



BDO BUDGET BULLETIN

Singapore Budget 2026: Transforming Today, Securing Tomorrow

Prime Minister and Minister for Finance Mr Lawrence Wong delivered Singapore's Budget 2026 Statement on 12 February 2026, setting out a decisive roadmap for navigating a more volatile global landscape. Balancing immediate support with long-term transformation, the Budget reinforces Singapore's resilience, competitiveness and future readiness.

The Budget underscores the imperative of embracing AI and advanced technologies as new growth drivers, while strengthening workforce capabilities, and investing in the next generation to secure sustainable, long-term growth. Businesses can expect a comprehensive suite of measures to accelerate AI adoption, deepen digital transformation, and expand internationalisation efforts. At the same time, targeted support for individuals and families will help ease cost-of-living pressures and strengthen family life.

Forward-looking yet grounded, Budget 2026 positions Singapore to thrive in a changed world — anchoring economic resilience, technological leadership and workforce readiness, while sustaining a strong and inclusive social compact for the years ahead.

Corporate Tax

Corporate Income Tax ("CIT") Rebate and CIT Rebate Cash Grant

- ▶ To help companies manage cost pressures, a CIT Rebate of 40% of tax payable will be granted for the Year of Assessment ("YA") 2026.
- ▶ Active companies that employed at least one local employee in calendar year 2025 (the "local employee condition") will receive a minimum benefit of S\$1,500 in the form of cash payout ("CIT Rebate Cash Grant"), which will be disbursed from the second quarter of 2026 onwards.
- ▶ The local employee condition is met where the company has made Central Provident Fund ("CPF") contributions in 2025 to at least one local employee (i.e., Singapore Citizen or Permanent Resident), excluding shareholders who are also directors of the company.
- ▶ The maximum benefits of CIT Rebate and CIT Rebate Cash Grant that a company can receive is capped at S\$30,000.

Double Tax Deduction for Internationalisation ("DTDi") scheme

- ▶ To further support businesses in their internationalisation efforts, the expenditure cap for claims without prior approval will be increased from S\$150,000 to S\$400,000 per YA.





- ▶ The scope of claims which do not require prior approval will also be expanded to cover all eligible expenses incurred on overseas market development trips and overseas investment study trips, and the following qualifying activities:
 - Investment feasibility / due diligence studies;
 - Master licensing and franchising;
 - Market surveys / feasibility studies;
 - Overseas business development; and
 - Production of corporate brochures for overseas distribution.
- ▶ Businesses can continue to apply to Enterprise Singapore or Singapore Tourism Board for expenses exceeding S\$400,000 per YA or expenses incurred on overseas trade office and e-commerce campaigns.
- ▶ The changes will apply to expenses incurred from YA 2027 onwards.

Enterprise Innovation Scheme ("EIS")

- ▶ To support businesses in adopting AI and transforming key sectors of the economy, the EIS will be enhanced for YA 2027 and YA 2028 as follows:
 - Expanded list of partner institutions to include the Sectoral AI Centre of Excellence for Manufacturing; and
 - Introduction of a new qualifying activity for AI expenditure, allowing businesses to claim 400% tax deductions or allowances on up to S\$50,000 of qualifying AI expenditure per YA.
- ▶ The cash payout option will not apply to this new AI qualifying activity.

Extension of withholding tax exemptions for the financial sector

- ▶ To maintain the competitiveness of our financial sector, the withholding tax exemptions for the following payments made to non-resident persons (excluding permanent establishments in Singapore) are extended to 31 December 2031:
 - Section 12(6) payments by specified entities for their trade or business (*);
 - Payments on structured products offered by Singapore financial institutions;
 - Payments on over-the-counter financial derivatives by qualifying financial institutions;
 - Payments made under cross-currency swap transactions by Singapore swap counterparties to issuers of Singapore dollar debt securities;
 - Interest payments on margin deposits made under all derivatives contracts by approved exchanges, approved clearing houses, and their respective members;
 - Specified payments made under securities lending or repurchase agreements by specified institutions; and
 - Payments made under interest rate or currency swap transactions by Monetary Authority of Singapore.

(*) Specified entities are also not required to withhold tax on all Section 12(6) payments to permanent establishments in Singapore.

Finance and Treasury Centre ("FTC") incentive

- ▶ To encourage companies to conduct treasury management activities in Singapore, the FTC incentive will be extended to 31 December 2031.

- ▶ In addition, the scope of the withholding tax exemption for approved FTCs will be broadened to include interest-like borrowing costs that are subject to withholding tax, where the loans are used for qualifying activities or services.
- ▶ The expanded exemption will apply to payments made on or after 13 February 2026.

Global Trader Programme ("GTP")

To reinforce Singapore's position as a leading global trading hub, the following enhancements will be made to the GTP:

- ▶ Extension of the scheme to 31 December 2031; and
- ▶ Expansion of qualifying commodities to include Environmental Attribute Certificates, with effect from 13 February 2026.

Not-for-Profit Organisation Tax Incentive ("NPOTI")

- ▶ To ensure Singapore remains an attractive location for non-profit organisations, the NPOTI will be extended to 31 December 2032.

CPF cash top-ups made by platform operators under Voluntary Contributions to Medisave Account ("VC-MA") scheme

- ▶ To encourage platform operators to make CPF cash top-ups on behalf of their platform workers who are eligible for the Matched Medisave scheme, such platform operators will be allowed to claim a tax deduction for CPF cash top-ups made under the VC-MA scheme.
- ▶ The change will apply from YA 2027 for CPF cash top-ups made from 1 January 2026.

Investment Allowance for Emissions Reduction ("IA-ER") scheme

- ▶ The IA-ER scheme will lapse after 31 December 2026.

Double Tax Deduction ("DTD") for qualifying upfront costs of rated retail bonds

- ▶ The DTD scheme for rated retail bonds will lapse after 31 December 2026.
- ▶ Other schemes, including the Qualifying Debt Securities scheme and the Global-Asia Bond Grant scheme, remain available to bond issuers.



Qualifying donations to Institutions of a Public Character ("IPCs") and eligible institutions

- ▶ To continue encouraging philanthropy, the 250% tax deduction for qualifying local donations made to IPCs and eligible institutions will be extended to 31 December 2029.

Corporate Volunteer Scheme ("CVS")

- ▶ To further encourage corporate volunteering, the 250% tax deduction under the CVS will be extended to qualifying expenditure incurred from 1 January 2027 to 31 December 2029.

Others

Preferential Additional Registration Fee ("PARF") rebate

- ▶ As electric and hybrid vehicles are less pollutive and become increasingly prevalent, the PARF will be streamlined in the following manner:
 - PARF rebate will be reduced by 45 percentage points across all age tiers; and
 - PARF rebate cap will be reduced from S\$60,000 to S\$30,000.
- ▶ The revised PARF rebate schedule:

Age of vehicle at deregistration	PARF rebate* from February 2026
Age ≤ 5 years	30% of ARF
5 years < Age ≤ 6 years	25% of ARF
6 years < Age ≤ 7 years	20% of ARF
7 years < Age ≤ 8 years	15% of ARF
8 years < Age ≤ 9 years	10% of ARF
9 years < Age ≤ 10 years	5% of ARF
Age > 10 years	N.A.



[* capped at S\$30,000]

- ▶ The revised PARF rebate schedule and cap will apply to cars registered with Certificates of Entitlement ("COEs") obtained from the second COE bidding exercise in February 2026.
- ▶ For vehicles that do not require COE bidding (e.g. taxis), the revised PARF rebate schedule and cap will apply to those registered on or after 13 February 2026.
- ▶ These changes do not apply to vehicles that are not eligible for PARF rebates, such as goods-cum-passenger vehicles, classic cars, and laid-up vehicles.

Updating foreign worker policies

Foreign worker policies will be refined to maintain a high-quality, complementary foreign workforce while supporting industry transformation and better jobs for locals. Below are the key updates:

- ▶ The minimum qualifying salary for Employment Pass ("EP") and S Pass holder will be raised as follows:

Sector	Current minimum qualifying salary		Revised minimum qualifying salary *	
	EP	S Pass	EP	S Pass
All sectors, except for Financial Services	S\$5,600	S\$3,300	S\$6,000	S\$3,600
Financial Services sector	S\$6,200	S\$3,800	S\$6,600	S\$4,000

[* Applicable to new applications from 1 January 2027, and to renewal applications from 1 January 2028.]

- ▶ The monthly Foreign Worker Levy ("FWL") rates for work permit holders in the Marine Shipyard and Process sectors will be revised as follows (changes indicated in red):

Sector	Nationality	Current monthly FWL rate		New monthly FWL rate	
		Higher skilled ("R1")	Basic-skilled ("R2")	Higher skilled ("R1")	Basic-skilled ("R2")
Marine Shipyard	-	S\$350	S\$500	S\$350	S\$600
Process	Malaysia, Hong Kong, Macau, South Korea, Taiwan, People's Republic of China	S\$200	S\$450	S\$200	S\$600
	Bangladesh, Bhutan, Cambodia, India, Laos, Myanmar, Philippines, Sri Lanka, Thailand	S\$300	S\$650	S\$300	S\$800

- ▶ For the Services and Manufacturing sectors, the FWL framework for work permit holders will be simplified by merging the current Tier 1 and Tier 2 into a single tier (changes indicated in red):

Sector	Nationality	Current monthly FWL rate		New monthly FWL rate	
		Higher skilled ("R1")	Basic-skilled ("R2")	Higher skilled ("R1")	Basic-skilled ("R2")
Services	Tier 1: Up to 10% of the total workforce	S\$300	S\$450	S\$400	S\$600
	Tier 2: Above 10% to 25% of the total workforce	S\$400	S\$600		
	Tier 3: Above 25% to 35% of the total workforce	S\$600	S\$800	S\$600	S\$800
Manufacturing	Tier 1: Up to 25% of the total workforce	S\$250	S\$370	S\$300	S\$470
	Tier 2: Above 25% to 50% of the total workforce	S\$350	S\$470		
	Tier 3: Above 50% to 60% of the total workforce	S\$550	S\$650	S\$550	S\$650

- ▶ The changes to the above FWL rates will be implemented from 2028. The Ministry of Manpower will release more details on the implementation timeline in due course.

Senior workers' CPF contribution rates and CPF Transition Offset

- ▶ As announced in 2019, the CPF contribution rates would be raised gradually for Singaporean and Singapore Permanent Resident workers aged above 55 to 70.
- ▶ The next increase in senior workers' CPF contribution rates for workers aged above 55 to 65 will take place on 1 January 2027, as shown in the table below.

CPF contribution rates from 1 January 2027			
Age band	Total	Employer	Employee
55 & below	37% (No change)		
> 55 to 60	35.5% (+1.5%)	16.5% (+0.5%)	19% (+1%)
> 60 to 65	26% (+1.0%)	13% (+0.5%)	13% (+0.5%)
> 65 to 70	16.5% (No change)	9%	7.5%
Above 70	12.5% (No change)	7.5%	5%

- ▶ The increase in contribution rates will be fully allocated to the CPF Retirement Account to help senior workers save more for retirement. For members who have set aside the Full Retirement Sum, these contributions will be channelled to the CPF Ordinary Account.
- ▶ With this increase in 2027, the target contribution rates for senior workers aged 60 to 65 will be reached.
- ▶ To mitigate the rise in business costs due to this increase, the Government will provide employers with a one-year CPF Transition Offset equivalent to half of the 2027 increase in employer CPF contribution rates for every Singaporean and Singapore Permanent Resident employee aged above 55 to 65.

CPF Top-Up

- ▶ The Budget 2026 CPF Top-Up ("B2026 CPF Top-Up") aims to provide additional support to boost the retirement adequacy for Singaporeans aged 50 and above in 2026 (i.e., born in 1976 or earlier). The criteria are as follows:
 - CPF retirement savings below the 2026 Basic Retirement Sum ("BRS") of S\$110,200 as at 31 December 2025;
 - Live in a residence with Annual Value ("AV") of S\$31,000 and below as at 31 December 2025; and
 - Own not more than one property as at 31 December 2025.
- ▶ The B2026 CPF Top-Up will be tiered by recipients' CPF retirement savings and AV of their residential property, as shown in the table below.

CPF retirement savings	Singaporeans born in 1976 or earlier Own not more than one property	
	AV not more than S\$21,000	AV more than S\$21,000 but not exceeding S\$31,000
Less than S\$60,000	S\$1,500	S\$500
At least S\$60,000 but less than S\$110,200 (2026 BRS)	S\$1,000	

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