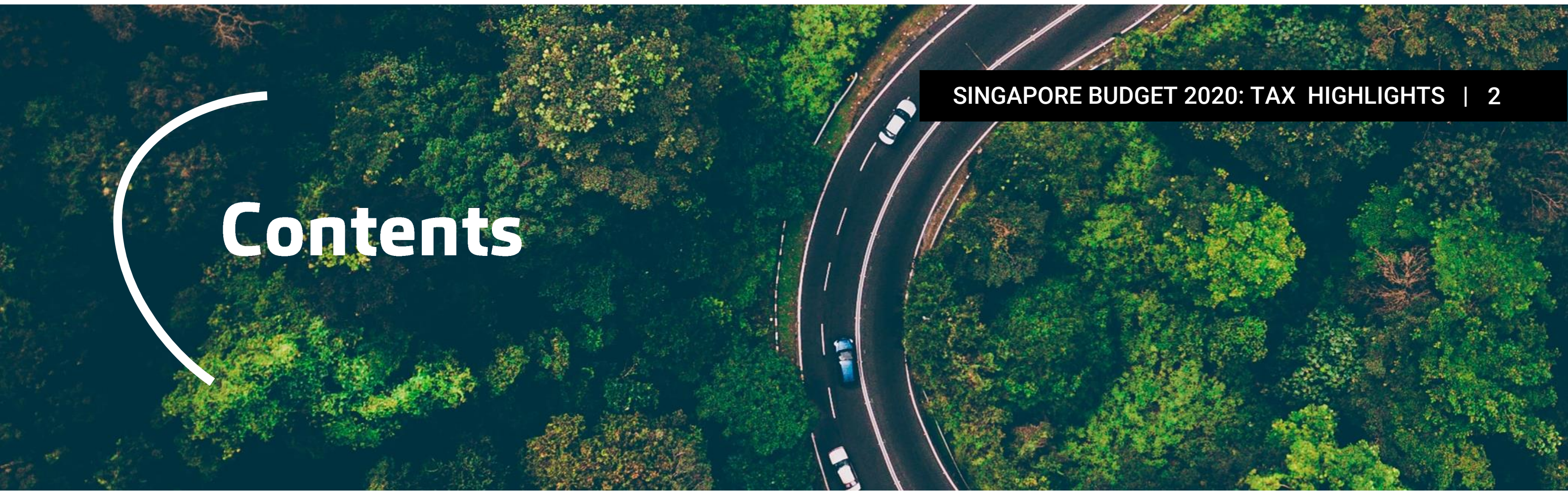
Singapore Budget 2020:
Tax Highlights

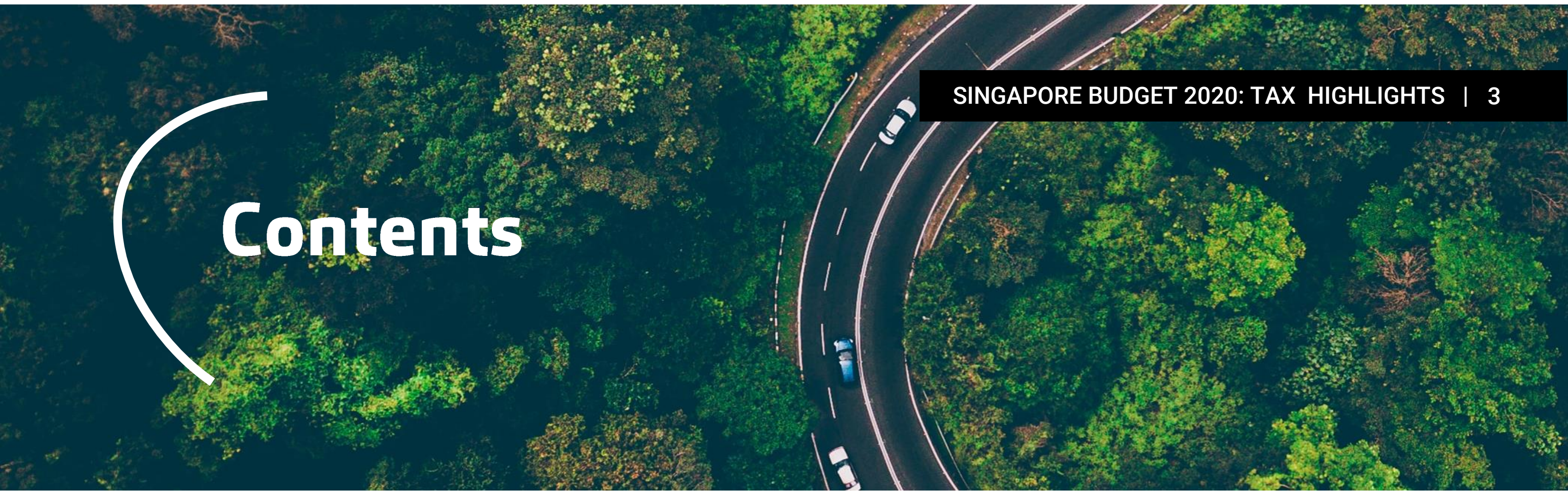
Special Issue



Contents

Goods and Services Tax

Tax Changes for Businesses



Contents

Tax Changes for Individuals

Tax Changes for Vehicles

Goods and Services Tax

1. Maintaining the Goods and Services Tax (“GST”) rate at 7% in 2021

Current

It was announced in the Budget 2018 that the GST rate will increase by two percentage points, from 7% to 9% between 2021 and 2025. The exact timing will depend on the state of economy and the expenditure growth.

Proposed

Following the review of revenue and expenditure projections, and considering the current state of the economy, it has been announced that the GST rate will remain at 7% in 2021.

However, the GST rate increase will still be needed by 2025 as recurrent sources of revenue are required to fund the recurrent spending needs in the medium term (i.e. in areas such as healthcare, infrastructure, security and education). S$6 billion has been set aside for an Assurance Package to cushion the increase when the GST rate is raised.

The Government will continue to absorb GST on publicly-subsidised healthcare and education.

Tax Changes for Businesses

1. Granting corporate income tax ("CIT") rebate

Current

Prior to the Budget 2020 announcements, there is no CIT rebate for the Year of Assessment ("YA") 2020.

Proposed

To help with cash flow concerns, a CIT rebate of 25% of tax payable for the YA 2020 will be accorded. The rebate will be capped at S$15,000.

2. Granting property tax ("PT") rebate to licensed hotels, serviced apartments, prescribed Meetings, Incentives, Conferences and Events ("MICE") venues, and other qualifying commercial properties

Current

Not applicable.

Proposed

Qualifying commercial properties will be granted a rebate for PT payable for the period 1 January 2020 to 31 December 2020.

The said rebate is 30% of the PT payable for:

- Accommodation and function room components of hotel[1] buildings;
- Accommodation and function room components of serviced apartment buildings; and
- MICE space components of 3 prescribed MICE venues, namely Suntec Singapore Convention & Exhibition Centre, Singapore EXPO, and Changi Exhibition Centre.

The said rebate is 15% of the PT payable for other qualifying commercial properties. Some examples include:

- Premises of an international airport;
- Premises of an international cruise or regional ferry terminal[2];
- Shops (e.g. retail and F&B), including those within hotel buildings, serviced apartment buildings, and the prescribed MICE venues; and
- Premises of tourist attractions.

Tax Changes for Businesses

Marina Bay Sands and Resorts World Sentosa will enjoy PT rebate of 10%. The above 30% and 15% PT rebates do not apply to them.

The abovementioned PT rebates do not apply to any premises or a part of any premises used for a residential, industrial or agricultural purpose, or as an office, a business or science park, or a petrol station.

More details will be available on the Inland Revenue Authority of Singapore ("IRAS") website by end-February 2020.

---

[1] *A hotel licensed under the Hotels Act.*

[2] *Refers to Marina Bay Cruise Centre, Singapore Cruise Centre, and Tanah Merah Ferry Terminal.*

3. Granting automatic extension of interest-free instalments of 2 months for payment of corporate income tax on Estimated Chargeable Income ("ECI") filed within 3 months from the companies' financial year-end ("FYE")

Current

Companies settling their income taxes by GIRO can pay their estimated tax liability in varying number of interest-free instalments if they file their ECI as follows[3]:-

a) Up to 10 monthly instalments if ECI filed within 1 month from FYE; or

b) Up to 8 monthly instalments if ECI filed within 2 months from FYE; or

c) Up to 6 monthly instalments if ECI filed within 3 months from FYE.

Tax Changes for Businesses

Proposed

An additional 2 months of interest-free instalments will be automatically granted to those companies settling their income taxes by GIRO, with reference to the above-mentioned ECI filing patterns.

This automatic enhancement of instalment plan by 2 more months will apply to:-

a) Companies that file their ECI from 19 February 2020 to 31 December 2020; and

b) Companies that have filed their ECI before 19 February 2020, and have ongoing instalment payments to be made in March 2020.

---

[3] *Taxpayers have to e-file by the 26th of the month so as to be entitled to the maximum number of instalments allowable for that month.*

4. Enhancing the carry-back relief ("CBR") scheme for the YA 2020

Current

Under the CBR scheme, a taxpayer may deduct current year qualifying deductions (unabsorbed losses and capital allowances) against his assessable income for the immediate preceding YA, subject to the shareholders' continuity test and same trade test, and capped at S$100,000.

Proposed

Qualifying deductions for the YA 2020 may be deducted against the assessable income of up to the three preceding YsA, subject to the S$100,000 cap and other conditions.

Taxpayers may elect for the CBR based on their estimated qualifying deductions before they file their YA 2020 income tax returns.

Further details will be released by the IRAS by end-March 2020.

Tax Changes for Businesses

5. Providing an option to accelerate capital allowance ("CA") claims

Current

In general, a person who incurs capital expenditure on the provision of plant or machinery for the purpose of his trade, profession or business may make CA claims on the acquisition costs:-

- Based on the working life [as specified in the Sixth Schedule of the Singapore Income Tax Act ("SITA")] of the plant or machinery; or
- Over 3 years.

Proposed

For capital expenditure incurred in the basis period for the YA 2021 (i.e. financial year ending in 2020), taxpayers may elect to claim CA over 2 years as follows:-

- 75% of the cost in the YA 2021; and
- 25% of the cost in the YA 2022.

This election is irrevocable and the CA claims under this option cannot be deferred.

6. Providing an option to accelerate the deduction of expenses incurred on renovation and refurbishment ("R&R")

Current

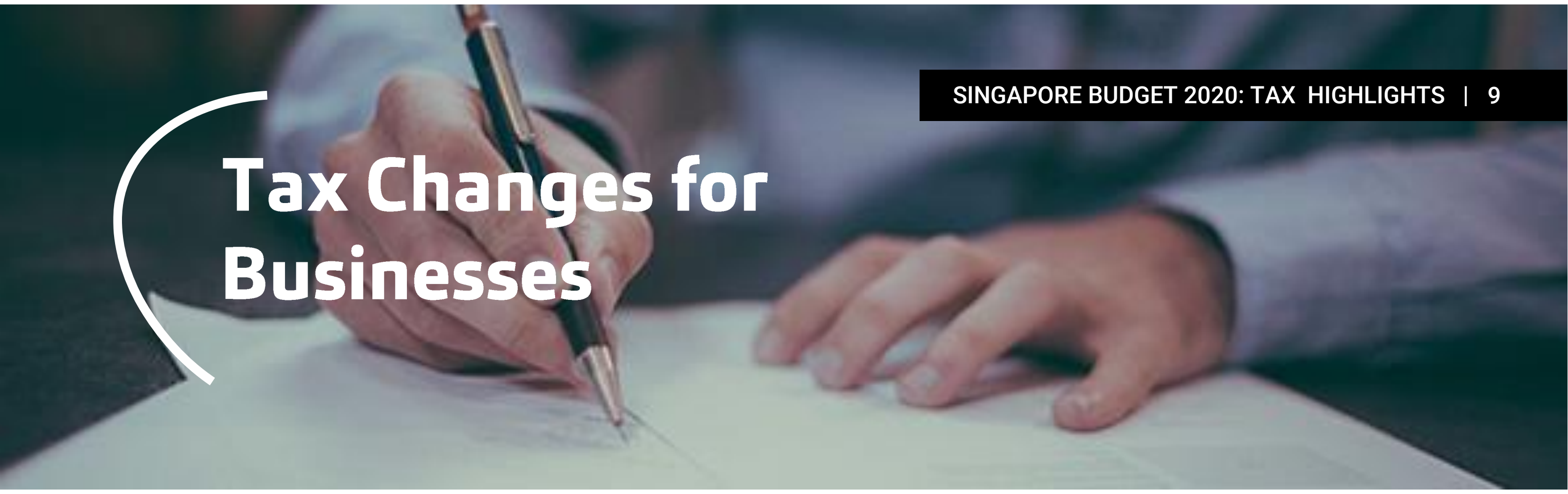
Under Section 14Q of the SITA, a taxpayer may claim tax deduction for qualifying R&R expenditure incurred to carry on its trade, business or profession, starting from the YA (relating to the basis period in which the R&R expenditure is incurred) and over the next 2 consecutive YsA.

There is an expenditure cap of S$300,000 for every relevant period of 3 consecutive YsA.

Proposed

Taxpayers incurring qualifying R&R expenditure during the basis period for the YA 2021 for the purposes of their trade, business or profession may, instead of claiming Section 14Q qualifying deduction over 3 YsA, opt to claim the deduction in 1 YA instead. If exercised, the option is irrevocable.

All other parameters (including the expenditure cap) remain unchanged.



Tax Changes for Businesses

7. Extending and enhancing the Double Tax Deduction for Internationalisation ("DTDi") scheme

Current

Under the DTDi scheme, businesses can enjoy a tax deduction of 200% on qualifying market expansion and investment development expenses, subject to approval from Enterprise Singapore or the Singapore Tourism Board.

No prior approval is required in certain instances.

The DTDi scheme is scheduled to lapse after 31 March 2020.

Proposed

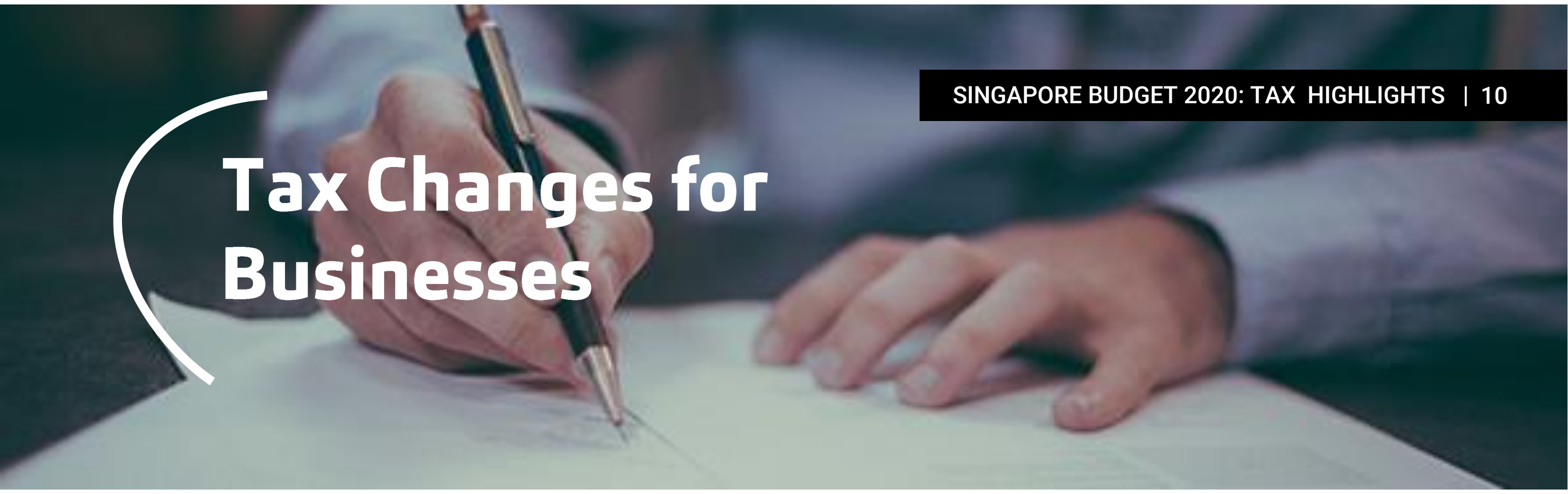
The DTDi scheme will be extended till 31 December 2025.

The scope of the scheme will be expanded to include the following expenses incurred on or after 1 April 2020:

a) Third-party consultancy costs relating to new overseas business development to identify suitable talent and build up business network; and

b) New categories of expenses incurred for overseas business missions (i.e. fees incurred on speaking spots to pitch products/services at overseas business and trade conferences, transporting materials/samples used during the business missions, and third-party consultancy costs to arrange business networking events to promote products/services).

Further details will be released by Enterprise Singapore by end-March 2020.



Tax Changes for Businesses

8. Extending the Mergers & Acquisitions (“M&A”) scheme

Current

Under the M&A scheme, taxpayers may claim the following tax benefits in respect of qualifying M&A:-

a) An M&A allowance equal to 25% of the value of the acquisition, to be claimed over 5 years, subject to a cap of S$40 million on the value of all qualifying acquisitions per YA;

b) Stamp duty relief on the instruments for the acquisition of ordinary shares of a Singapore company, subject to a cap of S$80,000 of stamp duty per financial year; and

c) Tax deduction of 200% of transaction costs, subject to an expenditure cap of S$100,000 per YA.

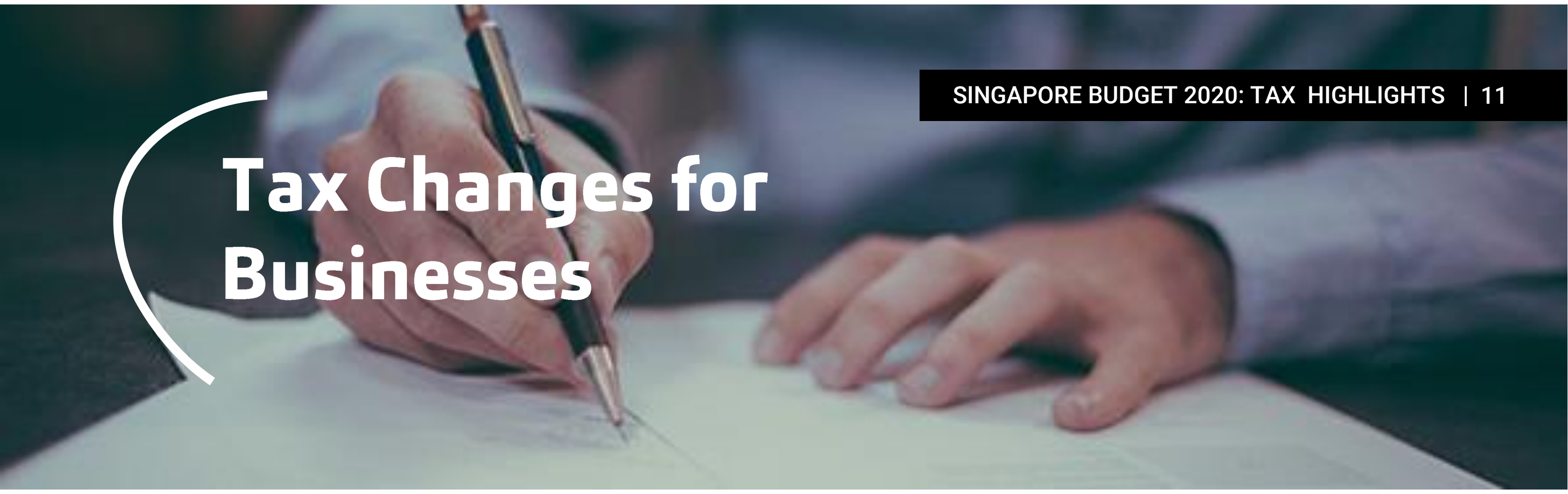
One of the conditions of a qualifying M&A is that acquiring companies must be held by an ultimate holding company that is incorporated in and is a tax resident of Singapore (“UHC requirement”). Waiver of the UHC requirement is allowed on a case-by-case basis.

The scheme is applicable to qualifying acquisitions made on or before 31 March 2020.

Proposed

The M&A scheme will be extended to cover qualifying acquisitions made on or before 31 December 2025, except that stamp duty relief [item (b) above] will not apply to instruments executed on or after 1 April 2020.

In addition, in respect of qualifying acquisitions made on or after 1 April 2020, waivers of the UHC requirement will no longer be granted.



Tax Changes for Businesses

9. Extending and refining the upfront certainty of non-taxation of companies' gain on disposal of ordinary shares

Current

Under Section 13Z of the SITA, companies will not be taxed on the gains derived from the disposal of ordinary shares, if:

a) the divesting company legally and beneficially owns at least 20% of the ordinary shares in the company whose shares are being disposed of ("investee company"), and

b) the divesting company has maintained the minimum 20% shareholding for at least 24 months immediately prior to the disposal.

The provisions of Section 13Z do not apply to the disposals of shares in an unlisted investee company that is in the business of trading or holding Singapore properties (excluding property development).

The income tax treatment of gains / losses arising from eligible share disposals which do not qualify for the above Section 13Z exemption will be determined based on the facts and circumstances of the case.

The scheme is scheduled to lapse after 31 May 2022.

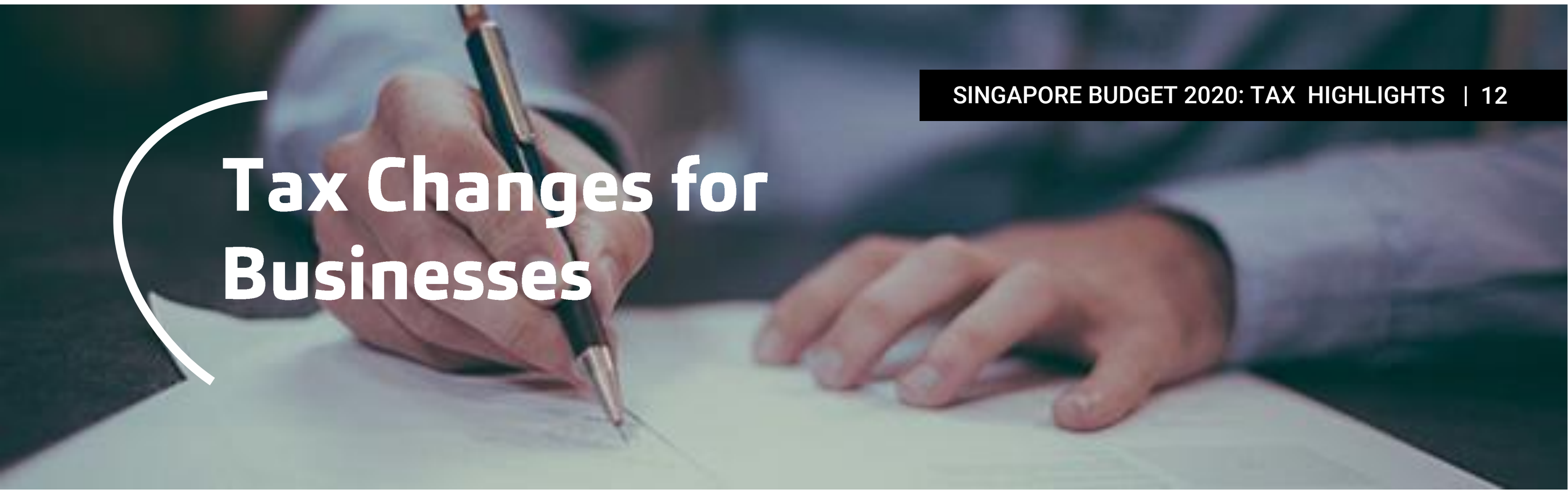
Proposed

The above scheme will be extended to 31 December 2027, with the following modification:

The Section 13Z provisions will not apply to the disposals of shares in an unlisted investee company that is in the business of trading, holding or developing immovable properties in Singapore or abroad. This change will apply to shares disposed on or after 1 June 2020.

All other conditions of the scheme remain the same.

Further details will be released by the IRAS by end-June 2020.



Tax Changes for Businesses

10. Extending the tax incentive schemes for insurance businesses

Current

Below are the schemes (for approved insurers and referable to the Insurance Business Development (IBD) umbrella scheme) set to lapse after 31 March 2020:

a) IBD scheme
A concessionary tax rate of 10% for a period of 10 years on qualifying income derived from the carrying on of onshore and offshore life reinsurance, onshore and offshore general insurance and reinsurance, excluding fire, motor, work injury compensation, personal accident and health insurance;

b) IBD-Captive Insurance ("IBD-CI") scheme
A concessionary tax rate of 10% for a period of 5 years on qualifying income derived from the carrying on of onshore and offshore life reinsurance, onshore and offshore general insurance and reinsurance, excluding fire, motor, work injury compensation, personal accident and health insurance; and

c) IBD-Marine Hull and Liability Insurance Business ("IBD-MHL") scheme
A concessionary tax rate of 10% for a period of 5 years on qualifying income derived from onshore and offshore MHL insurance and reinsurance.

Proposed

The IBD and IBD-CI schemes will be extended till 31 December 2025. The concessionary tax rate remains unchanged.

The IBD-MHL scheme will be allowed to lapse after 31 March 2020. Insurers engaged in the MHL insurance and reinsurance business will be incentivised under the IBD scheme.

All new and renewal IBD scheme awards approved on or after 1 April 2020 will be granted for a period of 5 years.

Further details will be released by the Monetary Authority of Singapore ("MAS") by May 2020.

Tax Changes for Businesses

11. Extending and enhancing the Maritime Sector Incentive ("MSI")

Current

Ship operators, maritime lessors and providers of certain shipping-related support services can enjoy the following income tax benefits:

Name of shipping incentive	Current treatment
For ship operators	
MSI-Shipping Enterprise (Singapore Registry of Ships) ("MSI-SRS")	Tax exemption on qualifying income derived mainly from operating Singapore-flagged ships[4]
MSI-Approved International Shipping Enterprise ("MSI-AIS") Award	Tax exemption on qualifying income derived from operating foreign-flagged ships[5]
For maritime lessors	
MSI-Maritime Leasing (Ship) (MSI-ML(Ship)) Award *	Tax exemption on qualifying income derived from leasing ships, and 10% concessionary tax rate on qualifying income derived from managing an approved shipping investment enterprise
MSI-ML (Container) Award *	• 10% or 5% concessionary tax rate on qualifying income derived from leasing qualifying sea containers and intermodal equipment that is incidental to the leasing of qualifying sea containers • 10% concessionary tax rate on qualifying income derived from managing an approved container investment enterprise
For providers of certain shipping-related support services	
MSI-Shipping-related Support Services (MSI-SSS) Award	10% concessionary tax rate on incremental qualifying income derived from carrying out approved shipping-related supporting services

Tax Changes for Businesses

11. Extending and enhancing the Maritime Sector Incentive ("MSI")

[4] The exemption also covers income derived from the uplift of freight from Singapore by foreign-flagged ships, except where such carriage arises solely from transhipment from Singapore, or is only within the limits of the port of Singapore.

[5] The exemption also covers in-house ship management income derived by the MSI-AIS Parent Company and Managing Company.

* Stamp duty remission is applicable to instruments executed on or before 31 May 2021 for the acquisition of shares in a special purpose company by an approved shipping or container investment enterprise, subject to conditions.

Withholding tax ("WHT") exemption is also granted on qualifying payments made by qualifying MSI recipients to non-tax residents (excluding a permanent establishment in Singapore) for qualifying financing arrangements entered into on or before 31 May 2021 to finance the construction or purchase of qualifying assets (e.g., ships, containers), subject to conditions being met.

The MSI-AIS for qualifying entry players, MSI-ML(Ship), MSI-ML(Container) and MSI-SSS schemes are scheduled to lapse after 31 May 2021.

Tax Changes for Businesses

11. Extending and enhancing the Maritime Sector Incentive (“MSI”)

Proposed

The MSI scheme will be extended till 31 December 2026.

The WHT exemption will be extended to qualifying payments made on qualifying financing arrangements entered into on or before 31 December 2026.

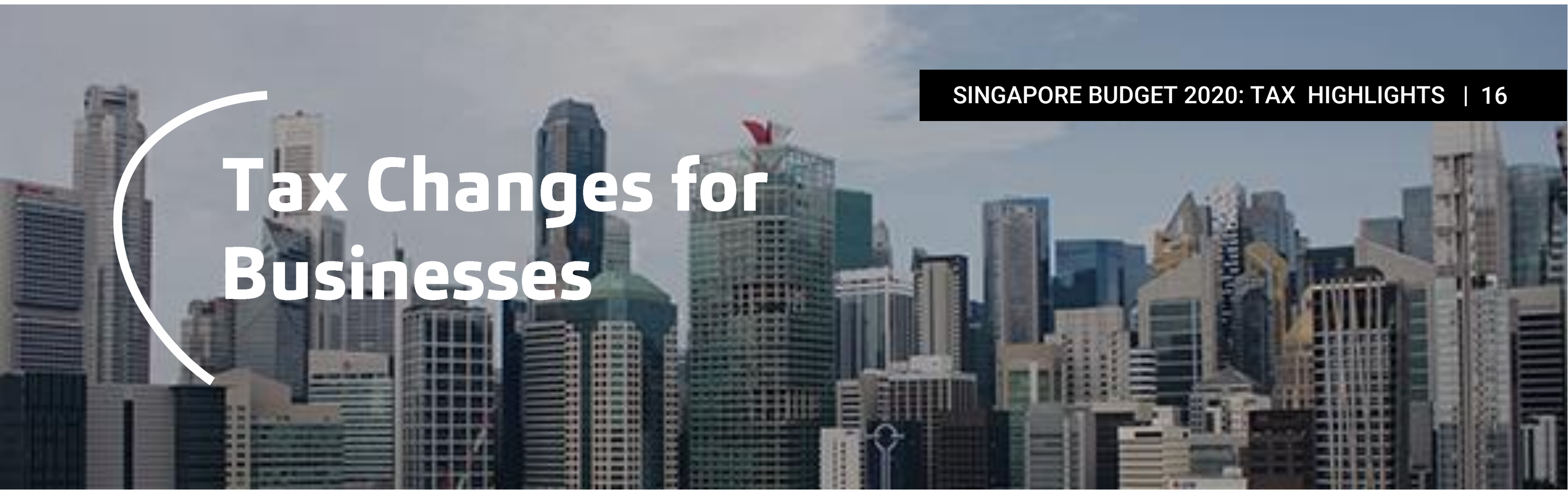
The following enhancements will also be made to the MSI scheme:

a) The scope of in-house ship management income exemption under the MSI-AIS award will be expanded to include such income derived by MSI-AIS Sister Company and MSI-AIS Local Subsidiary; and

b) The MSI-SRS scheme will grant tax exemption on income derived from operating a ship that is provisionally registered with the SRS, whether or not a permanent certificate is obtained subsequently. If a permanent certificate is not obtained subsequently, the tax exemption will be limited to 1 year from the date of issue of the provisional certificate.

The above enhancements to the MSI will apply to existing and new award recipients for qualifying income derived on or after 19 February 2020.

The Maritime and Port Authority of Singapore will release further details by May 2020.



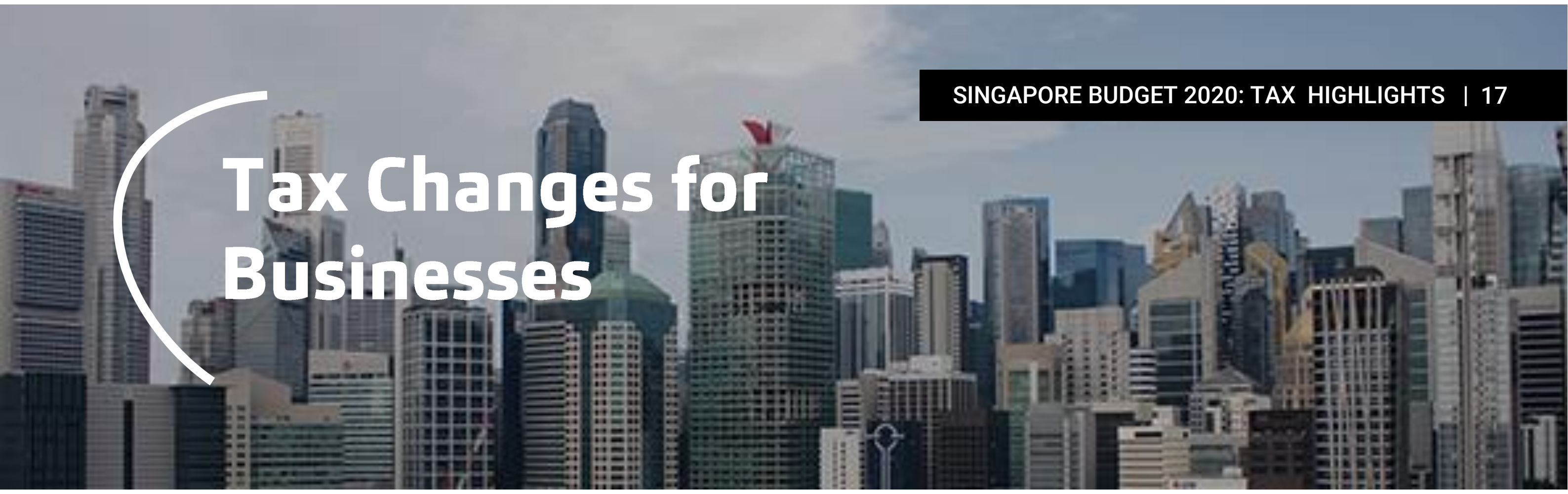
Tax Changes for Businesses

12. Enhancing the WHT exemption for interest on margin deposits

Current

WHT exemption for interest on margin deposits (as part of a range of exemptions granted for the financial sector up to 31 December 2022), is currently referable to the following scope of entities and products:

Covered entities	Covered products
Members of approved exchanges	a) Spot foreign exchange (other than those involving Singapore dollar); b) Financial futures; and c) Gold futures.



Tax Changes for Businesses

12. Enhancing the WHT exemption for interest on margin deposits

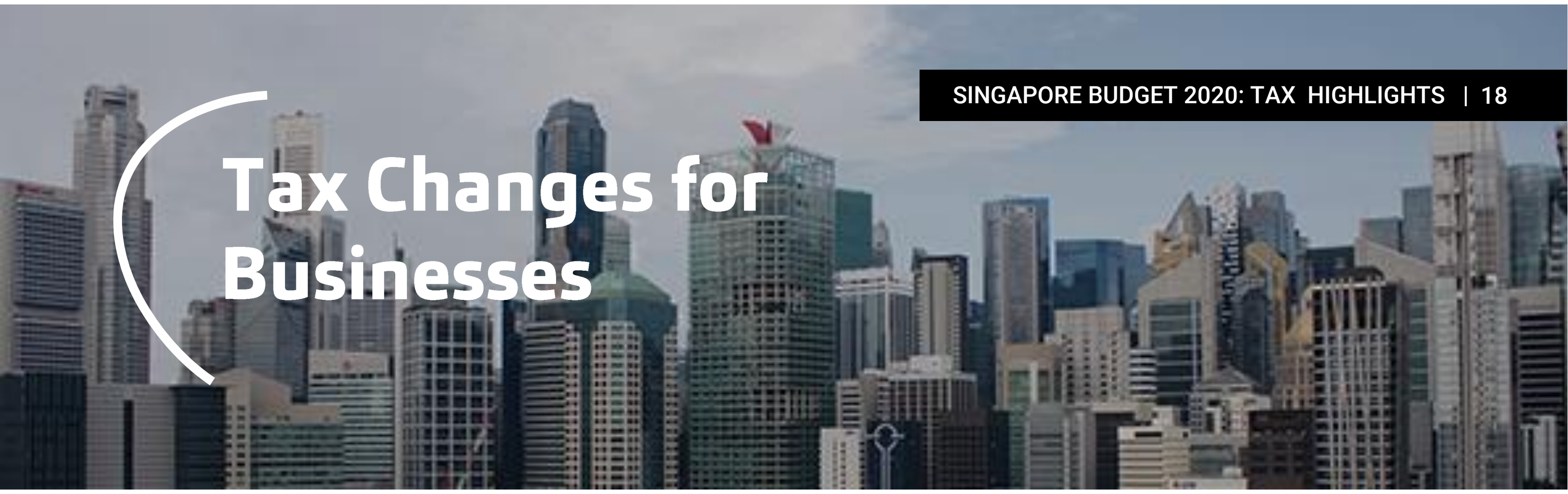
Proposed

For agreements entered into on or after 19 February 2020, the scope of the WHT exemption for interest on margin deposits will be expanded to cover the following entities and products:

Covered entities	Covered products
(a) Members of approved exchanges; (b) **Members of approved clearing houses;** (c) **Approved exchanges; and** (d) **Approved clearing houses.**	(a) Spot foreign exchange (other than those involving Singapore dollar); (b) Financial futures; (c) Gold futures; and (d) **All other derivative contracts traded or cleared on approved exchanges and approved clearing houses.**
Note: The expanded types of entities and products are indicated in **bold & underlined** *font.*	

Extension of the withholding tax exemption for interest on margin deposits will be reviewed together with other WHT exemptions for the financial sector before 31 December 2022.

Further details will be released by the MAS by May 2020.



Tax Changes for Businesses

13. Extending and enhancing the Finance and Treasury Centre ("FTC") scheme

Current

Under the FTC scheme, approved FTCs are granted a concessionary tax rate of 8% on qualifying income derived from qualifying services or activities. To qualify for the concessionary tax rate, approved FTCs can only use funds from qualifying sources as prescribed in the Income Tax (Concessionary Rate of Tax for Approved Finance and Treasury Centre) Regulations.

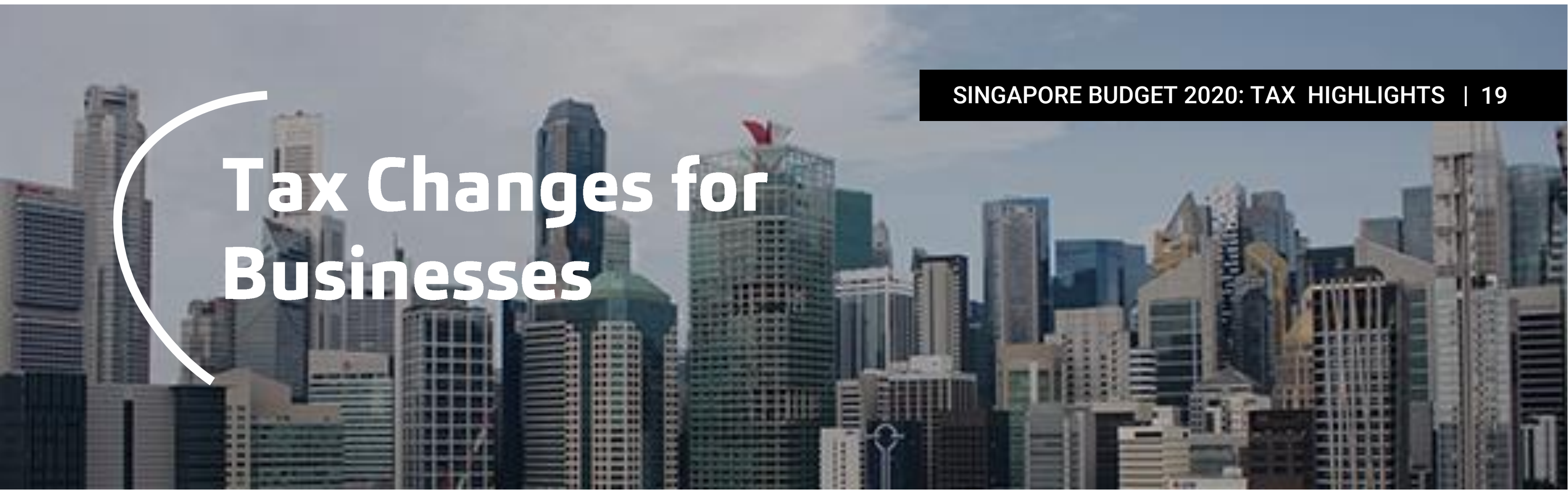
The FTC scheme is scheduled to lapse after 31 March 2021.

Proposed

The FTC scheme will be extended till 31 December 2026, along with the following refinements (from 19 February 2020):

a) The list of qualifying sources of funds will be broadened to include funds raised via convertible debt issued on or after 19 February 2020; and

b) The list of qualifying FTC activities will be expanded to include transacting or investing into private equity or venture capital funds that are not structured as companies. Income derived on or after 19 February 2020 by approved FTCs from this activity will qualify for the concessionary tax rate.



Tax Changes for Businesses

14. Extending and refining the Global Trader Programme ("GTP")

Current

GTP

Under the GTP, qualifying income derived by approved global companies from qualifying transactions are taxed at a concessionary tax rate of 5% or 10%. Further, income derived from qualifying transactions in liquefied natural gas ("LNG") by approved global trading companies is taxed at a concessionary tax rate of 5%. This is regardless of whether the concessionary tax rate of 5% or 10% applies to their other GTP-qualifying income.

The GTP scheme is scheduled to lapse after 31 March 2021.

GTP (Structured Commodity Financing) ("GTP(SCF)")

Qualifying income derived by approved GTP(SFC) companies is taxed at a concessionary tax rate of 5% or 10%. The GTP(SCF) scheme is scheduled to lapse after 31 March 2021.

Proposed

The GTP scheme will be extended till 31 December 2026 with the following modifications:

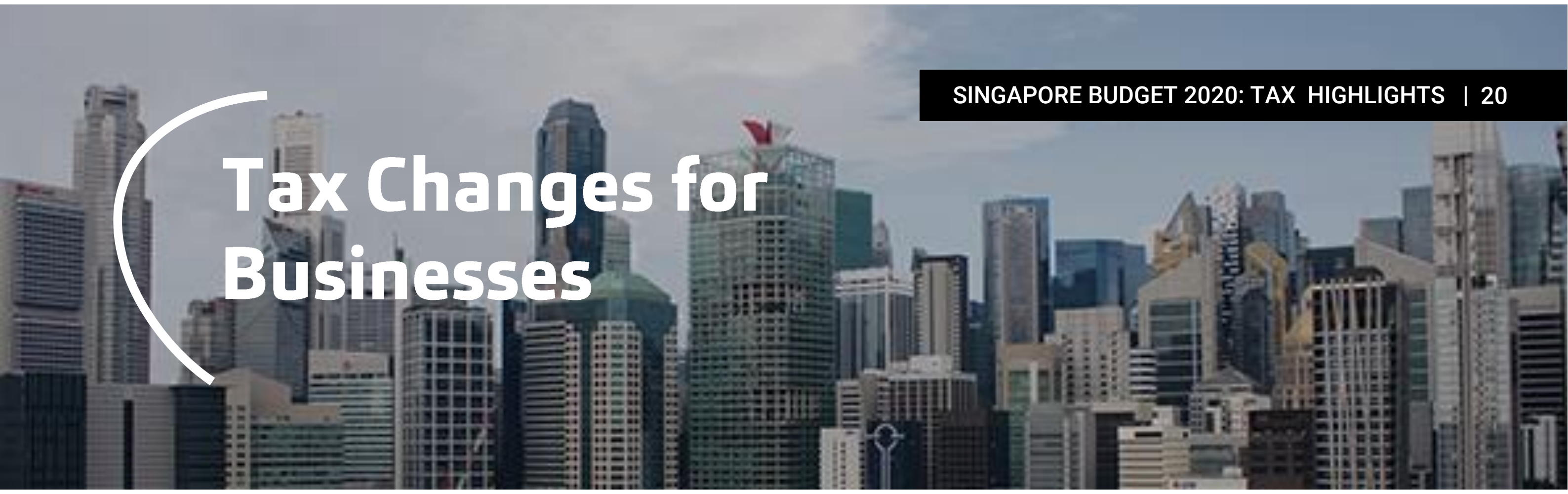
a) Qualifying activities under the GTP(SCF) will be subsumed under the GTP with effect from 19 February 2020;

b) The GTP(SCF) will lapse after 31 March 2021; and

c) The concessionary tax rate of 5% applicable to income derived from qualifying transactions in LNG will lapse after 31 March 2021. After this date, transactions involving LNG will be treated in the same way as other GTP qualifying commodities under the GTP.

Existing recipients of the GTP and GTP(SCF) awards can continue to enjoy the concessionary tax rate of 5% on their income derived from qualifying transactions in LNG and the tax concession under the GTP(SCF) respectively till their awards expire, provided the conditions stated in the awards continue to be met.

Enterprise Singapore will provide further details of the changes by May 2020.



Tax Changes for Businesses

15. Extending and refining the tax incentives for venture capital funds and venture capital fund management companies

Current

<u>Section 13H scheme</u>

Approved venture capital funds may enjoy tax exemption on the following income:

a) Divestment gains from qualifying investments;

b) Dividend income from foreign companies; and

c) Interest income arising from foreign convertible loan stock.

Approved venture capital funds are currently not allowed to claim GST on their business expenses via GST remission.

<u>Fund Management incentive</u>

A concessionary tax rate of 5% on the income derived from managing an approved venture capital fund, is granted to approved venture capital fund management companies under Section 43ZG of the SITA.

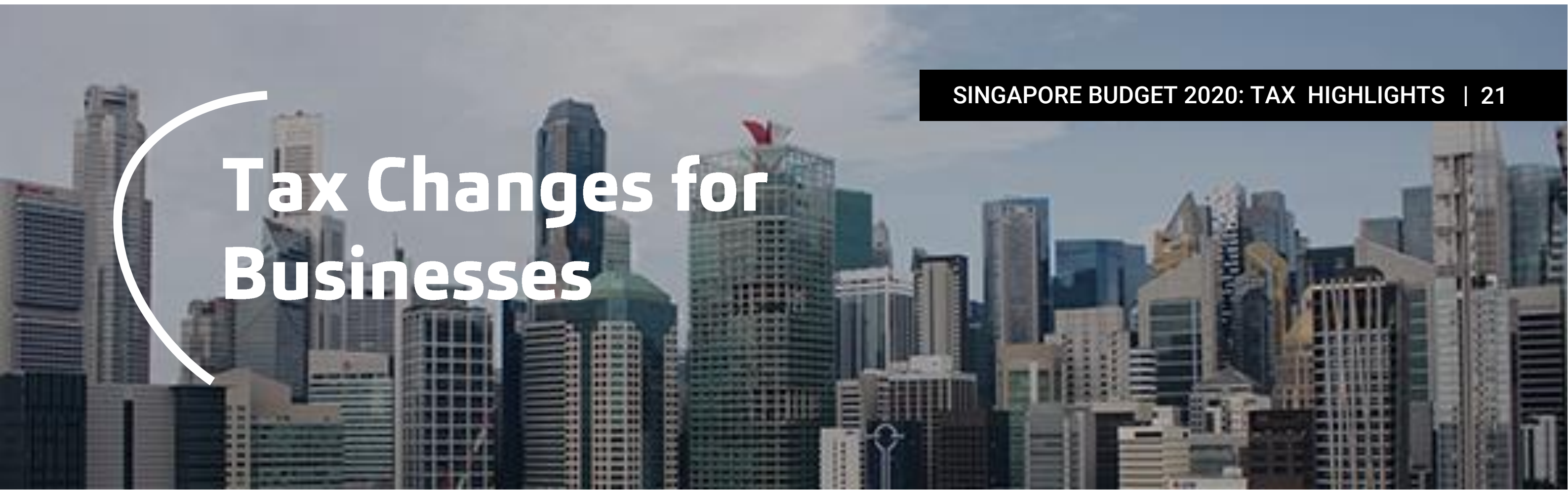
The above tax incentives are scheduled to lapse after 31 March 2020.

Proposed

The Section 13H scheme and the Fund Management incentive will be extended till 31 December 2025, along with the following key refinements (from 1 April 2020):

<u>Section 13H scheme</u>

a) The list of investments and income incentivised under the Section 13H scheme will be enhanced to include relevant items of the Specified Income – Designated Investments list applicable for fund incentives[6];



Tax Changes for Businesses

15. Extending and refining the tax incentives for venture capital funds and venture capital fund management companies

b) The Section 13H incentive may be granted to venture capital funds which are constituted as foreign-incorporated companies or Singapore Variable Capital Companies;

c) The statutory sub-limit imposing a maximum tenure of 10 years for the first tranche of the tax exemption will be removed, while the 15-year cap on the overall tenure of the tax exemption status remains.

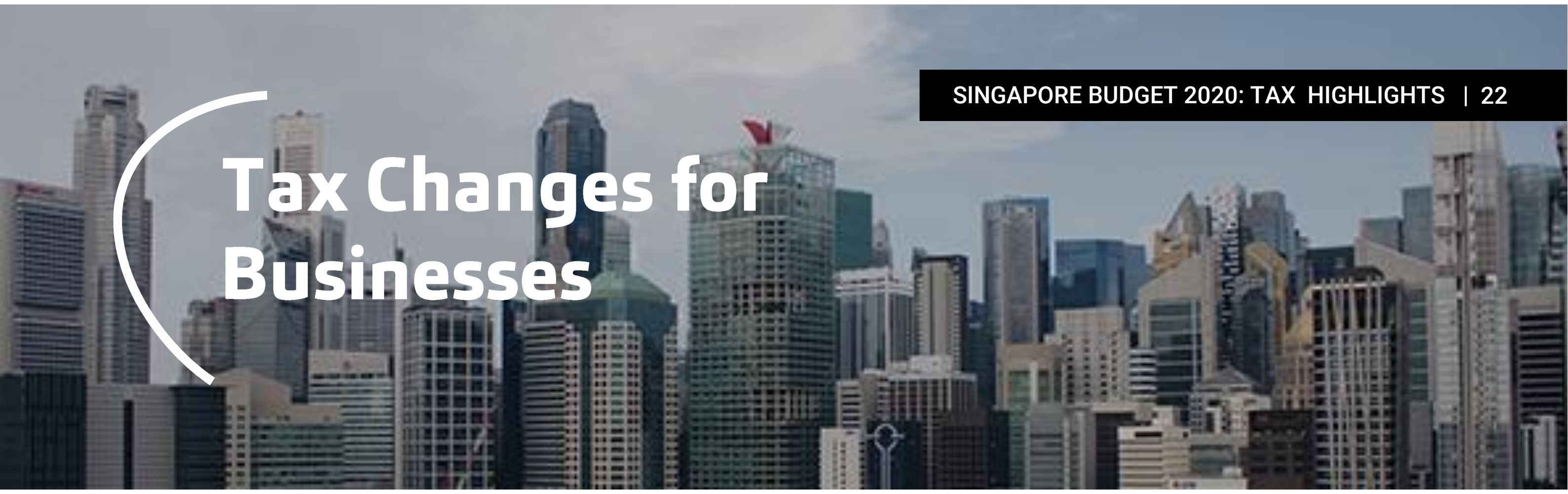
d) Approved venture capital funds will be allowed, by way of remission to claim GST incurred on their business expenses at a fixed recovery rate to be determined for the industry.

Fund Management Incentive

The statutory limitations imposed on the total incentive tenure allowed for each venture capital fund management company will be removed. Instead, a maximum tenure of 5 years will be set for each Fund Management Incentive award provided to the fund manager. Following the 5-year tenure, the award may be renewed, subject to conditions.

Further details will be released by Enterprise Singapore by May 2020.

[6] *Under Sections 13CA, 13R and 13X of the SITA.*



Tax Changes for Businesses

16. Extending the Land Intensification Allowance ("LIA") scheme

Current

Under the LIA scheme, a person incurring qualifying capital expenditure on the construction or renovation/extension of an approved LIA building may claim the following, subject to conditions:-

- Initial allowance equal to 25% of the qualifying expenditure incurred in the basis period for that YA; and
- Annual allowance equal to 5% of the qualifying expenditure upon issuance of the temporary occupation permit for the completed LIA building.

The scheme is scheduled to lapse after 30 June 2020[7].

Proposed

The scheme will be extended to 31 December 2025[7].

[7] *Last date a building or structure may be approved for the LIA.*

17. Extending the Writing-Down Allowance ("WDA") scheme for the acquisition of an indefeasible right to use an international submarine cable system (referred to as "IRU")

Current

A taxpayer who incurs capital expenditure on the acquisition of an IRU for the purpose of his trade, business or profession may claim WDA, subject to conditions.

The WDA scheme is applicable to IRUs acquired on or before 31 December 2020.

Proposed

The scheme will be extended to be applicable to IRUs acquired on or before 31 December 2025.

Tax Changes for Businesses

Tax Changes for Businesses

18. Allowing the further tax deduction scheme for Research and Development ("R&D") expenditure under Section 14E of the SITA ("Section 14E incentive") to lapse

Current

The Section 14E incentive (typically considered only in respect of significant ventures) allows further tax deduction for R&D expenditure incurred on approved R&D projects conducted in Singapore either by the business itself or by an R&D organisation on its behalf.

Deduction under Section 14E is subject to a cap of 200% after including other deductions [referable to Sections 14, 14D and 14DA(1) of the SITA] for the same R&D expenditure.

The Section 14E incentive is scheduled to lapse after 31 March 2020.

Proposed

The Section 14E incentive will be allowed to lapse after 31 March 2020. Existing incentive recipients can continue to enjoy the further deduction under this incentive till their awards expire.

19. Streamlining the number of years of working life of plant and machinery for CA claims under Section 19 of the SITA

Current

Section 19 of the SITA allows a taxpayer to claim CA in respect of capital expenditure incurred on plant and machinery ("P&M") for the purpose of his trade, profession or business over the working life of the asset. The working life is prescribed in the Sixth Schedule of the SITA and ranges from 5 to 16 years, depending on the asset class.

Proposed

The number of years of working life will be streamlined as follows:-

Current working life prescribed in the Sixth Schedule	Proposed prescribed working life (taxpayers may choose)
12 years or less	6 or 12 years
16 years	6, 12 or 16 years

The above applies to:-

- P&M acquired in or after the financial year ending in 2022;
- and P&M acquired before the financial year ending in 2022 for which no CA has been claimed in prior YsA.

Tax Changes for Businesses

20. Refining the tax treatment of expenditures funded by capital grants

Current

As Singapore does not tax receipts that are capital in nature, recipients of capital grants from the Government and statutory boards are not taxed on such grants. At the same time, these recipients are allowed to claim tax deductions or allowances on the corresponding expenditure incurred which are funded by such grants.

Recipients of revenue grants from the Government and statutory boards are taxed on such grants. At the same time, these recipients are able to claim tax deductions or capital allowances in respect of the corresponding expenditure incurred which are funded by such grants.

Proposed

Recipients of capital grants approved on or after 1 January 2021, from the Government or statutory boards, will not be allowed to claim tax deductions or allowances on the portion of the expenditures that are funded by such grants.

Tax Changes for Individuals

Tax Changes for Individuals

1. Extending the WHT exemption for non-resident mediators

Current

Non-resident professionals are subject to 15% WHT on gross income from the profession; or they may opt to be taxed at 22% on net income. As a concession, income derived by non-resident mediators from mediation work performed in Singapore is exempt from tax, in certain instances.

This exemption is scheduled to lapse after 31 March 2020.

Proposed

The above WHT exemption will be extended till 31 March 2022.

2. Extending the WHT exemption for non-resident arbitrators

Current

Non-resident professionals are subject to 15% withholding tax on gross income from the profession; or they may opt to be taxed at 22% on net income. As a concession, income derived by non-resident arbitrators from arbitration work performed in Singapore is exempt from tax, in certain instances.

This exemption is scheduled to lapse after 31 March 2020.

Proposed

The above withholding tax exemption will be extended till 31 March 2022.

Tax Changes for Individuals

3. Allowing the concessionary WHT rate for non-resident public entertainers ("NRPEs") to lapse

Current

NRPEs are subject to 15% WHT on gross income in respect of their services performed in Singapore. As a concession, the WHT rate of 15% is reduced to 10%.

This concession is scheduled to lapse after 31 March 2020.

Proposed

The above concessionary WHT rate of 10% will be extended till 31 March 2022, but will lapse thereafter.

4. Allowing the Angel Investors Tax Deduction ("AITD") scheme to lapse

Current

Under this scheme, an approved angel investor is granted a tax deduction of 50% of the cost of his qualifying investments, subject to conditions.

The scheme is scheduled to lapse after 31 March 2020.

Proposed

The above AITD scheme will lapse after 31 March 2020 ("end-date").

Angel investors, whose approved status commences on or before the end-date, can continue to be granted the tax deduction under the AITD scheme for qualifying investments made during the period of his approved angel investor status, subject to existing conditions of the scheme.

More information regarding the transitional arrangement for approved angel investors will be made available by Enterprise Singapore by end-March 2020.

Tax Changes for Vehicles

1. Road tax for electric cars

Current

The existing road tax schedule for Electric Cars is as follows:

Power Rating (kW)	6-Monthly Road Tax Formula
PR ≤ 7.5	$200 x 0.782
7.5 < PR ≤ 32.5	[$200 + $2(PR - 7.5)] x 0.782
32.5 < PR ≤ 70	[$250 + $6(PR - 32.5)] x 0.782
70 < PR ≤ 157.5	[$475 + $12(PR - 70)] x 0.782
PR > 157.5	[$1,525 + $16(PR - 157.5)] x 0.782

Proposed

The road tax schedule, with an additional electric vehicle ("EV") lump-sum component, for Electric Cars registered from 1 January 2021 onwards is as follows:

Power Rating (kW)	6-Monthly Road Tax Formula (excl. EV lump-sum component)
PR ≤ 7.5	$200 x 0.782
7.5 < PR ≤ 30	[$200 + $2(PR - 7.5)] x 0.782
30 < PR ≤ 90	[$250 + $3.75(PR - 30)] x 0.782
90 < PR ≤ 230	[$475 + $7.50(PR - 90)] x 0.782
PR > 230	[$1,525 + $10(PR - 230)] x 0.782

Licensing period	6-monthly EV lumpsum component
1 January 2021 – 31 December 2021	$100
1 January 2022 – 31 December 2022	$200
1 January 2023 onwards	$350

Tax Changes for Vehicles

Tax Changes for Vehicles

2. Road tax for petrol-electric cars

Current

The road tax payable for Petrol-Electric Cars is the higher of the Engine Capacity or Power Rating schedule:

Engine Capacity (cc)	6-Monthly Road Tax Formula (ECC)	Power Rating (kW)	6-Monthly Road Tax Formula (PR)
ECC ≤ 600	\$200 x 0.782	PR ≤ 7.5	\$200 x 0.782
ECC ≤ 1000	[\$200 + 0.125(ECC - 600)] x 0.782	7.5 < PR ≤ 32.5	[\$200 + \$2(PR - 7.5)] x 0.782
1,000 < ECC ≤ 1,600	[\$250 + \$0.375(ECC - 1,000)] x 0.782	32.5 < PR ≤ 70	[\$250 + \$6(PR - 32.5)] x 0.782
1,600 < ECC ≤ 3,000	[\$475 + \$0.75(ECC - 1,600)] x 0.782	70 < PR ≤ 157.5	[\$475 + \$12(PR - 70)] x 0.782
ECC > 3,000	[\$1,525 + \$1(ECC – 3,000)] x 0.782	PR > 157.5	[\$1,525 + \$16(PR - 157.5)] x 0.782

Proposed

For the licensing period from 1 January 2021 onwards, the road tax payable for Petrol-Electric Cars is the higher of the Engine Capacity or revised Power Rating schedule:

Engine Capacity (cc)	6-Monthly Road Tax Formula (ECC)	Power Rating (kW)	6-Monthly Road Tax Formula (PR)
ECC ≤ 600	\$200 x 0.782	PR ≤ 7.5	\$200 x 0.782
ECC ≤ 1000	[\$200 + 0.125(ECC -600)] x 0.782	7.5 < PR ≤ 30	[\$200 + \$2(PR - 7.5)] x 0.782
1,000 < ECC ≤ 1,600	[\$250 + \$0.375(ECC - 1,000)] x 0.782	30 < PR ≤ 90	[\$250 + \$3.75(PR - 30)] x 0.782
1,600 < ECC ≤ 3,000	[\$475 + \$0.75(ECC - 1,600)] x 0.782	90 < PR ≤ 230	[\$475 + \$7.50(PR - 90)] x 0.782
ECC > 3,000	[\$1,525 + \$1(ECC – 3,000)] x 0.782	PR > 230	[\$1,525 + \$10(PR - 230)] x 0.782

Tax Changes for Vehicles

3. Road tax for electric motorcycles

Current

The existing road tax schedule for Electric Motorcycles is as follows:

Power Rating (kW)	6-Monthly Road Tax Formula
PR ≤ 10	$40 x 0.782

Proposed

For the licensing period from 1 April 2020 onwards, the road tax schedule for Electric Motorcycles is as follows:

Power Rating (kW)	6-Monthly Road Tax Formula
PR ≤ 10	$40 x 0.782
10 < PR ≤ 96*	[$40 + $1.40(PR – 10)] x 0.782
PR > 96*	[$160 + $2.40(PR – 96)] x 0.782

* Electric Motorcycles with PR > 10kW are currently not allowed for use on roads in Singapore.

For Electric Motorcycles registered from 1 January 2021 onwards, the road tax schedule for Electric Motorcycles will include an additional EV lump-sum component as follows:

Licensing period	6-monthly EV lump-sum component
1 January 2021 – 31 December 2021	$25
1 January 2022 – 31 December 2022	$50
1 January 2023 onwards	$100

Tax Changes for Vehicles

4. Road tax for Electric Light Goods Vehicles ("LGVs") and Electric Goods Passenger Vehicles ("GPVs") with Maximum Laden Weight of ≤ 3.5 metric tonne

Current

The existing road tax schedule for Electric LGVs and Electric GPVs is as follows:

Vehicle Type	Maximum Laden Weight (metric tonne)	6-Monthly Road Tax Formula	
		Diesel & Diesel Hybrid	Green & Petrol
LGVs	mlw ≤ 3.5	$213	$170
GPVs	mlw ≤ 3.5	$372	$298
	mlw > 3.5	$487	$390

Proposed

For Electric LGVs and Electric GPVs registered from 1 January 2021 onwards, the road tax schedule for the respective licensing periods from 1 January 2021 onwards is as follows:

Vehicle Type	Maximum Laden Weight (metric tonne)	6-Monthly Road Tax Formula		
		Diesel & Diesel Hybrid	Petrol & Petrol Hybrid	Electric
For the licensing period 1 January 2021 – 31 December 2021				
LGVs	mlw ≤ 3.5	$213	$170	$195
GPVs	mlw ≤ 3.5	$372	$298	$323
	mlw > 3.5	$487	$390	
For the licensing period 1 January 2022 – 31 December 2022				
LGVs	mlw ≤ 3.5	$213	$170	$220
GPVs	mlw ≤ 3.5	$372	$298	$348
	mlw > 3.5	$487	$390	
For the licensing period of 1 January 2023 onwards				
LGVs	mlw ≤ 3.5	$213	$170	$265
GPVs	mlw ≤ 3.5	$372	$298	$393
	mlw > 3.5	$487	$390	

About Baker Tilly

Baker Tilly in Singapore ranks among the top 10 largest accounting and business advisory firms locally.

With a rich heritage, the firm is well-positioned to provide a comprehensive range of services to businesses, including assurance, tax, deal advisory, governance and risk, restructuring and recovery, outsourcing and corporate secretarial services. Our diverse client base ranges from family-owned businesses to listed companies and multinational organisations operating in a variety of sectors.

To learn more, visit www.bakertilly.sg.

Global Network

We are Baker Tilly. Global providers of assurance, tax, consulting, and advisory services, ranked among the world's top 10 branded networks, with a presence in 145 territories.

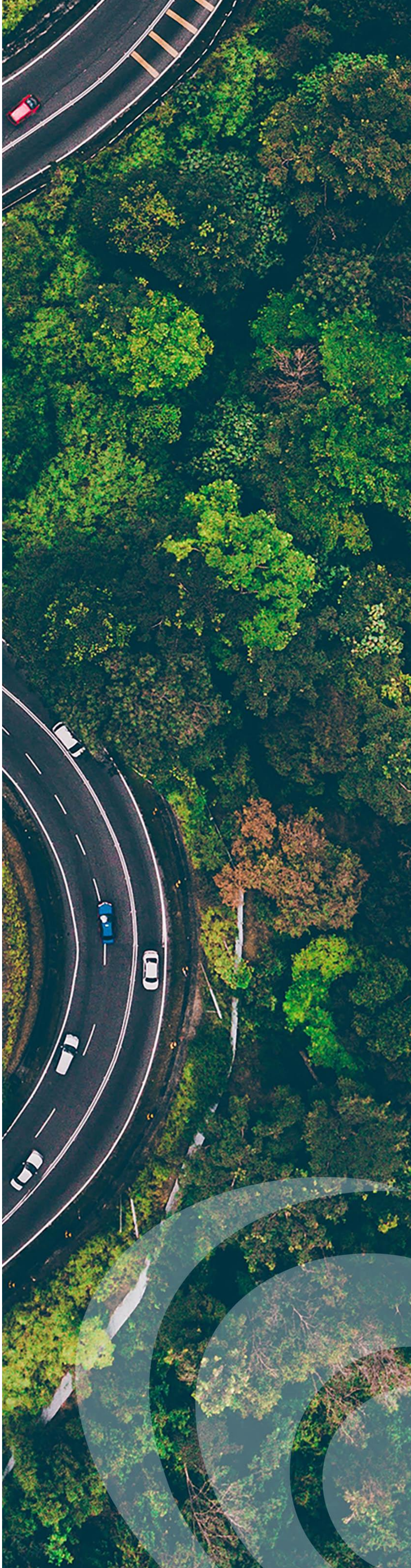
Our 34,000 people, in nearly 800 offices, serve clients of every sector and size who look to us for the insights needed to accelerate their growth.

At Baker Tilly, we are ready now, for tomorrow's challenges. We believe in the power of great relationships. We lead and listen for great conversations. We channel change into progress for great futures.

What We Stand For

- We lead by example.
- We deliver a quality service with an emphasis on integrity.
- We are open and honest in our communications.
- We act ethically.
- We foster teamwork and collaboration.
- We maintain a supportive environment in which our individuals can flourish.

To learn more, visit www.bakertilly.global.



Contact us

General Line
T: +65 6336 2828
F: +65 6339 0438
general@bakertilly.sg

If you would like further information in relation to the issues outlined above, please contact any of the partners below:

Tax services

Boey Yoke Ping
Partner & Practice Leader, Tax
yokeping@bakertilly.sg

Loh Eng Kiat
Partner, Tax
engkiat.loh@bakertilly.sg

Yvonne Chua
Partner, GST
yvonne.chua@bakertilly.sg

www.bakertilly.sg