



Press Release

Date	18 February 2011	For immediate release
Subject	BDO Comments: Singapore Budget Statement 2011	

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

"This was an inclusive budget for all Singaporeans with the aim of increasing real income levels on the back of inflation. The Minister for Finance called for productivity to be a part of the Singapore economy and society therefore enhancing the Productivity and Innovation Credit further and allowing for subsidies on tertiary education and training.

Though we expected a **larger budget surplus** this year, the grants and subsidies that were introduced has done much to share the fruits of the economic growth in the past year, and we are sure that the man on the street will be much glad with the measures. In particular the **full restoration of the Central Provident Fund (CPF) contribution rate will aid not just lower income groups but across the board for middle income groups as well.**

Though there have been measures such as the foreign worker levy which will raise business costs in Singapore, nonetheless other measures such as the **assistance on financing of internationalisation of Singapore businesses would bode well for businesses looking to internationalise especially in these times of globally focused trade.** In particular, recognising research and development (R&D) rendered overseas as a boost to Singapore productivity and therefore part of the Productivity and Innovation Credit (PIC) will assist **businesses which have operations overseas and carry out their R&D overseas as well.**

The Minister has also sent a **strong signal to businesses not to overly rely on foreign labour by stating that the levies are not likely to be adjusted in cyclical downturns.** Businesses will have to increasingly focus on doing more with less and generally increasing labour productivity and upskilling of workers instead.

In the emphasis on productivity, the Minister has effectively reduced corporate taxes that corporates would pay when they invest in productivity improvements. This is a push for businesses to **strengthen their focus on productivity and make it a top of mind focus for their business leaders and managers.** We increasingly expect that more businesses will be in **increased dialogue with their people, suppliers and stakeholders on productivity improvements perhaps even with a consideration on green issues in the coming months,** given that the government is not likely to take a step back on productivity in the near future.

The Budget, in this vein, did not go far enough on Green incentives, though there was an extension of the Green Vehicle rebate till 2012. Perhaps, this would be considered in future Budgets when the need for it arises."

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

"The Budget 2011 was announced keeping in mind the rising business costs on one hand and the general elections which were likely to be held soon. The main thrust of this year's Budget was to make it an inclusive Budget and give more to the Singaporeans. This was achieved, although not directly but through a slew of tax and non tax measures which did not put cash directly into the pocket but through a set of welfare measures.

Given the inflationary trend and pressure on prices, it was unlikely that this year's Budget was likely to be expansionary. The Budget aims to increase the real income of Singaporeans and lays down the foundation for increasing productivity so that Singapore becomes a first rate developed country.

Budget 2011 did not have significant tax changes or incentives, but introduced welfare measures and packages to support low income and middle income families as well as the elderly. Although, the reduction in tax personal tax rates and the tax rebates are welcome, the Budget did disappoint by not having any specific incentives for foreign businesses to make Singapore a location of choice."

Notes to editors	<p>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.</p> <p>The combined fee income of all the BDO Member Firms is US\$5.284 billion in 2010. The global network has 1,082 offices in 119 countries and more than 46,930 partners and staff provide business advisory services throughout the world.</p> <p>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.</p>
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