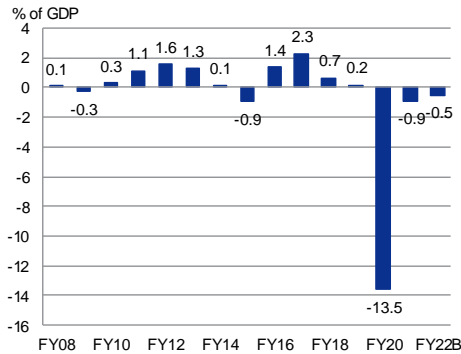


Singapore

Economics Update

Budget 2022: Building fiscal resilience

MOF projects an overall fiscal deficit of 0.5% of GDP in FY22F



S\$6bn draw on past reserves proposed for Covid-19 public health expenditure in FY2022

Measures	S\$bn
Testing, clinical management, and tracing	3.7
Vaccination and therapeutics	1.2
Isolation facilities, border management, and safe distancing	1.1
Total	6.0

- We see the staggered and delayed GST hike as positive for this year's economic and inflation forecasts (MTI: 2.5-3.5% vs. CGS-CIMB: 3.0%).
- Support for business and households was reduced but support for resident employment was sustained.
- Despite several plan to raise taxes, we see the budget as neutral. We maintain our GDP growth outlook at 4.2% yoy in 2022 (MTI: 3-5%).

A contractionary budget, but not really

Budget 2022, named 'Charting Our New Way Forward Together', was delivered by the new Finance Minister, Lawrence Wong, on 18 Feb 2022. The budget was aimed at positioning Singapore in a post-Covid-19 environment. Although measures announced point towards a contractionary budget this time around, efforts were taken to mitigate the impact on the lower income group and this year's economic outlook, with most measures generally taking effect in 2023 or beyond.

GST hike announced, but for 2023

The most anticipated outcome of the Budget was the announcement of the increase in GST rate from 7% to 9%. While we fully expected the announcement of the tax hike, the decision to stagger the increase (from 7% to 8% in 2023 and to 9% in 2024) comes below our expectation of a straight 2% hike by July 2022. Nevertheless, the delayed implementation of GST is positive for this year's economic and inflation forecasts. For 2023 onwards, the Assurance Package worth S\$6.6bn in the form of cash handouts, alongside a slew of other measures, such as the GST voucher scheme and U-Save rebates, also neutralise the negative impact of the tax on consumption.

Support was reduced

Not much was laid out for segments of the economy still reeling from the Covid-19 impact. A few measures were extended for this year, although the quantum of support seemed to be smaller. For consumption, gone was the wide array of cash handouts seen since 2020, although support for the low income group and the elderly remained. Of note, the increase in taxes for the rich was a welcome surprise. However, we see the hike in personal income tax to have a minimal impact to consumption given that the share of consumption expenditure of the top 1.2% income earners is projected to be negligible.

Local workers get more support

The government will raise the minimum qualifying salary for new Employment Pass and S Pass applicants by S\$500 effective September 2023. This move will make hiring foreign workers much more expensive, forcing businesses to hire locals or further improve on productivity to justify the higher pay. We view this as positive for the domestic labour market.

Budget still drawing from past reserves

The budget will in total run into a deficit of 0.5% of GDP, narrower than the 0.9% seen in 2021. However, this marks the third consecutive year of a fiscal deficit, a first on record. However, given the inclination for an upside surprise in the budget over the past several years, we do not rule out the possibility that the fiscal deficit could be better than projected.

Maintain 2022 GDP at 4.2% yoy

Overall, we maintain our GDP growth forecast for this year at 4.2%. Several tax increases announced will not take effect this year, which mitigates any negative impact on the economic outlook. Even the GST hike, which takes effect in 2023, will be offset by the mitigating measures, such as the Assurance Package. This prompts us to maintain our 2023 growth outlook as well.

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Budget 2022: Building fiscal resilience

A contractionary budget, but not really

Budget 2022, named '*Charting Our New Way Forward Together*', was delivered by the new Finance Minister, Lawrence Wong, on 18 Feb 2022. The budget was aimed at positioning Singapore in a post-Covid-19 environment, addressing, among others, the recovery of some of the sectors that were still falling behind, promoting further growth in the labour market, as well as fixing the government finances that were damaged by the pandemic. Although measures announced point towards a contractionary budget this time around, efforts were taken to mitigate the impact on the lower income group and this year's economic outlook, with most measures generally taking effect in 2023 or beyond.

GST hike anticipated but staggering comes as a surprise

The most anticipated outcome of the Budget was the announcement of the increase in GST rate from 7% to 9%. While we fully expected the announcement of the tax hike, the decision to stagger the increase (from 7% to 8% in 2023 and to 9% in 2024) comes below our expectation of a straight 2% hike by July 2022.

The decision to delay the implementation likely stemmed from the sustained uncertainty surrounding the domestic and global recovery. On the global side, the potential impact from China's weakening economy, coupled with sharp adjustments in monetary policy in the US, could raise the downside risk to global recovery. On the domestic side, the delay should give sufficient time to sectors, such as those tourism-related including accommodation, F&B services, and transport & storage, to further recover as borders gradually reopen.

Nevertheless, the delayed implementation of GST is positive for this year's economic and inflation forecasts. For 2023 onwards, the Assurance Package worth S\$6.6bn in the form of cash handouts, alongside a slew of other measures, such as the GST voucher scheme and U-Save rebates, also neutralise the negative impact of the tax on consumption.

Household and business support reduced

Not much was laid out for segments of the economy still reeling from the Covid-19 impact. A few measures were extended for this year, although the quantum of support seemed to be smaller. The Small Business Recovery Grant for SMEs was retained for the F&B, retail, tourism and hospitality sectors. Similarly, the Covid-19 Recovery Grant, which gives financial support to the jobless and those with income reduction, as well as the Jobs Growth Incentive, which provides salary support for employers, were maintained.

For consumption, support was lacking this time around, compared to the Budget of the past 2 years. Gone was the wide array of cash handouts seen since 2020, although support for the low income group and the elderly was maintained.

Of note, the increase in taxes for the rich was a welcome surprise. The wealthy in Singapore tend to enjoy a relatively lower tax rate compared to other ASEAN countries. However, we see the hike in personal income tax to have minimal impact to consumption given that the share of consumption expenditure of the top 1.2% income earners is projected to be negligible.

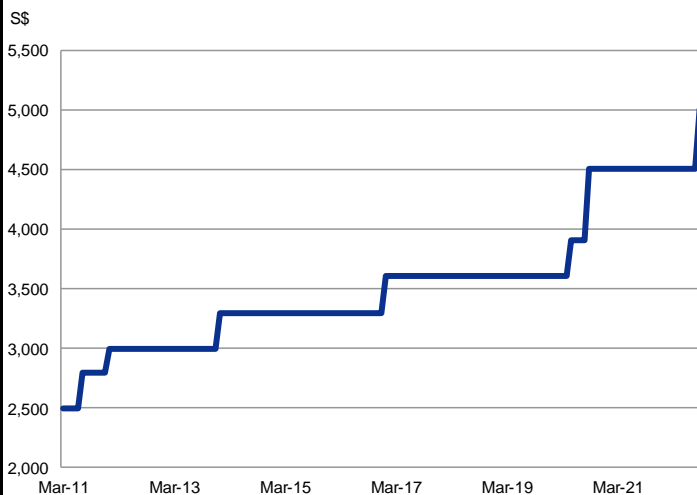
Domestic labour market seeing support

In an effort to tighten the requirements for foreign workers' entry, the government will raise the minimum qualifying salary for new Employment Pass and S Pass applicants by S\$500 effective Sep 2023. This move will make hiring foreign workers much more expensive, forcing businesses to hire locals or further improve on productivity to justify the higher pay.

We see this as a positive development for the resident labour market, although, for the most part, EP holders generally already receive a far higher salary than the minimum. That makes only a select few potentially being dropped to S Pass holder status, which comes with a quota.

In addition, the resident unemployment rate is already trending lower, at 3.2% in Dec 2021, almost nearing the 10-year average of 3.1%. The concern is that we may see a labour shortage in some of the high-growing sectors and the requirement could just lead to wage inflation as businesses struggle to find workers. However, we view this decision ultimately as a reaction by the government to Singaporeans' less welcoming sentiment towards foreigners, who have been accused of undercutting the locals when it comes to gaining employment.

Figure 1: Minimum salary for Employment Pass revised every 2 years except during the pandemic



SOURCES: CGS-CIMB RESEARCH, MOM

Figure 2: Personal income tax for the top 1.2% of taxpayers raised

Chargeable Income	Currently	In 2024
S\$0.5m - S\$1.0m	22%	23%
Above S\$1.0m	22%	24%

*Increase will only affect the top 1.2% of taxpayers;

*Expected to raise S\$170m of additional tax revenue per year

SOURCES: CGS-CIMB RESEARCH, MOF

S\$6bn to be drawn from past reserves

The budget will in total run into a deficit of 0.5% of GDP, narrower than the 0.9% seen in 2021. However, this marks the third consecutive year of a fiscal deficit, the first time on record. However, given the inclination for an upside surprise in the budget over the past several years, we do not rule out the possibility that the fiscal deficit could be better than projected.

To finance the deficit, Singapore will draw S\$6bn from past reserves to be primarily used for public health expenditure. In total, S\$42.9bn was drawn from past reserves throughout FY2020-22 (S\$31.9bn drawn in FY2020, S\$5bn drawn in FY2021, and S\$6bn expected in FY2022F). However, this is still less than the initial sum of S\$52.0bn announced at the Fortitude Budget in May 2020.

GDP growth maintained at 4.2%

Overall, we maintain our GDP growth forecast for this year at 4.2%. The several tax increases announced will not take effect this year, which mitigates any negative impact on the economic outlook. The GST hike, which takes effect in 2023, will be offset by mitigating measures, such as the Assurance Package. This prompts us to maintain our 2023 growth outlook as well.

We do however see risk of stronger inflationary pressure for 2023 as it is inevitable that the GST hike will affect prices. In 2024, the sharp rise in carbon tax should also be factored in. Nevertheless, we maintain this as an upside risk as the government seems to want to mitigate the consequences of the tax changes as much as possible. We maintain our CPI forecast of 3.0% for 2022F.

Figure 3: Singapore's overall fiscal position

	FY19				FY20				FY21R				FY22B			
	S\$ m				%yoy				% of GDP							
Operating revenue	74.3	67.4	80.4	81.8	0.7	-9.3	19.3	1.7	14.5	14.0	14.9	14.3				
Tax revenue	67.6	61.4	72.8	73.7	2.2	-9.2	18.5	1.2	13.2	12.8	13.5	12.9				
Total expenditure	75.3	86.4	98.4	102.4	-3.2	14.6	13.9	4.1	14.7	18.0	18.2	17.9				
Operating expenditure	58.7	72.9	81.5	85.1	1.9	24.3	11.8	4.3	11.5	15.2	15.1	14.9				
Development expenditure	16.7	13.4	16.9	17.3	-17.7	-19.4	25.6	2.8	3.3	2.8	3.1	3.0				
Primary surplus/deficit	-1.1	-19.0	-18.0	-20.7	-74.0	1,685.5	-5.0	14.5	-0.2	-4.0	-3.3	-3.6				
(Less) Special transfers	15.1	50.8	7.9	6.2	68.3	235.9	-84.5	-21.0	3.0	10.6	1.5	1.1				
Special transfers excluding top-ups to endowment & trust funds	1.6	33.5	7.9	2.2	-7.5	2,045.6	-76.4	-72.2	0.3	7.0	1.5	0.4				
Basic surplus/deficit	-2.6	-52.5	-25.9	-22.8	-54.5	1,899.7	-50.6	-11.9	-0.5	-10.9	-4.8	-4.0				
Top-ups to endowment & trust funds	13.6	17.3	0.0	4.1	85.9	27.7	-100.0	-	2.7	3.6	-	0.7				
(Add) Net investment returns	17.0	18.2	20.3	21.6	3.8	7.1	11.4	6.0	3.3	3.8	3.8	3.8				
Overall budget surplus/deficit	0.8	-51.6	-5.6	-5.4	-74.7	-6,204.8	-89.1	-3.1	0.2	-10.8	-1.0	-0.9				

SOURCES: CGS-CIMB RESEARCH, MOF

Figure 4: Singapore's revenue breakdown

	FY19				FY20				FY21R				FY22B			
	S\$ m				%yoy				% of GDP							
Operating revenue	74.3	67.4	80.4	81.8	0.7	-9.3	19.3	1.7	14.5	14.0	14.9	14.3				
Corporate Income Tax	16.7	16.1	17.5	18.2	4.4	-3.7	8.7	3.9	3.3	3.4	3.2	3.2				
Personal Income Tax	12.4	12.7	13.8	14.0	5.7	3.1	8.5	1.1	2.4	2.7	2.6	2.4				
Withholding Tax	1.6	1.6	1.7	1.8	3.0	-1.2	6.6	6.0	0.3	0.3	0.3	0.3				
Statutory Board's Contributions	1.8	2.5	2.9	2.0	20.6	40.1	13.5	-28.9	0.4	0.5	0.5	0.4				
Assets Taxes	4.8	3.1	4.6	4.6	2.4	-34.3	47.1	0.3	0.9	0.7	0.9	0.8				
Customs, Excise and Carbon Taxes	3.3	3.6	3.6	3.7	6.1	9.8	1.5	2.0	0.6	0.7	0.7	0.6				
Goods & Services Tax	11.2	10.3	12.0	12.8	0.2	-7.3	16.1	6.6	2.2	2.2	2.2	2.2				
Motor Vehicles Taxes	2.4	2.1	2.4	2.5	-7.8	-11.8	12.2	5.6	0.5	0.4	0.4	0.4				
Vehicle Quota Premiums	2.9	2.3	3.2	3.9	-20.8	-19.8	40.1	22.1	0.6	0.5	0.6	0.5				
Betting Taxes	2.6	1.7	2.3	2.7	-1.7	-34.3	34.7	18.0	0.5	0.4	0.4	0.5				
Stamp Duty	4.2	3.9	6.5	5.2	-8.9	-7.2	65.7	-18.8	0.8	0.8	1.2	0.9				
Others Taxes ¹	6.7	3.6	5.5	6.0	0.8	-46.0	51.5	10.7	1.3	0.8	1.0	1.1				
Other Fees & Charges	3.4	3.2	3.4	3.5	-2.3	-6.7	8.3	3.0	0.7	0.7	0.6	0.6				
Others	0.4	0.5	0.9	0.6	-17.6	38.2	84.9	-37.4	0.1	0.1	0.2	0.1				

¹ Prior to FY2022, Other Taxes include the Foreign Worker Levy, Water Conservation Tax, Development Charge, and Annual Tonnage Tax. From FY2022 onwards, Other Taxes include the Foreign Worker Levy, Water Conservation Tax, Land Betterment Charge, and Annual Tonnage Tax

SOURCES: CGS-CIMB RESEARCH, MOF

Figure 5: Singapore's total expenditure by type

	FY19				FY20				FY21R				FY22B			
	S\$ m				%yoy				% of GDP							
Total expenditure	75.3	86.4	98.4	102.4	2.4	14.6	13.9	4.1	14.7	18.0	18.2	17.9				
Social Development	36.6	44.5	48.8	49.2	0.4	21.6	9.7	0.9	7.2	9.3	9.0	8.6				
Education	12.7	12.3	13.2	13.6	0.3	-3.6	7.4	3.3	2.5	2.6	2.4	2.4				
National Development	3.5	5.8	5.9	4.6	-21.1	64.7	1.6	-21.4	0.7	1.2	1.1	0.8				
Health	11.3	15.3	18.4	19.3	11.0	34.8	20.8	4.7	2.2	3.2	3.4	3.4				
Sustainability and the Environment	2.6	2.4	2.8	3.0	-6.5	-10.0	20.6	4.2	0.5	0.5	0.5	0.5				
Culture, Community and Youth	1.9	2.1	2.4	2.4	-9.3	13.3	12.9	1.2	0.4	0.4	0.4	0.4				
Social and Family Development	2.9	3.8	3.8	3.9	15.7	27.9	0.8	1.6	0.6	0.8	0.7	0.7				
Communications and Information	0.6	0.6	0.6	0.8	-14.9	13.1	2.7	21.6	0.1	0.1	0.1	0.1				
Manpower (Financial Security)	1.0	2.3	1.6	1.7	0.3	122.5	-29.3	2.9	0.2	0.5	0.3	0.3				
Security and External Relations	21.3	20.5	23.8	25.0	4.0	-3.5	16.2	5.0	4.2	4.3	4.4	4.4				
Defence	14.2	13.3	15.4	16.4	-0.2	-6.0	15.4	6.5	2.8	2.8	2.8	2.9				
Home Affairs	6.7	6.8	8.0	8.2	14.6	2.1	18.1	1.8	1.3	1.4	1.5	1.4				
Foreign Affairs	0.5	0.4	0.4	0.5	-2.0	-10.0	6.9	12.7	0.1	0.1	0.1	0.1				
Economic Development	14.4	18.7	22.3	24.6	3.6	30.2	18.9	10.4	2.8	3.9	4.1	4.3				
Transport	8.6	8.3	10.3	10.3	-6.7	-3.4	24.6	-0.5	1.7	1.7	1.9	1.8				
Trade and Industry	4.3	5.4	6.1	6.4	18.2	26.3	13.3	4.7	0.8	1.1	1.1	1.1				
Manpower (excluding Financial Security)	1.0	4.2	5.0	7.1	40.9	343.6	18.8	40.0	0.2	0.9	0.9	1.2				
Info-Communications and Media Development	0.6	0.8	0.8	0.8	47.6	39.0	-2.6	7.6	0.1	0.2	0.1	0.1				
Government Administration	3.1	2.6	3.5	3.6	11.8	-15.4	33.9	1.8	0.6	0.5	0.6	0.6				
Finance	0.9	1.0	1.1	1.2	1.2	4.7	16.8	5.2	0.2	0.2	0.2	0.2				
Law	0.5	0.2	0.4	0.3	4.6	-58.7	85.3	-29.0	0.1	0.0	0.1	0.1				
Organs of State	0.7	0.6	0.6	0.7	25.4	-22.6	15.0	9.1	0.1	0.1	0.1	0.1				
Prime Minister's Office	0.9	0.9	1.3	1.4	18.6	-4.7	51.6	4.8	0.2	0.2	0.2	0.2				

SOURCES: CGS-CIMB RESEARCH, MOF

Figure 6: Key budget measures – (1/4)

	Period	
	From	To
JOBS AND BUSINESS SUPPORT PACKAGE (\$\$500m)		
<ul style="list-style-type: none"> Small Business Recovery Grant <ul style="list-style-type: none"> - A one-off cash support to small businesses in sectors that were most affected by COVID-19 Safe Management Measures last year - Eligible firms will receive S\$1,000 for each local employee with mandatory CPF contributions in the period from 1 Nov 2021 to 31 Dec 2021, up to a cap of S\$10,000 per firm - Sole proprietorships and partnerships that are run by at least one local business owner but do not hire any local employees will receive a flat payout of S\$1,000, if the local business owner is earning a net trade income of no more than S\$100,000, filed with IRAS in the YA2021 by 31 Dec 2021 		
<ul style="list-style-type: none"> Jobs Growth Incentive <ul style="list-style-type: none"> - To extend by six months, with stepped-down rates reflecting the improved labour market conditions - This extension will only cover mature workers aged 40 and above who have not been employed for six months or more, persons with disabilities, and ex-offenders 	1-Apr-22	30-Sep-22
HOUSEHOLD SUPPORT PACKAGE (\$\$560m)		
<ul style="list-style-type: none"> GST Voucher – U-Save rebates <ul style="list-style-type: none"> - To double the rebates in Apr 2022, Jul 2022, and Oct 2022 - To benefit about 950,000 Singaporean households A one-off top-up of S\$200 for each Singaporean child to Child Development Account (CDA), Edusave Account, and PostSecondary Education Account (PSEA) To distribute another set of S\$100 Community Development Council (CDC) Vouchers to All Singaporean households 		
SUPPORT FOR BUSINESSES		
1. Enhanced Financing Support		
<ul style="list-style-type: none"> Temporary Bridging Loan Programme <ul style="list-style-type: none"> - to be extended by six months - Maximum loan quantum: S\$1m per borrower (from S\$3m previously) / S\$20m per borrower group - Maximum repayment period: 5 years - Government risk share: 70% - Interest rate: capped at 5.5% (from 5% previously) Enterprise Financing Scheme – Trade Loan <ul style="list-style-type: none"> - to be extended by six months - Maximum loan quantum: S\$5m per borrower (from S\$10m previously) / S\$20m per borrower group - Maximum repayment period: 1 year - Government risk share: 70% from 1 Apr 2022 to 30 Sep 2022, and 50% from 1 Oct 2022, but remain at 70% for young Enterprises and Enterprises trading in countries with S&P rating BB+ and below, including non-rated countries - Interest rate: Subject to assessment by Participating Financial Institutions Enterprise Financing Scheme – Project Loan <ul style="list-style-type: none"> - Eligibility: Singapore enterprises in the Construction Sector, as defined by SSIC codes starting with 41, 42, or 43 - Maximum loan quantum: S\$30,000,000 per Borrower or per Borrower Group for Domestic Projects - Maximum repayment period: 15 years - Government risk share: 50% (standard), 70% (young enterprises) - Interest rate: Subject to assessment by Participating Financial Institutions Enterprise Financing Scheme – Merger & Acquisition Loan <ul style="list-style-type: none"> - Eligibility: Singapore enterprises seeking to acquire local or overseas target enterprises - Maximum loan quantum: S\$50,000,000 per Borrower or per Borrower Group - Maximum repayment period: 5 years - Government risk share: 50% (standard), 70% (Young Enterprises and Enterprises operating in countries with S&P rating BB+ and below, including non-rated countries) - Interest rate: Subject to assessment by Participating Financial Institutions 	1-Apr-22	30-Sep-22
	1-Apr-22	31-Mar-23
	1-Apr-22	31-Mar-26
2. Investing in Digital Capabilities		
<ul style="list-style-type: none"> Advanced Digital Solutions (ADS) <ul style="list-style-type: none"> - To include solutions that leverage Artificial Intelligence (AI) and Cloud technologies, to help enterprises improve operational efficiency and business decisions - Participating enterprises will receive up to 70% funding support for these solutions Grow Digital <ul style="list-style-type: none"> - To include more pre-approved digital platforms, so that more businesses can internationalise without requiring an in-market presence - Participating enterprises will receive up to 70% funding support to onboard the B2B and B2C platforms TechSkills Accelerator (TeSA) <ul style="list-style-type: none"> - To expand on several fronts to build a strong Singaporean core of ICT talent - These include: (i) partnering with industry leaders to grow product development teams in Singapore; (ii) expanding TeSA to SMEs and startups to provide more job opportunities for mid-career workers; and (iii) upskilling our current digital workforce to keep their skills relevant 	1-Apr-22	
	1-Apr-22	
3. Encouraging Enterprise and Workforce Transformation		
<ul style="list-style-type: none"> SkillsFuture Enterprise Credit (SFEC) <ul style="list-style-type: none"> - Eligible employers receive a one-off credit of up to S\$10,000 to cover up to 90% of out-of-pocket expenses for supportable enterprise transformation programmes and workforce transformation programmes - Of the S\$10,000 credit for an eligible employer, S\$3,000 is ringfenced for workforce transformation initiatives 		

SOURCES: CGS-CIMB RESEARCH, MOF

Figure 7: Key budget measures – (2/4)

	Period	
	From	To
SUPPORT FOR MID-CAREER WORKERS		
<ul style="list-style-type: none"> SkillsFuture Career Transition Programme (SCTP) <ul style="list-style-type: none"> - To replace the SGUnited Skills (SGUS) and SGUnited Mid-Career Pathways – Company Training (SGUP-CT) programmes which will both expire on 31 Mar 2022 - Industry-oriented courses (3-12 months in duration) delivered by Continuing Education and Training (CET) Centres and programme partners, to help individuals secure employment in sectors with good hiring opportunities - Enhanced pre- and post-training support services, such as skills and training advisory to help individuals select suitable courses, employment facilitation and career coaching activities - Additional course fee support of up to 95% of total course fees for Singapore Citizens who meet the following criteria: 1) ComCare Short-to-Medium-Term Assistance (SMTA) recipients; 2) Workfare Income Supplement (WIS) recipients; 3) Long Term Unemployed (LTU); or 4) Persons with Disabilities who are registered with SGEEnable 	1-Apr-22	
<ul style="list-style-type: none"> SGUnited Mid-Career Pathways Programme - Company Attachment (SGUP-CA) <ul style="list-style-type: none"> - An attach-and-train scheme that offers full-time attachment opportunities of between four and six months to support mid-career jobseekers in widening their professional networks and gaining meaningful industry-relevant experience - Trainees will receive a training allowance of up to S\$3,800 per month for the duration of the attachment - The Government co-funds the training allowance with the host organisation - To be made a permanent programme 		
FOREIGN WORKFORCE POLICIES		
<ul style="list-style-type: none"> Employment Pass <ul style="list-style-type: none"> - To ensure that EP holders are comparable in quality to the top one-third of our local Professionals, Managers, Executives, and Technicians (PMET) workforce - To raise the minimum qualifying salary for new EP applicants from S\$5,000 to S\$5,500 for financial services sector, and from S\$4,500 to S\$5,000 for all other sectors - The qualifying salaries for older EP applicants, which increase progressively with age, will also be raised in tandem - For renewal applications, these changes will apply from Sep 2023 to give businesses sufficient time to adjust 	1-Sep-22	
<ul style="list-style-type: none"> S Pass <ul style="list-style-type: none"> - To ensure that S Pass holders are comparable in quality to the top one-third of our local Associate Professionals and Technicians (APT) workforce - To raise the minimum qualifying salary for new S Pass applicants from the S\$2,500 to S\$3,000 on 1 Sep 2022, at least S\$3.150 on 1 Sep 2023 and at least S\$3,300 on 1 Sep 2025 - To introduce a higher minimum qualifying salary of S\$3,500 for the financial services sector on 1 Sep 2022, and raise it to at least S\$3,650 on 1 Sep 2023 and at least S\$3,800 on 1 Sep 2025 - The changes will apply to renewal applications one year later - To progressively raise the Tier 1 levy from the current S\$330 to S\$650 by 2025 	1-Sep-22	
<ul style="list-style-type: none"> Work Permit Holders in Construction and Process Sectors <ul style="list-style-type: none"> - FWL rates for Work Permit holders (WPHs) in the Construction and Process sectors will be adjusted - The Man-Year Entitlement (MYE) framework in both sectors will also be dismantled - Reduction in Dependency Ratio Ceiling (DRC) for the Construction and Process sectors from 87.5% to 83.3% on 1 Jan 2024 	1-Jan-24	
UPLIFTING LOWER-WAGE WORKERS		
<ul style="list-style-type: none"> Progressive Wage Credit Scheme (PWCS) <ul style="list-style-type: none"> - To provide transitional support to employers by co-funding wage increases of lower-wage workers between 2022 and 2026 - Targeted at resident lower-wage employees with gross monthly wages of up to S\$2,500 from 2022 to 2026; The qualifying wage ceiling of S\$2,500 is aligned to that for the enhanced Workfare Income Supplement scheme - Additional tier of support for employees with gross monthly wages above S\$2,500 and up to S\$3,000 from 2022 to 2024 in view of the uncertain economic conditions in the immediate term - Average gross monthly wage increase must be at least S\$100 to be eligible for the PWCS payout in each qualifying year - Co-fund wage increases in each qualifying year for two years 		
<ul style="list-style-type: none"> Enhancements to the Workfare Income Supplement Scheme <ul style="list-style-type: none"> - Qualifying monthly income cap raised from S\$2,300 to S\$2,500 - To introduce a minimum income criterion for Workfare at S\$500 per month to encourage part-timers and casual workers to take up regular, full-time work - Those aged 30 to 34 will receive a maximum annual payout of S\$2,100 - Those aged 35 to 44 will receive a maximum annual payout of S\$3,000 - Those aged 45 to 59 will receive a maximum annual payout of S\$3,600 - Those aged 60 and above will receive the highest maximum annual payout of S\$4,200 - All persons with disabilities will qualify for the highest Workfare payout tier (up to S\$4,200), regardless of age 	1-Jan-23	
<ul style="list-style-type: none"> Progressive Wage Model <ul style="list-style-type: none"> - To extend the Model to the retail, food services, and waste management sectors over the next two years, as well as in-house cleaners, security officers, landscape workers, administrators, and drivers across all sectors - Companies employing foreign workers will be required to pay all their local employees at least the Local Qualifying Salary, which is currently set at S\$1,400 per month 		
<ul style="list-style-type: none"> Progressive Wage Mark (PW Mark) <ul style="list-style-type: none"> - To launch a Progressive Wage Mark (PW Mark) to accredit firms that pay Progressive Wages and the Local Qualifying Salary - To require all our eligible suppliers to be accredited with the PW Mark when they contract with the government from Mar 2023 		

SOURCES: CGS-CIMB RESEARCH, MOF

Figure 8: Key budget measures – (3/4)

	Period	
	From	To
BOOST RETIREMENT ADEQUACY		
<ul style="list-style-type: none"> Senior Worker CPF Contribution Rates And CPF Transition Offset <ul style="list-style-type: none"> - In 2019, the Government announced that CPF contribution rates will be raised gradually over this decade for Singaporean and Permanent Resident workers aged above 55 to 70 - Following the announcement in 2019, the first increase took effect from 1 Jan 2022. To mitigate the rise in business costs due to the increase of CPF contribution rates in 2022, the Government is providing employers with a one-year CPF Transition Offset equivalent to half of the increase in employer CPF contribution rates for every Singaporean and Permanent Resident worker they employ who is aged above 55 to 70. - The next increase in senior worker CPF contribution rates will take place on 1 Jan 2023. As with the first increase, this increase will be fully allocated to the Special Account to help senior workers save more for retirement. A similar one-year CPF Transition Offset will be automatically provided for the 2023 increases; employers need not apply. 		
<ul style="list-style-type: none"> Basic Retirement Sums (BRS) for CPF members reaching age 55 from 2023 to 2027 <ul style="list-style-type: none"> - To raise the BRS by 3.5% per year for the next five cohorts turning 55 from 2023 to 2027 - There is no requirement for members to top up their CPF if they are unable to set aside their BRS. Those who set aside the BRS when they turn 55 in 2027 will receive payouts of close to S\$1,000 per month when they are 65, and these payouts will continue for the rest of their lives. This will give them greater assurance for their basic retirement needs. 		
ASSURANCE PACKAGE FOR GST (\$\$6.64bn)		
<ul style="list-style-type: none"> AP Cash Payouts <ul style="list-style-type: none"> - Every Singaporean aged 21 years and above will receive cash payouts amounting to between S\$700 to S\$1,600, depending on his/her income and property ownership - to be disbursed over five years - To benefit about 2.8m adult Singaporeans 	14-Jul-05	18-Jul-05
<ul style="list-style-type: none"> GST Voucher – Cash (Seniors' Bonus) <ul style="list-style-type: none"> - Additional cash payouts of S\$600 to S\$900 for less well-off Singaporean seniors - To be disbursed over three years - To benefit about 850,000 lower-income senior Singaporeans 	15-Jul-05	17-Jul-05
<ul style="list-style-type: none"> Additional GST Voucher – U-Save <ul style="list-style-type: none"> - All eligible HDB households will receive additional U-Save rebates totalling S\$330 to S\$570 depending on flat type - The additional GSTV – U-Save rebates for 2023 will be credited in Jan 2023 - To benefit about 950,000 Singaporean households 	1-Jan-23	1-Jan-23
<ul style="list-style-type: none"> MediSave <ul style="list-style-type: none"> - Singaporeans aged (i) 20 years and below, or (ii) 55 years and above, will receive a MediSave top-up of S\$450 over 2023 to 2025 - To benefit about 2.0m Singaporean children and seniors 	15-Jul-05	17-Jul-05
<ul style="list-style-type: none"> Community Development Council (CDC) Vouchers Scheme <ul style="list-style-type: none"> - All Singaporean households will receive two tranches of CDC vouchers worth S\$200 each in 2023 and 2024 - The vouchers can be used at all participating heartland merchants and hawkers, as well as major supermarkets 	15-Jul-05	16-Jul-05
<ul style="list-style-type: none"> Citizens' Consultative Committee (CCC) ComCare Fund <ul style="list-style-type: none"> - To top up S\$5m to the CCC ComCare Fund over five years - Vulnerable households with urgent needs can approach their CCCs for assistance. 		
<ul style="list-style-type: none"> Grants to Self-Help Groups <ul style="list-style-type: none"> - To provide a total of S\$12m over four years to Self-Help Groups. These are the Chinese Development Assistance Council (CDAC), Eurasian Association (EA), Yayasan MENDAKI, and the Singapore Indian Development Association (SINDA) 		
ENHANCEMENTS TO THE PERMANENT GST VOUCHER SCHEME		
<ul style="list-style-type: none"> GSTV – Cash <ul style="list-style-type: none"> - The current permanent GSTV – Cash component benefits adult Singaporeans aged 21 years and above (i) with AI of not more than S\$28,000, (ii) whose residential address is a property that does not exceed an Annual Value ("AV") of S\$21,000, and (iii) who do not own more than one property - Starting from the payout in Aug 2022, the AI threshold will be increased from S\$28,000 to S\$34,000 to cover more Singaporeans - The payout quantum will also be increased by up to S\$200, in two steps. In 2022, all GSTVCash recipients will receive S\$100 more, compared to current rates. In 2023, those residing in homes with an AV of S\$13,000 and below will receive a further S\$100 enhancement to their payouts. - About 1.5m adult Singaporeans will receive the enhanced GSTV – Cash. 		
<ul style="list-style-type: none"> GSTV – MediSave <ul style="list-style-type: none"> - No change - benefits elderly Singaporeans who are (i) aged 65 and above, (ii) whose residential address is a property that does not exceed an AV of S\$21,000, and (iii) who do not own more than one property - About 575,000 elderly Singaporeans receive GSTV – MediSave annually 		
<ul style="list-style-type: none"> GSTV – U-Save <ul style="list-style-type: none"> - No change - GSTV – U-Save benefits eligible HDB households with at least one Singaporean as the owner, occupier, or tenant of the HDB flat, and whose household members do not own more than one property - About 950,000 Singaporean households receive GSTV – U-Save rebates annually 		
<ul style="list-style-type: none"> GSTV – Service and Conservancy Charges (S&CC) Rebate <ul style="list-style-type: none"> - The S&CC Rebate will be made a permanent component of the GSTV scheme from FY2022 onwards - Eligible Singaporean households living in HDB flats will receive rebates to offset between 1.5 and 3.5 months of S&CC over FY2022 - To benefit about 950,000 Singaporean households 	1-Apr-22	

SOURCES: CGS-CIMB RESEARCH, MOF

Figure 9: Key budget measures – (4/4)

	Period	
	From	To
MEASURES TO SUPPORT CHARITIES AND ENCOURAGE PHILANTHROPY		
<ul style="list-style-type: none"> • Extension of Tote Board's Enhanced Fund-Raising Programme (EFR) <ul style="list-style-type: none"> - To provide dollar-for-dollar matching for another three years, capped at S\$250,000 per year per charity for eligible local charitable causes - After a charity utilises the annual S\$250,000 dollar-for-dollar matching cap, Tote Board will continue to provide 40% matching for eligible fund-raising projects, capped at S\$100,000 per fund-raising project - Each charity may submit a maximum of five applications a year 	FY2022	FY2024
<ul style="list-style-type: none"> • Charities Capability Fund (CCF) <ul style="list-style-type: none"> - To extend the scheme for another five years - To provide a top-up of S\$26m to the CCF 	FY2022	FY2026
<ul style="list-style-type: none"> • One Team Singapore Fund (OTSF) <ul style="list-style-type: none"> - A dollar-for-dollar matching grant which matches cash donations to support Team Singapore athletes - Cash donations are only eligible for matching if they are donated to the Vision 2030 Fund or eligible National Sports Associations - To extend the OTSF for five years 	FY2022	FY2026
<ul style="list-style-type: none"> • Cultural Matching Fund (CMF) <ul style="list-style-type: none"> - To encourage broad-based cultural philanthropy through the provision of dollar-for-dollar matching for private cash donations to eligible arts and heritage charities - To provide a S\$150m top-up to the CMF - To extend the scheme for three years 	FY2022	FY2024
TAX CHANGES		
<ul style="list-style-type: none"> • Corporate tax <ul style="list-style-type: none"> - To explore a top-up tax called the Minimum Effective Tax Rate (METR) - The METR will top up the MNE group's effective tax rate in Singapore to 15% 		
<ul style="list-style-type: none"> • Personal Income Tax <ul style="list-style-type: none"> - To increase the top marginal personal income tax (PIT) rate with effect from the YA2024. - Chargeable income in excess of S\$500,000 up to S\$1m will be taxed at 23% (vs. 22% currently) - Chargeable income in excess of S\$1m will be taxed at 24% (vs. 22% currently) - This increase is expected to affect the top 1.2% of personal income taxpayers and will raise S\$170m of additional tax revenue per year 		
<ul style="list-style-type: none"> • Property tax rates <ul style="list-style-type: none"> - To raise the tax rates from 10%-20% to 12%-36%, for non-owner-occupied residential properties (including investment properties) - To raise the tax rates from 4%-16% to 6%-32%, for owner-occupied residential properties for the portion of Annual Value in excess of S\$30,000 - To be implemented in two steps, starting with the tax payable in 2023 		
<ul style="list-style-type: none"> • Additional Registration Fee (ARF) for motor vehicles <ul style="list-style-type: none"> - To introduce an additional ARF tier for cars at a rate of 220% for the portion of Open Market Value in excess of S\$80,000 - The new rates will apply to all cars registered with COEs obtained from the second COE bidding round this month - The additional ARF is expected to generate an additional S\$50m in revenue per year 		
<ul style="list-style-type: none"> • Goods and Services Tax (GST) <ul style="list-style-type: none"> - To raise the rate from 7% to 8% on 1 Jan 2023, and to 9% on 1 Jan 2024 - To absorb GST on publicly-subsidised healthcare and education - To provide Town Councils with an additional S\$15m per year to absorb the additional GST payable on Service and Conservancy Charges - To not increase Government fees and charges for one year from 1 Jan 2023, such as license fees, as well as fees charged by Government agencies for the provision of services i.e. school fees, ITE and Polytechnic fees, and charges in public carparks 		
ADVANCE GREEN TRANSITION		
<ul style="list-style-type: none"> • To achieve net zero emissions by or around mid-century 		
<ul style="list-style-type: none"> • Carbon Tax <ul style="list-style-type: none"> - To raise the rate from S\$5 per tonne to S\$25 per tonne in 2024 and 2025, and S\$45 per tonne in 2026 and 2027, with a view to reaching S\$50 to S\$80 per tonne by 2030 - No carbon tax on the use of petrol, diesel and compressed natural gas as these already have excise duties that encourage users to moderate their fuel consumption and hence emissions - A transition framework will be put in place to support firms in emissions-intensive and trade-exposed sectors - that may face higher costs than those in countries with lower or no carbon tax - to manage the near-term impact on their competitiveness with allowances for a share of their emissions - To allow businesses to use high-quality, international carbon credits to offset up to 5% of their taxable emissions, in lieu of paying carbon tax 		
<ul style="list-style-type: none"> • To support companies, especially SMEs, to invest in energy-efficient equipment and decarbonisation solutions 		
<ul style="list-style-type: none"> • Singapore Green Plan <ul style="list-style-type: none"> - To issue up to S\$35bn of green bonds by 2030 to fund public sector green infrastructure projects, including bonds issued by the Government, as well as Statutory Boards - To publish a Singapore Green Bond Framework and issue its inaugural green bond later this year 		
<ul style="list-style-type: none"> • Accelerate EV adoption <ul style="list-style-type: none"> - To build more charging points closer to where we live 		

SOURCES: CGS-CIMB RESEARCH, MOF

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Score Range:	90 - 100	80 - 89	70 - 79	Below 70	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

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