



# Press Release

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Date	23 February 2010	For immediate release
Subject	BDO Comments: Singapore Budget Statement 2010	

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The following quote can be used in part and can be attributed to Mr Frankie Chia, Managing Partner, BDO LLP

“This is indeed a bold budget set to bring about an **upgrading and reengineering of skills and capabilities**. The economy is set to be restructured, and we can anticipate that all of us will be impacted in this change as individual citizens.

The Minister of Finance has called for **each citizen to pull his or her weight**, as we are a small country and face challenges in competing with much bigger giants. However with the right ammunition from being a competitive tax regime and incentives, Singapore can hope to grow beyond her constraints of size.

We anticipate that the **National Productivity and Continuing Education Council** and the **National Productivity Fund** will help bolster the economy in the long run in creating more value added activities and jobs in Singapore. The long run goal has been to make productivity second nature to Singapore. Singapore has had a **productivity campaign before in the 1960s**, and this one needs to be as successful as or even more so than the last.

In helping businesses to internationalise, the long run benefits are that money flows back into the economy, the **state of mind of our people and outlook grows** as we see beyond our borders.”

The following quote can be used in part and can be attributed to Mr Rohan Solapurkar, Head of Tax, BDO Tax Advisory

“The Budget 2010 was announced against the twin backdrop of the Singapore economy recovering from the global crisis and the recommendations of the Economic Strategies Committee of building capabilities and making the best use of resources with the aim of achieving **sustained and inclusive growth and to make Singapore a distinctive global city**.

The Finance Minister has made use of the financial resources and tax incentive for higher productivity growth and higher skills. Tax incentives for enhanced expenditure in Research and Development had been widely anticipated and the Finance Minister has adeptly met the expectations by introducing the **Productivity and Innovation tax Credit**.

We consider the **one off tax allowance for expenses incurred in mergers and acquisitions** as indeed welcome, though, it is unfortunate that there is no direct deduction for the interest cost on borrowings for acquisition of shares, a long standing request of the industry.

The Budget however, has disappointed by not extending the **Foreign Sourced Income Exemption** which was introduced in Budget 2009. The objective of introducing the Exemption in the Budget 2009 was to facilitate remittances into Singapore during a period of recession. Singapore is just about to emerge from the recession and therefore it would have been good to see the exemption extended for another year.

The expansion of **'wife relief'** and the redesignation of it as **'spouse relief'** is welcome, although the **lack of alignment of the corporate and the personal tax rates** is again disappointing.

The Economic Strategies Committee Report recommended that it was imperative Singapore become a distinctive global city. Towards that end, although the reduction of the **withholding tax** from 15 percent to 10 percent is welcome. The Finance Minister could have introduced greater incentives to boost the **entertainment industry** or **given additional allowances to companies in the hospitality sector**.

Overall, the Budget 2010 is aimed at **laying the foundation of moving Singapore forward** for the next decade so that it could achieve higher productivity levels by boosting skills, raising income levels of Singaporeans, facilitating Singapore companies to deepen capabilities to seize opportunities and in making Singapore a distinctive global city."

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**Notes to editors**

BDO is the fifth largest accountancy network in the world and is the brand name for the BDO International network and for each of the BDO Member Firms.

The combined fee income of all the BDO Member Firms is \$5.026 billion in 2009. The global network has 1,138 offices in 115 countries and more than 46,035 partners and staff provide business advisory services throughout the world.

BDO was established in Singapore in 1972 and has been a member firm of BDO International since 1979. The firm offers **audit, tax and advisory** services including corporate finance, business restructuring, tax advisory, management consulting and risk advisory.

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