign workforce criteria, and initiatives to support employment of locals. Key employment, and skills, agencies will be merged with the aim of creating a seamless ecosystem for training, job placement and career progression.

Homegrown startups, and innovation-driven enterprises, are also a priority. Budget 2026 boosts capital access through enhancements to the Startup SG Equity Scheme, the Anchor Fund to attract and anchor high-quality listings, and target incentives to foster AI driven enterprises. By supporting growth stage and high potential companies, Singapore aims to deepen its attractiveness as a hub for global innovation and entrepreneurship.

Looking Ahead

Amid slower global growth forecast, and intensifying global competition for talent and investment, Budget 2026 strikes a balance between short-term support and long-term strategic positioning. Budget 2026 reaffirms the nation's core strengths: a flexible workforce, strong fiscal foundation and a commitment to social cohesion. These pillars will be essential as Singapore navigates new economic realities and secures sustainable prosperity for all.

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23 February 2026

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

- ❖ To help companies manage rising costs, a CIT Rebate of 40% (50% for YA 2025) of tax payable will be granted in YA 2026.
- ❖ Active companies that have employed at least one local employee in Calendar Year (“CY”) 2025 (referred to as “local employee condition”) will receive a minimum benefit of \$1,500 (\$2,000 for YA 2025) 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 2026. 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 2026.
- ❖ The total maximum benefits of CIT Rebate and CIT Rebate Cash Grant that a company can receive is \$30,000 (\$40,000 for YA 2025).
- ❖ Eligible companies will automatically receive the benefits from 2Q CY 2026 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 2025.
- ❖ For example, Company A hired two local employees in CY 2025. It has a tax payable of \$30,000 for YA 2026. Company A will receive a \$1,500 CIT Rebate Cash Grant and another \$10,500 [(40%* \$30,000) - \$1,500] in CIT Rebate.

2. Double Tax Deduction for Internationalisation (“DTDi”) Scheme

- ❖ To further support businesses in their internationalisation efforts, the expenditure cap for claims without prior approval will be raised from \$150,000 to \$400,000 per YA.
- ❖ The scope of claims which do not require prior approval will also be expanded to cover all eligible expenses incurred on overseas market development trips and overseas investment study trips, and the following qualifying activities:
 - Investment feasibility/due diligence studies;
 - Master licensing and franchising;
 - Market surveys/feasibility studies;
 - Overseas business development; and
 - Production of corporate brochures for overseas distribution.
- ❖ Businesses can continue to apply to Enterprise Singapore or Singapore Tourism Board for expenses exceeding \$400,000 per YA or expenses incurred on overseas trade office and e-commerce campaigns.
- ❖ The changes will apply to expenses incurred from YA 2027 and Enterprise Singapore will provide more details by 2Q 2026.

3. Withholding tax exemptions for the financial sector

- ❖ To maintain the competitiveness of our financial sector, the withholding tax exemptions for the following payments made to non-resident persons (excluding permanent establishments in Singapore) are extended to 31 December 2031:
 - Section 12(6) payments by specified entities for their trade or business;
 - Payments on structured products offered by Singapore financial institutions;
 - Payments on over-the-counter financial derivatives by qualifying financial institutions;
 - Payments made under cross-currency swap transactions by Singapore swap counterparties to issuers of Singapore dollar debt securities.
 - Interest payments on margins deposits made under all derivatives contracts by approved exchanges, approved clearing houses, and their respective members.
 - Specific payments made under securities leading to repurchase agreements by specific institutions; and
 - Payments made under interest rate or currency swap transactions by the Monetary Authority of Singapore
- ❖ MAS will provide more details by 2Q 2026.

4. Finance and Treasury Centre (“FTC”) incentive

- ❖ To encourage companies to conduct treasury management activities in Singapore, the FTC incentive will be extended till 31 December 2031.
- ❖ In addition, the scope of the withholding tax exemption for approved FTCs will be expanded to include interest-like borrowing costs that are subject to withholding tax, for loans used for qualifying activities or services.
- ❖ The expanded scope of exemption applies to payments made on or after 13 February 2026.
- ❖ EDB will provide more details by 13 February 2026.

5. Global Trader Programme (“GTP”)

- ❖ To further strengthen Singapore’s position as a global trading hub, the following enhancements will be made to the GTP:
 - The scheme will be extended until 31 December 2031; and
 - The list of qualifying commodities will be expanded to include Environmental Attribute Certificates from 13 February 2026.
- ❖ Enterprise Singapore will provide more details by 2Q 2026.

6. Not-for-Profit Organisation Tax Incentive (“NPOTI”)

- ❖ To ensure that Singapore remains an attractive location for NPOs, the NPOTI will be extended till 31 December 2032.

7. CPF cash top-ups made by platform operators under the Voluntary Contributions to MediSave Account scheme (“VC-MA”)

- ❖ To encourage platform operators to make CPF cash top-ups on behalf of their platform workers (who are eligible for the Matched MediSave Scheme¹), platform operators will be allowed to claim tax deduction for CPF cash top-ups made on behalf of their platform workers under the VC-MA.
- ❖ The change will apply from YA 2027 for CPF cash top-ups made from 1 January 2026.

¹ The Government will match every dollar of voluntary cash top-ups to the MediSave Account of eligible CPF members, up to an annual cap of \$1,000, to boost MediSave adequacy for seniors with lower balances.

8. Investment Allowance for Emission Reduction (“IA-ER”) scheme

- ❖ The IA-ER scheme will be allowed to lapse after 31 December 2026.
- ❖ The Government will continue to support efforts to improve energy efficiency or reduce greenhouse gas emissions via existing schemes such as the Resource Efficiency Grant for Emissions and the Refundable Investment Credits for Decarbonisation.

9. Double tax deduction (“DTD”) for qualifying upfront costs attributable to rated retail bonds to lapse

- ❖ The DTD scheme for rated retail bonds will be allowed to lapse after 31 December 2026.
- ❖ Other schemes such as the Qualifying Debt Securities scheme and the Global-Asia Bond Grant Scheme continue to be available to bond issuers.

10. Corporate Volunteer Scheme (“CVS”)

- ❖ To support corporate volunteering, the tax deduction under the CVS will be extended to qualifying expenditure incurred from 1 January 2027 to 31 December 2029.

PERSONAL INCOME TAX

1. Personal Income Tax and Tax Rebate

There is no change to the personal income tax rate announced in Budget 2026.

The following remain applicable:

- ❖ The two tiers income bracket tiers remain as follows:
 - Individuals with chargeable income in excess of \$500,000 up to \$1 million will be taxed at 23%, while
 - Individual with chargeable income in excess of \$1 million will be taxed at 24%.
- ❖ The non-resident tax rate of non-employment income was increased to 24% from YA 2024.
- ❖ No CIT Rebate was provided in YA 2026 (60% CIT Rebate, capped at \$200 for YA 2025).

2. 250% tax deduction for qualifying donations to Institutions of a Public Character (“IPCs”) and eligible institutions

- ❖ To encourage giving, the tax deduction will be extended to qualifying local donations made from 1 January 2027 to 31 December 2029:

2. 250% tax deduction for qualifying donations to Institutions of a Public Character (“IPCs”) and eligible institutions (continued)

❖ Refer to Table below to see the eligibility criteria.

Eligible Donations	Eligible Recipients
Gifts of shares listed on the Singapore Exchange (“SGX”) or Gifts of units in unit trusts traded in Singapore or listed on the SGX ^(a)	IPCs
Cash donations ^(b)	IPCs and the Singapore Government
Gifts of parcels of land or buildings ^(b)	IPCs
Gifts of artefacts ^(b)	Approved museums (approval by the National Heritage Board (“NHB”))
Gifts of parcels of land or buildings ^(b)	IPCs
Donation, Installation, and maintenance of sculptures and works of art for public display ^(b)	NHB and approved recipients (approval by the NHB)

➤ Table to note:

- (a) Applicable to donations from individual donors only.
- (b) Applicable to donations from individuals and corporate donors.

AI STRATEGIC ADVANTAGE

1. AI Missions

- ❖ The government will launch a set of national AI Mission to transform key sectors of our economy using AI.
- ❖ Government work closely with industry to identify clear and ambitious problem statements in key sectors. We will align our research and development, regulatory and investment promotion efforts to accelerate the development, testing, deployment and scaling of AI solutions. We focus on four key sectors:
 - Advanced Manufacturing;
 - Connectivity;
 - Finance; and
 - Healthcare.
- ❖ MTI will share more details on AI Mission for advanced manufacturing at the Committee of Supply 2026. Details on the other sectors will be announced in due course.

2. National AI Council

- ❖ The national AI Council will provide strategic direction and drive the national AI agenda such as:
 - Providing strategic direction for national AI strategy and ambition, overseeing the development and execution of AI Mission.
 - Commission AI Mission(s) in priority sectors with strong industry relevance and growth potential, that address complex, frontier problem statements; and
 - Unlock regulations and resources to accelerate the development, testing, deployment and scaling of innovative and impactful AI solutions.

2. National AI Council (continued)

- ❖ The Council will be chaired by the Prime Minister and Minister for Finance, Mr Lawrence Wong, and will comprise the following members:
 - Mr Gan Kim Yong, Deputy Prime Minister and Minister for Trade and Industry;
 - Mr Ong Ye Kung, Coordinating Minister for Social Policies and Minister for Health;
 - Mrs Josephine Teo, Minister for Digital Development and Information;
 - Dr Tan See Leng, Minister for Manpower and Minister-in-charge of Energy and Science & Technology in the Ministry of Trade and Industry;
 - Mr Chee Hong Tat, Minister for National Development and Deputy Chairman of the Monetary Authority of Singapore Board of Directors; and
 - Mr Jeffrey Siow, Acting Minister for Transport and Senior Minister of State for Finance.
- ❖ We will also tap on expertise from the private sector. More details will be released later.

3. Champions of AI programme

- ❖ The new AI programme will provide tailored support for businesses with the ambition to use AI to comprehensively transform the business.
- ❖ More details will be share at the Committee of Supply 2026.

4. Enterprise Innovation (“EIS”) Scheme

- ❖ To support businesses in adopting AI, the EIS will be enhanced for YA 2027 and YA 2028:
 - The list of partner institutions will be expanded to include the Sectoral AI Centre of Excellence for Manufacturing.
 - An additional qualifying activity will be introduced for qualifying AI expenditures. Businesses can claim tax deductions/allowances of 400% on up to \$50,000 of qualifying AI expenditures incurred for each YA. The option to convert qualifying expenditure into a cash payout will not be available for this new qualifying activity.
- ❖ IRAS will provide more details by mid-2026.

5. Productivity Solution Grant (PSG)

- ❖ To support business in AI adoption, a wider range of AI-enabled solutions will be made available for business under the PSG.
- ❖ The PSG provides support for businesses to adopt pre-approved IT solutions and equipment, to improve their productivity and automate existing processes.
- ❖ MDDI will share more information at Committee of Supply 2026.

6. AI Park

- ❖ JTC will establish an AI park as a focal point for innovating, test-bedding, and scaling AI solutions.
- ❖ JTC will establish an AI park at One-North. This will provide dedicated spaces near research clusters for AI startups, researchers, and industry partners to foster new partnerships and ecosystem networks, and to catalyse AI innovation.
- ❖ MDDI will share more details at the Committee of Supply 2026.

7. TechSkills Accelerator (“TeSA”)

- ❖ To raise the AI fluency of the workforce, TeSA will be expanded to support AI skills training in non-tech, cross-sectoral occupations.
- ❖ Currently, TeSA helps mid-career workers transition into tech roles, and ensures that the existing tech workforce remains relevant within the fast-changing Information Communications and Technology sector.
- ❖ Under the expanded TeSA, IMDA is working with professional bodies in various sectors to develop frameworks to identify the key training needs and competencies needed to transform workflows with AI.
- ❖ IMDA will start with the accountancy, legal professions and extend TeSA to other fields.
- ❖ MDDI will share more information at Committee of Supply 2026.

8. Complimentary subscription to premium versions of AI tools

- ❖ To encourage learning-by-doing with AI, government will provide six months of free access to premium version of AI tools to Singaporeans who take up selected AI training courses that are listed in the MySkillsFuture portal.
- ❖ MOM will share more details at the Committee of Supply 2026

MISCELLANEOUS

1. Preferential Additional Registration Fee (PARF) rebate

- ❖ As electric and hybrid vehicles are less pollutive and become increasingly prevalent, the PARF will be streamlined in the following manner:
 - PARF rebate will be reduced by 45% points across all age tiers; and
 - PARF rebate cap will be reduced from \$60,000 to \$30,000.
 - The revised PARF rebate schedule:

Age of Vehicle at Deregistration	PARF Rebate*
5 years and below	30% of ARF
Above 5, below 6 years	25% of ARF
Above 6, below 7 years	20% of ARF
Above 7, below 8 years	15% of ARF
Above 8, below 9 years	10% of ARF
Above 9, below 10 years	5% of ARF
Above 10 years	N.A.

- ❖ Revised PARF rebate schedule and cap of \$30,000 will apply to cars that are registered with COEs obtained from the second COE bidding exercise in February 2026.
- ❖ For vehicles that do not need to bid for COEs (i.e., taxis), the revised PARF rebate schedule and cap of \$30,000 will apply to those that are registered on or after 13 February 2026
- ❖ The revised PARF rebate schedule and cap do not apply to vehicles that are not eligible for PARF rebates such as goods-cum-passenger vehicles, Classic cars and vehicles that have been laid-up
- ❖ Further details will be announced by LTA.

2. Excise duties for tobacco products

- ◆ To discourage consumption of tobacco products, there will be a raise of 20% across all tobacco products. Will be effective from 12 February 2026:

Harmonised System (HS) Code	Product Description	Current	Proposed
Cigars, Cheroots, Cigarillos and Cigarettes, and Other Manufactured Tobacco:			
2402.20.20	Clove cigarettes	49.1 cents/stick of cigarette	58.9 cents/stick of cigarette.
2402.20.90	Other cigarettes containing tobacco		
2402.90.20	Cigarettes of tobacco substitutes		
2402.10.00	Cigars cheroots & cigarillos containing tobacco	\$491/kgm	\$589/kgm
2402.90.10	Cigars cheroots & cigarillos of tobacco substitutes		
2403.11.10	Water pipe tobacco packed for retail sale		
2403.11.90	Water pipe tobacco not packed for retail sale		
2403.19.19	Other smoking tobacco packed for retail sale		
2403.19.99	Other smoking tobacco not packed for retail sale		
2403.91.10	Homogenised or reconstituted tobacco packed for retail sale		
2403.91.90	Homogenised or reconstituted tobacco not packed for retail sale		
2403.99.30	Manufactured tobacco substitutes		
2403.99.40	Snuff whether or not dry		
2403.99.90	Other manufactured tobacco not for smoking		
2404.11.00	Products containing tobacco or reconstituted tobacco, intended for inhalation without combustion		
2404.19.10	Products containing tobacco substitutes, intended for inhalation without combustion		

2. Excise duties for tobacco products (continued)

- ❖ To discourage consumption of tobacco products, there will be a raise of 20% across all tobacco products. Will be effective from 12 February 2026 (continued):

Harmonised System (HS) Code	Product Description	Current	Proposed
Beedies, Ang Hoon, and Other Smokeless Tobacco:			
2402.20.10	Beedies	\$378/kgm	\$454/kgm
2403.19.11	Ang hoon packed for retail sale		
2403.19.91	Ang hoon not packed for retail sale		
2403.99.50	Chewing & sucking tobacco excluding snuff		
Harmonised System (HS) Code	Product Description	Current	Proposed
Unmanufactured and Cut Tobacco and Other Tobacco Refuse:			
2401.10.10	Tobacco, unmanufactured, not stemmed/ stripped Virginia type, flue-cured	\$446/kgm	\$535/kgm
2401.10.20	Tobacco, unmanufactured, not stemmed/stripped Virginia type, other than flue-cured		
2401.10.40	Tobacco, unmanufactured, not stemmed/stripped, Burley type		
2401.10.50	Other tobacco, unmanufactured not stemmed/stripped, flue-cured		
2401.10.90	Other tobacco, unmanufactured not stemmed/stripped, other than flue-cured		
2401.20.10	Tobacco, unmanufactured, partly or wholly stemmed/stripped, Virginia type flue-cured		
2401.20.20	Tobacco, unmanufactured, partly or wholly stemmed/stripped, Virginia type, other than flue-cured		

2. Excise duties for tobacco products (continued)

- ❖ To discourage consumption of tobacco products, there will be a raise of 20% across all tobacco products. Will be effective from 12 February 2026 (continued):

Harmonised System (HS) Code	Product Description	Current	Proposed
Unmanufactured and Cut Tobacco and Other Tobacco Refuse (continued):			
2401.20.30	Tobacco, unmanufactured, partly or wholly stemmed/stripped, oriental type	\$446/kgm	\$535/kgm
2401.20.40	Tobacco, unmanufactured, partly or wholly stemmed/stripped, Burley type		
2401.20.50	Other tobacco, unmanufactured, Partly or wholly stemmed/stripped, flue-cured		
2401.20.90	Other tobacco, unmanufactured, partly or wholly stemmed/stripped, other than flue-cured		
2401.30.10	Tobacco stems		
2401.30.90	Other tobacco refuse		
2403.19.20	Other manufactured tobacco for the manufacture of cigarettes		

3. Local Qualifying Salary (“LQS”)

- ❖ Companies that hire foreign workers are required to meet both conditions:
 - Firms must pay Progressive Wage Model (PWM) to local employees covered by the relevant Sectoral or Occupational PWMs; and
 - Must pay all local employees not covered under the PWMs at least the LQS.
- ❖ Government has increase LQS to \$1,800 for full-time employed local workers, that means that firms hiring foreign workers must pay full-time employed local workers at least \$1,800 per month. For part-time workers must be paid \$10.50 per hour. This will be effective starting from 1 July 2026.

4. Progressive Wage Credit Scheme (“PWCS”)

- ❖ The PWCS provide transitional wage support for employers to adjust to the Progressive Wages moves 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 year 2027 and 2028 as shown in the table below: -

Qualifying Year (i.e., year that wage increase was given)	Payout Period	Current	Proposed
2026	1Q 2027	20%	30% (+10%-pt)
2027	1Q 2028	-	30%
2028	1Q2029	-	20%

- ❖ To better support business that invest in their workers the minimum qualifying wage increase will be raised to \$200 in year 2027 and 2028.

Qualifying Year (i.e., year that wage increase was given)	Payout Period	Minimum Qualifying Wage Increase
2026	1Q 2027	\$100
2027	1Q 2028	\$200
2028	1Q 2029	\$200

5. Senior Worker CPF Contribution Rates and CPF Transition Offset

- ❖ In line with the recommendations by the Tripartite Workgroup on Older Workers, the Government announced each year since 1 January 2022 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 2027. The revised rates are as follows: -

Age band	CPF Contribution Rates from 1 January 2027			CPF Transition Offset for 2027
	Total	Employer	Employee	
55 and below	37% (No change)			N.A.
Above 55 to 60	35.5% (+1.5%-pt)	16.5% (+0.5%-pt)	19% (+1%-pt)	0.25%-pt
Above 60 to 65	26% (+1.0%-pt)	13 % (+0.5%-pt)	13% (+0.5%-pt)	0.25%-pt
Above 65 to 70	16.5% (No change)			N.A.
Above 70	12.5% (No change)			N.A.

- ❖ 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 2027 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.

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.

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