

BSL Bulletin 2021

Issue 1



Bulletin Highlights

- Singapore Budget 2021



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(compiled by N Vimala Devi)

The year 2020 was a challenging time for Singapore, like many economies worldwide that were adversely affected by the Covid-19 pandemic. This crisis has led to the economy shrinking by 5.4%, causing the largest budget deficit at \$64.9 billion since post-Singapore independence. The weakening is despite the \$100 billion injected through four stimulus packages to support businesses and households. Following these measures, the Finance Minister announced the 2021 Singapore budget on 26 Feb 2021.

“Emerging Stronger Together” is the theme for the 2021 Budget Statement. \$11 billion has been set aside as COVID-19 resilience package, which includes \$4.8 billion for public health and safe re-opening measures and \$700 million for Job Support Scheme extensions. This measure will retain local employees for stressed sectors such as aviation, aerospace, tourism, food services, and retail. A further \$870 million was set aside for the aviation sector to preserve its core capabilities. Lastly, a \$133m COVID-19 Driver Relief Fund was set-up to support taxi and private hire car drivers.

To emerge more robust in a post-COVID-19 world that remains unstable, Mr Heng has allocated another \$24 billion over the next three years, which focuses on three key enablers.

Firstly, to create a vibrant business sector and innovation ecosystem using three key platforms which comprise the:

- Corporate Venture Launchpad to co-fund with corporates to build new ventures through pre-qualified venture studios.
- Open Innovation Platform to help companies provide digital solutions for the safe re-opening of worksites.
- Global Innovation Alliance to facilitate cross border collaboration between Singapore and major innovation hubs globally.

Secondly, to provide a range of capital tools to co-fund transformation, including the Government sharing up to 70% of the risk under the Enterprise Financing Scheme – Venture Debt Program. Furthermore, equity funding will be provided to large local enterprises of revenues up to \$100m with strong fundamentals to transform to the next phase of growth and expand overseas.

Thirdly, by developing the skills, talents, and creativity of Singaporeans, the support has been extended to hire 200,000 locals this year via the SGUnited Jobs and Skills Package. It aims to provide 35,000 traineeships to increase employment opportunities. Also, salaries will be increased for nurses and other healthcare workers’ to show gratitude for their commitment during the fight against COVID-19.

As part of Singapore Green Plan 2024, the Government raised petrol duty rates by 10 and 15 cents per litre to discourage the use of internal combustion engine vehicles so that more motorists will convert to electric vehicles and move towards a car-lite society. Furthermore, the Government will issue green bonds for certain infrastructure projects estimated at \$19 billion.

As part of the fiscal policies, the Government has deferred the GST rate increase from 7% to 9% from 2022 to 2025. However, to ensure a fair tax system that levels the playing field for local businesses compared to their overseas counterparts, importing low-value goods of \$400 or less, which are exempt from GST, will be subject to GST 7% with effect from 1 Jan 2023.

In conclusion, the 2021 budget is an expansionary one to boost the Singapore economy to emerge stronger economically and socially to withstand and overcome the crisis imposed by the COVID-19 pandemic. As we progress, Singapore hopes to see a 4% to 6% GDP growth for 2021.

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Writers' Caveat

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