Singapore Market Focus

Singapore Budget 2022

Refer to important disclosures at the end of this report

DBS Group Research . Equity

21 Feb 2022

Charting beyond the pandemic

- Positive on retail REITs despite 2-step GST hike
- Developers unlikely affected by property tax increase
- Drive to accelerate EV adoption benefits CD and STE
- Higher wage cost amid rise in EP, S-Pass salary thresholds

Tax system enhancement Singapore's slowing labour force growth that constrain tax revenues coupled with increasing healthcare expenses raises the need for significant enhancement to the tax system that includes (1) GST hike to 9% (2) wealth taxes through adjustments to property tax, personal income tax for top income earners and luxury cars tax (3) higher carbon tax and (4) exploring a minimum effective tax rate for large MNCs.

GST hike deferred. The delay to Jan 2023 is a surprise. Retail sales will benefit from front loading of purchases this year while an anticipated inflow of tourism receipts should see more traction from 2H22. We remain positive on REITs with retail exposure such as FCT, CICT, LREIT and Suntec REIT. Consumer staples such as Sheng Siong and Kimly should remain resilient, benefiting from the enhancements to the Assurance Package and GST schemes.

Property tax increase The increase in property taxes for investment properties is widely expected and investors are likely to pass on the increased costs in the form of higher rental rates come 2023-2024 as the Singapore economy recovers. While the rise in property tax rates for owner-occupied homes is a negative surprise, we believe this will not impact demand from this segment as the increase is very manageable. That's a relief for developers CityDev, Bukit Sembawang, UOL and Ho Bee.

Advancing Singapore's Green transition The impact of the progressive carbon tax increase from current S$5/t to potentially S$50-80/t by 2030 for SCI and KIT should be immaterial as both can likely pass the cost to consumers given the 'modest' c.3-12% increase from current average household tariffs. ComfortDelgro could be set to snag more EV tenders going forward with Singapore's drive to accelerate EV adoption. ST Eng has a ready suite of EV Charging solutions that it can also hope to deploy.

Pivoting to higher quality foreign labour Technology companies (e.g. Frencken, FuYu) that employ a significant portion of work permit workers could see increased labour costs due to the DRC reduction for work permits although this may be offset by lower foreign worker levy. The rise in minimum qualifying salaries for S-Pass leads to a modest increase in wage cost for shipyards, construction companies, hospitals, travel and hospitality related companies.

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Key Indices

	Current	% Chng
FS STI Index	3428.90	-0.4%
FS Small Cap Index	693.20	-0.2
SGD Curncy	1.35	0.3%
Daily Volume (m)	1,251	
Daily Turnover (S$m)	1,186	
Daily Turnover (US$m)	881	

Source: Bloomberg Finance L.P.

Market Key Data

(%)	EPS Gth	Div Yield
2021E	62.3	3.5
2022F	13.9	3.7
2023F	9.9	3.9
(x)	PER	EV/EBITDA
2021E	17.0	17.6
2022F	15.0	16.5
2023F	13.6	15.0

STOCKS

	Price S$	Mkt Cap US$m	12-mth Target S$	Performance (%) 3 mth	12 mth	Rating
ComfortDelGro	1.49	2,399	2.06	(2.6)	(6.3)	BUY
ST Engineering	3.86	8,931	4.60	(2.3)	2.4	BUY
Frasers Centrepoint Trust	2.31	2,919	2.90	(2.5)	(9.1)	BUY
CapitaLand Integrated Commercial	2.14	10,296	2.45	(2.3)	0.9	BUY
Suntec REIT	1.63	3,455	1.90	5.2	10.1	BUY
Sheng Siong	1.53	1,709	1.58	2.7	(3.8)	BUY
Kimly Limited	0.41	374	0.50	(1.2)	26.6	BUY
Singtel	2.55	31,278	3.13	2.4	6.3	BUY
StarHub	1.28	1,645	1.31	0.0	(0.8)	HOL

Source: DBS Bank, Bloomberg Finance L.P.
Closing price as of 18 Feb 2022

ed: PY/ sa: PY, CS

Charting beyond the pandemic

Budget 2022 focuses on (1) investing in new capabilities (2) advancing Singapore's green transition (3) renewing and strengthening social impact and (4) building a more fair and resilient tax system. An overall budget deficit of S$3bil (0.5% of GDP) is anticipated for FY22 as the government funds various support packages even as the widely anticipated GST hike is pushed back to January 2023. These include (1) a S$50mil Jobs and Business Support Package (2) a S$560mil Household Support Package (3) S$640mil top up to the earlier announced S$6bil Assurance Package (4) an initial S$2bil injection to a new Progressive Wage Credit Scheme and (5) anticipated S$2bil increase in manpower, S$1bil increase in defence and S$1bil increase in public healthcare.

Tax system enhancement

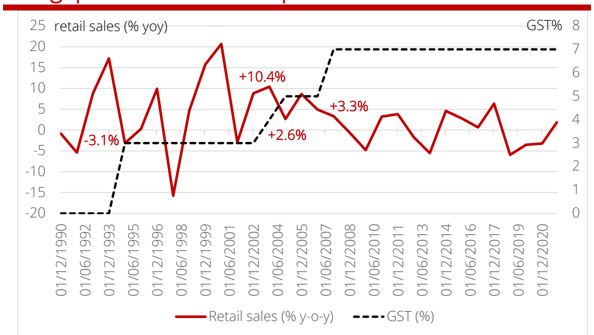
Singapore's slowing labour force growth that constrain tax revenues coupled with increasing healthcare expenses from an aging population raises the need for significant enhancement to Singapore's tax system. Several tax adjustments were announced that raise additional revenue and contribute to a fairer revenue structure. These are:

GST hike

The much-anticipated hike in goods and services tax (GST) from 7% to 9% will occur in two steps. The first percentage increase will start on 1 Jan 2023 while the second percentage increase occurs exactly a year later. The impact of the tax increase will be cushioned by the S$6.6bil enhanced Assurance Package and enhanced GST voucher scheme. A new S$560mil Household Support Package that supports all Singaporeans in their daily essentials and children's education will also help offset the impact of the GST hike.

Our thoughts: We do not expect any negative market reaction as the GST hike is well anticipated but a delay in the hike is a pleasant surprise, in our view. Retail sales registered positive y-o-y growth in 3 out of past 4 times that GST rates were adjusted up with 1994 the only exception when GST was first introduced. Retail sales registered an average +3.3% y-o-y growth during years of GST hike, higher than the average +2.7% y-o-y growth from 1990 to 2021. Likewise, median y-o-y growth in retail sales during GST hike years was also higher at +2.95% compared to 2.73% from 1990 to 2021. GST hikes will be staggered over two years from the current 7% in 2022, to 8% effective in 2023 and 9% in 2024. We think retail sales can still register y-o-y growth due to the front loading of purchases this year while an anticipated inflow of in tourism receipts to see more traction from 2H22. We remain positive on REITs with retail exposure such as FCT, CICT, LREIT and Suntec REIT.

Singapore retail sales vs past GST hikes



Source: DBS Bank

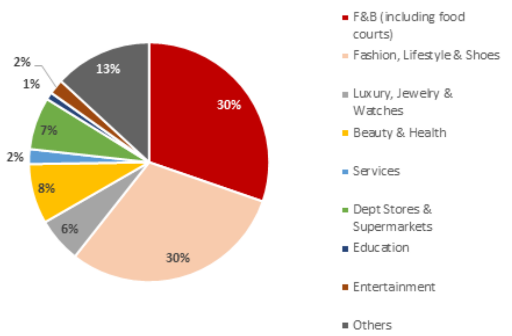
We might see a boost in bigger ticket items ahead of the first GST hike in 2023, which will likely benefit discretionary retail trade, luxury retail goods and jewelry & watches. These trade categories are generally concentrated within the prime Orchard retail stretch, which will come as a boost in retail sales for our Orchard landlords such as Starhill Global REIT .

Singapore exposure to trade categories by GRI (%)

	FCT	MCT	LREIT	SPHREIT	SGREIT (Wisma Atria)	Average
Singapore retail (% total Gross Revenue Income)	100%	41%	76%	75%	25%	25%
F&B (including food courts)	38%	31%	39%	18%	24%	30%
Fashion, Lifestyle & Shoes	14%	42%	29%	34%	43%	30%
Luxury, Jewelry & Watches	3%	-	-	16%	16%	6%
Beauty & Health	11%	6%	6%	-	12%	8%
Services	9%	-	-	-	-	2%
Dept Stores & Supermarkets	8%	9%	-	21%	-	7%
Education	2%	4%	-	-	-	1%
Entertainment	3%	3%	-	-	-	2%
Others	12%	5%	26%	11%	5%	13%

Source: DBS Bank

Singapore exposure to trade categories by GRI (%)



Source: DBS Bank

The staggered increase in GST will unlikely cause a decline in expenditure within the necessity and food & beverage segments, which we do not see affecting daily consumption patterns for everyday consumption items. Consumer staples such as supermarket Sheng Siong and coffeeshop operator Kimly should remain resilient, benefiting from the enhanced Assurance Package and GST schemes that provides support for households.

Property tax

The marginal property tax rates will be revised in 2 steps for residential properties as a means for taxing wealth. All non-owner-occupied residential properties (e.g. investment properties) will face higher taxes of 12% to 36% (current 10% to 20%), with the increase more significant for high end properties. For owner-occupied homes, the property tax rates for the portion of annual value above S$30,000 will also be raised to 6% to 32% (current 4% to 16%). The higher tax rates are expected to raise Singapore's property tax revenue by about S$380mil per annum when fully implemented.

Our thoughts: While the increase in property taxes for investment properties was widely expected, the rise in property tax rates for owner-occupied homes was a negative surprise. On top of the rise in overall cost of living, homeowners' disposable income are further clipped, although home owners of larger properties (centrally located condominiums, landed properties) shoulder a larger part of the tax burden.

Changes in owner occupied tax rates

Owner-occupied (Old)				Owner-occupied (New)		
Annual Value ($)	Tax Rate	Property Tax Payable		Annual Value ($)	Tax Rate	Property Tax Payable
First $8,000	0%	-		First $8,000	0%	-
Next $47,000	4%	1,880		Next $22,000	4%	880
Next $15,000	6%	2,780		Next $10,000	6%	1,480
Next $15,000	8%	3,980		Next $15,000	10%	2,980
Next $15,000	10%	5,480		Next $15,000	14%	5,080
Next $15,000	12%	7,280		Next $15,000	20%	8,080
Next $15,000	14%	9,380		Next $15,000	26%	11,980
Above $130,000	16%			Above $100,000	32%	

Source: DBS Bank

Changes in owner occupied tax rates (example)

Owner-occupied (example)					
Annual Value	Example of Property Type	Property Tax (current rates)	Property Tax (new rates) 2023	Property Tax (new rates) 2024	Final increase compared to current
$10,000	HDB flat	$80	No change		
$30,000	Suburban condominium; Landed property	$880			
$40,000	Central location condominium; Landed property	$1,280	$1,380	$1,480	+ $200
$70,000	Large landed property	$2,780	$3,930	$5,080	+ $2,300
$150,000	Very large landed property	$12,580	$20,230	$27,980	+ $15,400

Source: DBS Bank

Based on the illustration and estimates, owner occupied homes with annual values ranging S$40,000 to S$150,000 will see a + S$200 to + 15,400 increase in their property tax bills to S$1,480 (2024) – S$27,980 (2024), an increase of 15% to 122% from current levels.

Changes in non-owner occupied tax rates

Non-owner-occupied (Old)				Non-owner-occupied (New)		
Annual Value ($)	Tax Rate	Property Tax Payable		Annual Value ($)	Tax Rate	Property Tax Payable
First $30,000	10%	3,000		First $30,000	12%	3,600
Next $15,000	12%	4,800		Next $15,000	20%	6,600
Next $15,000	14%	6,900		Next $15,000	28%	10,800
Next $15,000	16%	9,300		Above $60,000	36%	
Next $15,000	18%	12,000				
Above $90,000	20%					

Source: DBS Bank

Changes in non-owner occupied tax rates (example)

Non-owner-occupied (example)					
Annual Value	Example of Property Type	Property Tax (current rates)	Property Tax (new rates) 2023	2024	Final increase compared to current
$10,000	HDB flat	$1,000	$1,100	$1,200	+ $200
$30,000	Suburban condominium; Landed property	$3,000	$3,300	$3,600	+ $600
$40,000	Central location condominium; Landed property	$4,200	$4,900	$5,600	+ $1,400
$70,000	Large landed property	$8,500	$11,550	$14,400	+ $5,900
$150,000	Very large landed property	$24,000	$33,150	$43,200	+ $19,200

Source: DBS Bank

Property investors (non-owner occupied homes) will also incur higher taxes, with HDB homes facing a 20% rise in property tax bill (+S$100 on an annual value of S$10,000) by 2024. Private homes owners will see their property tax bill rise by S$600 to S$19,000 or an increase ranging 20% to 40%.

Overall, we believe that property investors are likely to pass on these increased costs in the form of higher rental rates come 2023-2024 as Singapore economy recovers. With the increase in the EP minimum salary levels, we believe that this is a positive development that will continue to support the property market in the medium term.

Higher personal income tax for top income earners and higher taxes for luxury cars

The top 1.2% of personal income taxpayers will pay an additional $170mil of additional tax revenue per year from year of assessment 2024. Resident taxpayers' chargeable income from $500k to $1mil will be taxed at 23%, while chargeable income beyond $1mil will be taxed at 24%. This is up from the current 22% tax levied on chargeable income in excess of $320,000.

The introduction of a further ARF (Additional Registration Fee) tier at a rate of 220% for the portion of Open Market Value beyond $80,000 is another means of taxing wealth. This will lift the selling prices of car models such as the Porsche Cayenne and the Mercedes-Benz S-class sedan.

Exploring a minimum effective tax rate for large MNCs

Singapore's corporate system will need to be updated to align with global tax developments relating to the Base Erosion and Profit Shifting initiative (BEPS 2.0). A top-up tax called the Minimum Effective Tax Rate is being explored that will top up the MNC effective tax rate to 15%. This affect MNCs with annual global revenues beyond €750mil euros (S$1.15bil). This will be studied further by the Inland Revenue Authority of Singapore, which will consult the industry on the design of this top-up tax.

Advancing Singapore's Green Transition

Raising carbon tax

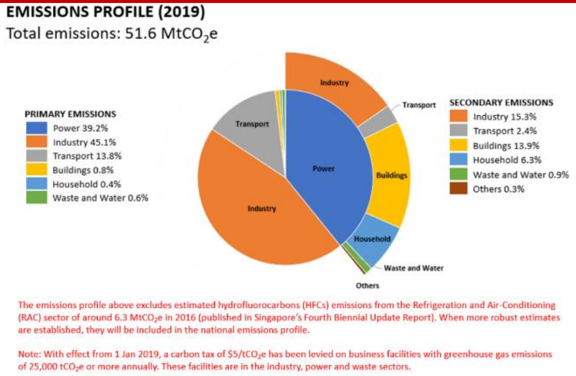
Singapore is committed to achieving net zero emissions by or around mid-century. The government plans to raise carbon tax rate to S$25 per tonne (t) from 2024, a significant jump from S$5/t currently. This will be followed by an increase to S$45/t in 2026 and 2027 and potentially to reach S$50-80/t by 2030. The final figure is a 5-fold increase from the original plan to raise carbon tax to S$10-15/t. The government further elaborated that this is comparable to carbon prices hitting S$45-61 by 2030 expected in China and South Korea as well as the internal carbon price assumption of S$57/t used by companies and Temasek.

Our thoughts: The progressive rate increase gives the industry more time to adjust and implement energy efficiency projects. The carbon tax will generally be applied on upstream, for instance, the power stations and other large direct emitters that produce 25,000 tonnes or more of greenhouse gas emissions in a year rather than electricity users. However, the payable carbon tax is expected to pass through to consumers. A carbon tax rate pf S$25/t translates to an increase of about S$4 per month in utility bills for an average 4-room HDB household.

Based on Energy Market Authority (EMA), Singapore power plants emit approximately 0.408 kg CO2/kW in 2020. Taking Sembcorp Industries (SCI) 1.2GW capacity in Singapore as an example, carbon tax payable could total S$70-225m per annum (from ~S$14m currently) assuming tax rate of S$25-80/t. Assuming full cost pass-through to consumers, consumers might see 0.82 Sct tariff hike in 2024 based on carbon tax rate of S$25 per tonne and up to 3.06 Sct hike by 2030. This represents c.3-12% increase from current average household tariff respectively. The impact could be smaller as the large emitters continue to improve energy efficiency.

Assuming bulk of the payable carbon tax will be passed through to consumers, there should be little impact to SCI and Keppel Infrastructure Trust.

Carbon emission by sector, Singapore



Source: National Climate Change Secretariat, Singapore

The carbon tax covers c. 80% of Singapore's GHG emissions mainly from the manufacturing, power, waste and water sectors while transport emissions that accounts for 10% of GHG emissions, are targeted separately by fuel excise duties that also incentivise reduction of emissions from transport activities.

This means that consumers and businesses will progressively face higher costs as increases in carbon taxes and fuel excise duties are passed on (for example in the form of higher energy costs or air tickets). This should motivate individuals and companies to pursue improved energy efficiencies and other emission reductions over the long-term. We can thus expect businesses to invest more aggressively in energy saving and GHG emission reduction solutions in the next few years.

There is no immediate impact on the transportation sector as carbon taxes are not applied on the consumption of petrol and diesel. However, we can expect transport operators to ramp up investments in greener fuel like sustainable aviation fuel, more fuel-efficient vehicles and electric vehicles in the coming years. This may lead to some pressure on the operating margins of airlines (SIA) in the medium-term, given the elevated cost of sustainable aviation fuel, but we believe that it should be manageable as we expect some form of government subsidies to drive adoption and a fair portion of the increase in costs will likely be passed on to consumers.

Accelerate adoption of Electric Vehicles

Internal combustion engine vehicles will be phased out by 2040 as part of the Singapore Green Plan. The move towards electric vehicles (EV) is likely the key enabler for this. To support this trajectory, the government envisions a National EV Charger Network with 60,000 EV charging points nationwide by 2030 (up from the target of 40,000 earlier), with 8 EV-Ready Towns by 2025. To this effect, the Land Transport Authority had called for a tender last year and awarded a pilot project to set up 600 EV chargers at over 200 car parks across Singapore. The winning bidders included two consortiums – ComfortDelgro Engineering + ENGIE South East Asia and Charge+ Pte Ltd + Sunseap Group + Oyika Pte Ltd.

Our thoughts: The planned increase in public sector green bonds issuance to S$35bil by 2030 is positive for infra players (e.g., EV infra providers) and clean energy solution providers. Going forward, we believe, once the pilot projects are up and running, more such tenders will be awarded. Among our coverage, ComfortDelgro could be set to snag more EV tenders in the coming years. The Group's JV with ENGIE had won the pilot tender to provide EV charging points in Singapore in September 2021. ST Engineering has a ready suite of EV Charging solutions that it can hope to deploy in future, as there will be significant expansion in the EV charging space in Singapore. There will also be a shift towards greener public transport systems. STE has already supplied a fleet of EV buses to the LTA in the past and will be hopeful of increasing its presence in distributing more EV buses and commercial vehicles in future.

Digitalization and innovation

Singapore will upgrade its broadband infrastructure to increase broadband access speeds by around 10X over the next few years as well as invest in future technologies like 6G. An additional $200 million will be set aside over the next few years to enhance schemes that build digital capabilities among businesses and workers. These include the Grow Digital scheme that helps firms to better leverage digital platforms to reach international markets as well as the TechSkills Accelerator, which aims to develop a skilled information and communication technology workforce. Another scheme is the Advanced Digital Solutions (ADS) scheme which was launched to promote and share the costs of adopting of advanced integrated solutions. In Budget 2022, the ADS will be expanded to include solutions that leverage Artificial Intelligence and Cloud technologies.

Our thoughts: Local telcos (SingTel, Starhub, Keppel Corporation through M1) could see marginally higher demand for their services with the expanded investment in digitalization. Indeed, all three telcos provide digital services in some form such as cloud technologies, artificial intelligence services and cybersecurity.

Pivoting to higher quality foreign labour

To ensure a high quality of foreign labour in Singapore, Budget 2022 lays out a plan to increase the Employment Pass minimum qualifying salary by S$500 from September 2023. Similarly, the S-Pass minimum qualifying salary will be raised from S$2,500 to S$3,500 for the finance sector and S$2,500 to S$3,000 for all other sectors. In the work permit space, the Dependency Ratio Ceiling will be cut from 1:7 to 1:5. These measures will be rolled out in tandem with local upskilling initiatives such as the SkillsFuture Enterprise Credit scheme to help companies meet their staffing needs even as the standard of foreign labour is raised. The Progressive Wage Model will also be expanded to the retail, food services and waste management sectors although wage increases will be supported by co-sharing from the Progressive Wage Credit Scheme till 2026.

Summary of Budget 2022 changes

Work Passes	Changes
Employment Pass	From September 2022: • Min. qualifying salary raised from S$4,500 to S$5,000 for all sectors except finance • Min. qualifying salary raised from S$5,000 to S$5,500 for finance sector
S-Pass	From September 2022: • Min. qualifying salary raised from S$2,500 to S$3,000 for all sectors except finance • Min. qualifying salary raised from S$2,500 to S$3,500 for finance sector From September 2025: • Min. qualifying salary raised from to S$3,300* for all sectors except finance • Min. qualifying salary raised from to S$3,800* for finance sector By 2025: • Tier 1 Levy will be progressively increased to S$650 from S$330 by 2025
Work Permit	From 1 January 2024: • Dependency Ratio Ceiling for Construction and Process sectors reduced to 1:5 from 1:7 • Foreign worker levy rates reduced up to S$330

Source: DBS Bank **not finalised*

Our thoughts: Wage cost is set to rise, although the impact varies between companies depending on the size and type of foreign labour employed. Companies that employ a significant portion of work permit workers are mainly the Shipyards, construction and hospitality sectors. Impact on the tech sector will be limited as the bulk of production for listed companies are in China (Valuetronics, Nano) or Malaysia(Venture). Manufacturers with local production facilities such as AEM, UMS, Frencken, Fu Yu, could see increased labour costs due to a reduction in the Dependency Ratio Ceiling for work permits although this may be offset by lower foreign worker levy rates. Centurion Corporation may see lower demand for workers accommodation though demand has historically outweighed supply.

Urbanisation giant Keppel Corporation (Keppel) and pure O&M yard - Sembcorp Marine (SMM) are human capital and labour intensive with staff costs accounting for 17% and 23% of revenue respectively. The rising wages in Singapore will inevitably impose cost pressure on the companies, though could partly be mitigated by improving productivity and efficiency as well as leveraging on its global offices. In addition, the higher foreign labour cost especially the minimum wage increases to >S$1.4k, is another challenge for O&M business that is struggling to recover from the prolonged downturn, as Keppel O&M and SMM yards employs over 10k contracted foreign workers.

Based on our ballpark estimate, the S-Pass levy rate increases are expected to lead to incremental levy of approx. S$2-4m pa for Keppel and SMM. This is relatively insignificant at <0.5% of Keppel's bottomline but are adding to the woes of already bleeding O&M business for SMM.

Keppel has approx. 10k of direct employees in Singapore. Of which c.50% or over 5k are local hires, assuming they max out S-Pass DRC with 900 Tier 1 S-Pass holders, the levy rate hike will incur higher cost of S$432k in 2022, S$2.4m in 2023 and S$3.5m from 2025. As for SMM, it has approx. 8k of staff in Singapore. Assuming 700 of Tier 1 S-Pass holders, the levy rate hike will lead to cost increase of S$336k in 2022, S$1.8m in 2023 and S$2.7m from 2025.

Similar to Keppel and SMM, labour costs form a considerable portion of total costs for companies in the travel and tourism sector as well. Employee costs accounted for 48%, 29%, 20% and 16% of total revenue at SATS Ltd, ST Engineering, Genting Singapore and SIA respectively. However, we believe the broad extension of the progressive wage model and higher salary requirements on foreign workers to qualify for employment passes and S passes will only translate into slightly higher labour costs for these companies in the medium-term. In the near-term, we do not anticipate much impact on employee costs in the near-term, given co-funding by the government for lower-wage workers and the current manpower composition in the sector is largely skewed towards the local population. Foreigners comprised the bulk of retrenchments over the past two years in the sector as the Job Support Scheme did not apply to them - foreign workers accounted for 27.5% of Genting Singapore's total employees as of end-2019, but that figure fell sharply to 18.0% in end-2020. Meanwhile, 90.1% of the SIA Group's employees (23,602 employees) in Singapore are citizens or permanent residents as of end March-2021. We acknowledge that more foreign labour will be required over the medium-term as demand normalises and reverts to growth. However, we believe that companies in the sector have become less reliant on foreign manpower as they capitalised on the downtime during the pandemic to enhance efficiency via automation, digitalisation and process optimisation.

The expansion of the progressive wage model for the retail, food services and waste management sectors may marginally raise labour costs, but we do not anticipate much impact in the near-term given co-funding by the government. Indeed, for companies such as Genting Singapore, Kimly and Sheng Siong, foreign labour constitutes only a minority of their labour force.

The nursing home industry is generally reliant on foreign hires. The increase in qualifying income for S passes and progressive wages (for administrative assistants) will likely result in higher staff costs (largest component of the company's overall costs) for Econ Healthcare Asia starting from FY23F.

Hospitals have been recruiting foreign nurses to compensate for the shortage of nurses given the growing healthcare demand. As such, the increase in minimum wage for foreign labour may have an impact on staff costs. However, we do not expect the rising cost to have a major impact. Moreover, these costs (if significant) could subsequently be passed on to higher medical charges. Our ballpark estimate (on limited information) is approximately 2% to 3% increase in cost given a 10% increase in salary of foreign healthcare workers for a Singapore hospital such as Raffles Medical. Impact on IHH Healthcare is expected to be even lesser as its Singapore hospitals contributes c.40% to the group's EBITDA.

Summary of key Budget 2022 Measures

Measure	Details	Stocks Affected
Green Infrastructure	Green bond issuance of up to S$35bn by 2030 to finance green infrastructure spending such as EV charging initiatives	ComfortDelGro Hong Leong Asia ST Engineering
GST	To be increased from 7% to 8% from 1 Jan 2023 and 8% to 9% from 1 Jan 2024	Retail REITs Sheng Siong Dairy Farm Kimly
Digitalization	S$200m set aside to enhance digital capability building schemes such as: Advanced Digital Solutions: expanded to include solutions that leverage Artificial Intelligence and Cloud technologies	SingTel Starhub Keppel Corporation
Carbon Tax	Carbon tax increase to: 2024 – 2025: S$25/tonne 2026 – 2027: S$45/tonne By 2030: S$50 – S$80/tonne	SCI, KIT, SIA
Wealth Taxes	Non-owner-occupied homes: Property tax increased to 12% - 36% from 10% - 20% Owner-occupied homes: Property tax increaed to 0% - 32% from 0% to 16%	Property developers City Dev, Bukit Sembawang, UOL, Ho Bee
Work Pass Changes	Increases in the minimum qualifying salary of between S$500 – S$1000 for Employment Passes and S-Passes from 1 September 2022 S-Pass Tier 1 Levy increased to S$650 from S$330 by 2025 Cut in Dependency Ratio Ceiling for Work Permits in Construction and Process sectos to 1:5 from 1:7 Foreign worker levy rates reduced up to S$330 depending on skill level and source	Keppel Corp SMM Econ Healthcare Nanofilm AEM UMS Frencken Fu Yu Valuetronics Centurion

Source: DBS Bank

DBS Bank recommendations are based on an Absolute Total Return* Rating system, defined as follows:
STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)
BUY (>15% total return over the next 12 months for small caps, >10% for large caps)
HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)
SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

**Share price appreciation + dividends*

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Sources for all charts and tables are DBS Bank unless otherwise specified.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

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