

MGI Worldwide Insights: Singapore Budget 2019

Budget 2019

The Singapore Budget 2019 announced by the Finance Minister Mr. Heng Swee Keat on the 19th of February, is a strategic plan to allocate resources to build a strong and united Singapore.

Introduction

As a backdrop to the 2019 Budget, Finance Minister Mr. Heng Swee Keat highlighted three major shifts from last year's budget:

1. The shift in global economic weight towards Asia
2. Rapid technological advancement
3. Changing demographic patterns

He mentioned that another major force which is gaining in prominence is:

4. Decline in support of globalisation

The 2019 Budget is a strategic plan to allocate resources to build a strong and united Singapore:

1. To keep Singapore safe and secure
2. To transform Singapore economy as a vibrant and innovative economy
3. To build a caring and inclusive society, and
4. To build Singapore as a global city and home to all.

In order to keep Singapore safe and secure both from physical threats and malicious cyber activities the government is continuing to spend about 30% of the total expenditure this year to support defence, security and diplomacy efforts.

We give below a summary of the other budget allocations aimed at keeping the Singapore economy vibrant and innovative, to create a caring and inclusive society and to build Singapore as a global city and home.

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2019 Budget Summary

Enhance enterprise capabilities

- **Scale-up** to assist high-growth local firms to innovate, grow, and venture overseas. (Trade Promotion Agency Enterprise Singapore)
- **Co-investment programme** – additional S\$100million top up, totalling S\$500 million
- **Enterprise Financing Scheme** – Government to take up to 70% of the risk of bank loans (8 financing schemes). Working capital loan scheme to be extended until March 2021
- **Targeted support** for large and medium-sized firms
- **Career support programme** for older workers – extended for 2 years
- **Positive outcome** for grant – wage increase
- Enhance **Workfare Income supplement scheme** – income cap to increase from S\$2,000 to S\$2,300 pm, maximum pay out to be increased by S\$400 to a max of S\$4,000 pa

Singapore Budget 2019



- Special Employment Credit (SEC) and Additional SEC to be extended to 31.12.2020
- Top up **public transport** fund to defray cost for lower income households
- Existing programmes would continue
 - Adapt & Grow
 - National Robotics
 - Capability Transfer
- 50% tax rebate YA2019 – max \$200

Education

- Child entering Primary 1 in 2018 to receive over S\$130,000 in **subsidies** by end of secondary year
- Spending more in **early childhood** education and care
- **KidStart** – to help disadvantaged children
- **Uplift** – scholarship for eligible lower-income students
- Task force looking into strengthening **after-school care and support** for disadvantage students
- **Edusave top-up** - \$150
- **Post-Secondary top-up** \$500
- **Enhance funding** support for internship

Merdeka Generation Package

- Born in 50's and citizenship obtained before 1996
- Support Active Life
 - **S\$100 top-up** Passion Card
- **Medisave top-up** \$200 per year for 5 years
- Annual **subsidy for outpatient care** for life, regardless of income under CHAS
- Additional Medshield **life premium subsidy** for life
- Incentive to join **Careshield** - **subsidy** for life

- **Medisave top-up** for those 50 and above, \$100 annually for 5 years
- **CPF top-up** for those aged 50-64 in 2019 - \$1,000 for those having <\$60K in retirement account
- **Lower GST allowance for travellers**
 - <48 hours from \$150 to \$100
 - >48 hours from \$600 to \$500
- **Duty free alcohol** allowance from 3 litres to 2 litres from April 1st.
- **Diesel vehicles**
 - excise duty to increase by \$0.10 to \$0.20 – immediate effect
 - annual special tax on diesel taxis would be progressively reduced by \$850
 - annual special tax on diesel cars to be reduced by \$100
 - additional cash rebate for diesel-run buses ferrying school children
- Reduce dependency ration on **foreign workers**
- New **Professional conversion Programme**
- Increase in **security** spending

Conclusion

The minister informed that economic transformation is crucial, and we must persist with the industry transformation efforts. Supporting companies and supporting workers are mutually reinforcing as stronger companies provide better jobs and pay workers well and highly skilled workers make companies stronger. In the words of the minister, the efforts and budget allocations would position Singapore as a Global-Asia node of technology, innovation and enterprise.

Your next steps

For more information on government grants, tax compliance, tax planning, tax advisory, transfer pricing and international tax, contact our experts at MGI N. Rajan Associates Chartered Accountants in Singapore:



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