BSL TAX SERVICES PTE LTD

2025 SINGAPORE BUDGET HIGHLIGHTS

ONWARD TOGETHER FOR A BETTER FUTURE TOMORROW

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CORPORATE TAX

1. No change to corporate tax rate which remains at 17%. A Corporate Income Tax ("CIT") rebate of 50% of tax payable, along with a CIT Rebate Cash Grant at $2,000, is available capped at $40,000 for YA 2025.
2. Extend the 200% Double Tax Deduction for Internationalisation scheme until 31 December 2030.
3. Extend the Mergers and Acquisitions scheme, allowing a 25% claim on up to $40m of investment costs and a 200% tax deduction on qualifying transaction costs, until 31 December 2030.
4. Enhance section 13W of the Income Tax Act to provide certainty regarding the non-taxation of companies' disposal gains by expanding eligible gains to include preference shares and allowing assessment of the shareholding threshold on a group basis. The sunset clause will also be removed.
5. Introduce a tax deduction on payments made to holding company or a special purpose vehicle for issuance of new shares of the holding company under employee equity-based remuneration schemes effective from YA 2026.
6. Introduce a 100% tax deduction for payments made under an approved cost-sharing agreement for innovation activities effective from 19 February 2025.
7. Extend and enhance the Land Intensification Allowance scheme until 31 December 2030 and reduce the shareholding requirement from at least 75% to more than 50% effective from 1 January 2026.
8. Allow the tax incentives for Project and Infrastructure Finance to expire after 31 December 2025.
9. Extend and refine the Insurance Business Development scheme until 31 December 2030 and introduce an additional concessionary tax rate ("CTR") tier of 15%.
10. Introduce an additional CTR tier of 15% for the Financial Sector Incentive with effect from 19 February 2025.
11. Introduce tax incentives including a 20%/10% CIT rebate for qualifying companies listed in Singapore, an enhanced CTR of 5% for new fund manager listings in Singapore, and tax exemption on income for qualifying fund managers.
12. Extend and enhance the income tax concessions for Real Estate Investment Trusts ("S-REITs") listed on the Singapore Exchange until 31 December 2030, with specified income expanded to include all co-location and co-working income derived from 1 July 2025.

13. Extend the income tax concessions for REIT Exchange-Traded Funds listed on the Singapore Exchange ("S-REIT ETFs") by removing the sunset date, and the final withholding tax ("WHT") of 10% for S-REIT ETFs will be extended until 31 December 2030.
14. Allow the Venture Capital Fund Incentive and venture capital Fund Management Incentive to expire after 31 December 2025.
15. Introduce an Approved Shipping Financing Arrangement (for Ships and Containers) that provides WHT exemption on interest and related payments to non-tax resident lenders for qualifying arrangement entered before 31 December 2031. This will cover financing of ship and container purchases, construction, and finance lease payments to non-tax resident lessors.
16. Extend and enhance the Maritime Sector Incentive ("MSI"), including the WHT exemption until 31 December 2031, and expand the scope of qualifying services.
17. Extend the broad-based WHT exemption for container lease payments made to non-tax resident lessors under operating lease agreements until 31 December 2031.
18. Extend the broad-based WHT exemption for ship and container lease payments under finance lease agreements made to non-tax resident lessors for MSI recipients until 31 December 2031.
19. Allow the WHT concession for non-tax resident arbitrators to expire after 31 December 2027.
20. Allow the WHT concession for non-tax resident mediators to expire after 31 December 2027.

GOODS AND SERVICES TAX

1. No change to GST which is at the current rate of 9% from 1 January 2024.
2. Extend the GST remission for S-REITs and Singapore-listed Registered Business Trusts in the infrastructure business, ship leasing and aircraft leasing sectors until 31 December 2030.

PERSONAL TAX

1. Grant a Personal Income Tax Rebate of 60% of the tax payable capped at $200 per resident taxpayer for YA 2025.
2. Exclude cash top-ups that attract matching grant from the Government under the Matched MediSave Scheme from CPF Cash Top-up Relief from YA 2027.

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OTHERS

1. Introduce a 5-year Matched MediSave Scheme for eligible CPF members up to an annual cap of $1,000 from January 2026.
2. Increase the Progressive Wage Credit Scheme Co-Funding for eligible wage increases in 2025 from 30% to 40% and in 2026 from 15% to 20%.
3. Extend Senior Employment Credit to 31 December 2026.
4. Increase the CPF contribution rates for workers aged above 55 to 65 from 1 January 2026.

Published by:

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Writer's Caveat

These articles have merely attempted to provide a broad overview on the subject matters. They are not in any way intended to be comprehensive and no specific action should be taken on the basis of the above without consulting your professional advisors.