



**SINGAPORE**

# BUDGET BULLETIN 2019

## Building a 'Strong, United Singapore'

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The much awaited Singapore Budget 2019 was delivered by the Finance Minister, Mr Heng Swee Keat, on 18 February 2019.

Outlined below are some of the key tax changes.

### BUDGET HIGHLIGHTS

- ▶ Extension of existing tax concessions for Funds managed by Singapore-based Fund Managers
- ▶ Extension of GST remission for Qualifying Funds
- ▶ Extension of GST remission for Singapore-listed Real Estate Investment Trusts and Singapore-listed Registered Business Trusts in the infrastructure business, ship leasing and aircraft leasing sectors
- ▶ Extension of Writing Down Allowance for acquisition of qualifying Intellectual Property Rights
- ▶ Extension of Investment Allowance
- ▶ Lapse of the Not Ordinarily Resident scheme, Designated Unit Trust scheme and Approved Unit Trust scheme
- ▶ Personal income tax rebate for YA 2019
- ▶ Introduction of Grandparent Caregiver Relief

## Corporate Income Tax

### Writing Down Allowance ("WDA") for acquisition of qualifying Intellectual Property Rights ("IPRs")

- The WDA will be extended to cover capital expenditure incurred in respect of qualifying IPRs acquired on or before the last day of the basis period for YA 2025.

### Investment Allowance ("IA")

- The 100% IA under the Automation Support Package will be extended by two years for projects approved by Enterprise Singapore from 1 April 2019 to 31 March 2021.

### Singapore-listed Real Estate Investment Trusts ("S-REITs") and Singapore-listed Real Estate Investment Trusts Exchange-Traded Funds ("REITs-ETFs")

- The existing tax concessions for S-REITs and REITs ETFs will be extended until 31 December 2025.
- The sunset clause for the tax exemption on S-REITs and REITs-ETFs distributions received by individuals (excluding distributions earned via partnership / trade / business / profession) will be removed.
- All conditions for income tax concessions will remain the same.

### Funds Managed by Singapore-based Fund Managers

- The existing tax concessions for Sections 13CA, 13R and 13X schemes will be extended until 31 December 2024.
- The schemes will be refined as follows:
  - a) The condition that a basic tier fund must not have 100% of the value of its issued securities beneficially owned, directly or indirectly, by Singapore persons will be removed with effect from YA 2020; and

- b) The enhanced tier fund scheme will be enhanced to (i) include co-investments, non-company SPVs and more than two tiers of SPVs, (ii) allow debt and credit funds to access the "committed capital concession", (iii) include managed accounts. This will take effect on and after 19 February 2019.
- The following will be applied on the income derived on and after 19 February 2019:
    - a) The list of designated investments ("DI") will be expanded by removing the counterparty and currency restrictions, and including investments such as credit facilities and advances, and Islamic financial products that are commercial equivalents of DI. The condition for unit trusts to wholly invest in DI will be removed; and
    - b) The list of Specified Income will be enhanced to include income in the form of payments that fall within the ambit of section 12(6) of the Income Tax Act.
  - The enhancement below will apply to S-REITs and REITs ETFs distributions made during the period from 1 July 2019 to 31 December 2025:
    - a) Qualifying non-resident funds under Sections 13CA and 13X will be able to avail themselves of the 10% concessionary tax rate applicable to qualifying non-resident non-individuals when investing in S-REITs and REITs ETFs.

### Designated Unit Trust ("DUT") scheme

- The DUT scheme will lapse after 31 March 2019.
- Existing DUTs will continue to receive the tax deferral benefits under the DUT scheme, on and after 1 April 2019, if they continue to meet all the conditions.

### Approved Unit Trust ("AUT") scheme

- The AUT scheme will lapse after 18 February 2019.
- Existing AUTs will continue to receive the tax concession under the AUT scheme for a period of five years from YA 2020 to YA 2024.

## Personal Income Tax

### Personal Income Tax Rebate

- A personal income tax rebate of 50% of tax payable will be granted to all tax resident individuals for YA 2019 (i.e. for income earned in 2018).
- The rebate will be capped at S\$200 per taxpayer.

### Grandparent Caregiver Relief ("GCR")

- Working mothers who engage the help of their parents, grandparents, parents-in-law or grandparents-in-law to take care of a handicapped and unmarried child will be allowed to claim GCR regardless of the child's age. The other current conditions that the child must be a Singapore citizen and the grandparent must be living in Singapore and not earning any employment/trade/professional income, will continue to apply.
- This will take effect from YA 2020.

### Not Ordinarily Resident ("NOR") scheme

- The NOR scheme introduced in Budget 2002 with the objective of attracting talent with regional and global responsibilities to relocate to Singapore, will lapse after YA 2020. The last NOR status will be granted for YA 2020 and expire in YA 2024.
- Individuals who have been accorded the NOR status will continue to be granted NOR tax concessions until their NOR status expires, if they continue to meet the conditions of the tax concessions.

## Goods and Services Tax

### GST remission for S-REITs and Singapore-listed Registered Business Trusts ("S-RBTs") in the infrastructure business, ship leasing and aircraft leasing sectors

- To continue facilitating the listing of S-REITs and S-RBTs in the infrastructure business, ship leasing and aircraft leasing sectors, the existing GST remission will be extended until 31 December 2025. All conditions for the GST remission remain the same.

### GST remission for Qualifying Funds

- The GST remission for Qualifying Funds that are managed by prescribed fund managers in Singapore will be extended until 31 December 2024.

### GST Import Relief for Travellers

- The GST import relief for travellers will be reduced as follows:

Time spent outside Singapore	Value of goods granted GST import relief
48 hours and above	First S\$500 (down from the current S\$600)
Less than 48 hours	First S\$100 (down from the current S\$150)

- The above will take effect for travellers arriving in Singapore from 12am, 19 February 2019.

## GST Voucher ("GSTV") – Cash (Bicentennial Payment)

- Eligible GSTV – Cash recipients will continue to receive up to S\$300 in cash payments to be paid out in end 2019 as follows:

Assessable Income for YA 2018 <S\$28,000	Annual Value of Home as at 31 Dec 2018	
	Up to S\$13,000	S\$13,001 to S\$21,000
Aged 21 years and above	S\$300	S\$150

- Diesel school buses and eligible diesel private hire and excursion buses will be given yearly cash grants to ease the impact of diesel duty on school bus fees, in addition to the three-year road tax rebates:

	Diesel school buses	Eligible diesel private hire and excursion buses
1 August 2019 to 31 July 2020	S\$1,600	Up to S\$1,800
1 August 2010 to 31 July 2021	S\$800	Up to S\$900
1 August 2021 to 31 July 2022	S\$400	Up to S\$500

## Other Taxes

### Diesel Taxes

- The excise duty on diesel fuel will be increased from S\$0.10 to S\$0.20 per litre, with effect from 18 February 2019.
- The annual special tax on diesel cars and taxis will be permanently reduced by S\$100 and S\$850 respectively.
- Three years of road tax rebates will be provided for commercial diesel vehicles to cushion the impact of the increase in diesel duty:

1 August 2019 to 31 July 2020	100% Road Tax Rebate
1 August 2010 to 31 July 2021	75% Road Tax Rebate
1 August 2021 to 31 July 2022	50% Road Tax Rebate

### Duty-Free Allowance for Liquor Products

- With effect from 1 April 2019, travellers' total duty-free allowance for liquor products will be reduced from three to two litres to be used in the following ways:

Option	Spirits	Wine	Beer
1	1 litre	1 litre	-
2	1 litre	-	1 litre
3	-	1 litre	1 litre
4	-	2 litres	-
5	-	-	2 litres

- All the conditions for the provision of duty-free allowance remain unchanged.

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