

FOR CLIENTS' INFORMATION ONLY

12 February 2026

Dear Sirs

Singapore Budget 2026 Commentary

We are pleased to share our commentary on the Singapore Budget 2026, which highlights the Government's strategic focus on artificial intelligence ("AI"), workforce transformation, and innovation-driven growth.

AI has been identified as a central growth engine, with the National AI Council, chaired by the Prime Minister, driving initiatives to strengthen Singapore's capabilities. These efforts will focus on deep skilling, frontier research, and the development of advanced AI infrastructure at One-North, building on the existing Lorong AI initiative. Businesses are encouraged to integrate AI into operations and redesign jobs to improve productivity. Grants and incentives are available to support AI adoption and workforce upskilling, including programmes for employees requiring additional training. Additionally, the Enterprise Innovation Scheme has been enhanced to allow 400% tax deductions on qualifying AI activities, capped at \$50,000.

To support business growth and international expansion, the Government has enhanced internationalisation grants, with SMEs able to receive up to 70% support and non-SMEs up to 50%. Strategic investments are further encouraged through the second tranche of the \$1.5 billion Anchor Fund, alongside sustained R&D investment of \$37 billion in semiconductors, aerospace, biomedical sciences, and frontier technologies, representing approximately 1% of GDP. Corporate tax remains at 17%, with a 40% Corporate Income Tax Rebate capped at \$30,000. In addition, the Government will support households, with CDC vouchers of \$500 to be distributed to eligible households in January 2027.

Taken together, these initiatives provide businesses with opportunities to accelerate AI adoption, redesign jobs for the future, upskill their workforce, and leverage grants and incentives to expand domestically and internationally. They underscore Singapore's commitment to fostering innovation, building workforce capabilities, and maintaining a competitive, future-ready business environment.

Please note that the views expressed in this commentary are based on our interpretation of the Budget Speech delivered by the Prime Minister and Finance Minister, Mr Lawrence Wong. Until the proposals are formally enacted, we cannot be definitive about the proposed changes.

Yours sincerely



N VIMALA DEVI
DIRECTOR OF TAXES

Enc.

2026
BUDGET
COMMENTARY

CONTENTS

A CORPORATE TAXATION

1. Corporate Tax Rate
2. Corporate Income Tax (“CIT”) Rebate with a CIT Rebate Cash Grant
3. Start-Up Tax Exemption Scheme
4. Enhancing the Double Tax Deduction for Internationalisation (“DTDi”) Scheme
5. Enhancing Grant Support for Overseas Market Access
6. Enhancing Grant Support Levels for Internationalisation Schemes
7. Enhancing the Enterprise Innovation Scheme (“EIS”)
8. Extending the Withholding Tax Exemptions for the Financial Sector
9. Extending and Enhancing the Finance and Treasury Centre (“FTC”) Incentive
10. Extending and Enhancing the Global Trader Programme (“GTP”)
11. Allowing the Investment Allowance for Emissions Reduction (“IA-ER”) Scheme to Lapse
12. Allowing the Double Tax Deduction for Qualifying Upfront Costs Attributable to Rated Retail Bonds to Lapse

B INDIVIDUAL TAXATION

1. Personal Tax Rates

CONTENTS (Cont'd)

C OTHERS

1. Extending the 250% Tax Deduction for Qualifying Donations to Institutions of a Public Character (“IPCs”) and Eligible Institutions
2. Extending the Corporate Volunteer Scheme (“CVS”)
3. Enhancing and Extending the Progressive Wage Credit Scheme (“PWCS”)
4. Revising the Employment Pass (“EP”) Minimum Qualifying Salary
5. Revising the S Pass Minimum Qualifying Salary
6. Increasing Senior Workers’ Central Provident Fund (“CPF”) Contribution Rates
7. CPF Top-Up

APPENDIX I Rates of Income Tax for Resident Individuals (Singapore)

A CORPORATE TAXATION

1. CORPORATE TAX RATE

Current : 17% since the Year of Assessment (“YA”) 2010.

From YA 2020, partial tax exemption is granted on up to \$200,000 of a company’s normal chargeable income (“CI”) as follows:

- (i) 75% exemption on the first \$10,000 CI; and
- (ii) 50% exemption on the next \$190,000 CI.

The partial tax exemption does not apply to the following:

- (i) CI of a company that is subject to tax at a concessionary tax rate (“CTR”);
- (ii) Income earned by a non-resident company that is subject to a final withholding tax. Such income earned by a non-resident company, which includes interest and royalties, are taxed at the rates of 15% and 10% respectively or the reduced rate provided in a tax treaty; and
- (iii) All dividends received from Singapore companies. With effect from 1 January 2008, all dividends paid by Singapore companies are already exempt from tax in the hands of shareholders.

Proposed : No change to the corporate tax rate of 17% and partial tax exemption ceiling.

2. CORPORATE INCOME TAX (“CIT”) REBATE WITH A CIT REBATE CASH GRANT

Current : A 20% CIT Rebate capped at \$10,000 for the YA 2019 and a Tax Rebate of 25% capped at \$15,000 for the YA 2020. There was no tax rebate from YAs 2021 to 2023.

For the YAs 2024 and 2025, a 50% CIT Rebate was granted. In addition, companies that have employed at least one local employee (referred to as the “local employee condition”) in the respective basis periods will receive a CIT Rebate Cash Grant of \$2,000 as a cash payout. The maximum total benefits of CIT Rebate and CIT Rebate Cash Grant are capped at \$40,000.

A company would meet the local employee condition if it has made CPF contributions to at least one Singapore Citizen or Permanent Resident, excluding shareholders who are directors of the company in 2023 and 2024. For the YA 2025, there is an added requirement that the company must be an active company in 2024.

Eligible companies will automatically receive the benefits from 2nd Quarter of 2025 onwards.

Proposed : A 40% CIT Rebate will be granted for the YA 2026. Active companies that have met the local employee condition in 2025 will receive a minimum benefit of \$1,500 in the form of a CIT Rebate Cash Grant. The total maximum benefits of CIT Rebate and CIT Rebate Cash Grant that a company can receive is \$30,000.

Eligible companies will automatically receive the benefits from 2nd Quarter of 2026 onwards.

Commentary : To continue to help businesses manage cost pressures and provide support for companies' cash flow needs, the government has extended both the CIT Rebate and the CIT Rebate Cash Grant to YA 2026, with a slight tapering of the overall rebate. The \$1,500 CIT Rebate Cash Grant will not be taxable.

3. START-UP TAX EXEMPTION SCHEME

Current : From YA 2020, the start-up tax exemption is granted on up to \$200,000 of a qualifying new company's CI for the first 3 consecutive YA upon incorporation as follows:

- (i) 75% exemption on the first \$100,000 CI; and
- (ii) 50% exemption on the next \$100,000 CI.

A qualifying new company must fulfil the following conditions:

- (a) It is incorporated in Singapore;
- (b) It is a tax resident of Singapore; and
- (c) It has total share capital which is beneficially held directly by no more than 20 shareholders
 - (i) all of whom are individuals; or
 - (ii) at least one of whom is an individual holding at least 10% of the total number of issued ordinary shares of the company

throughout the basis period relating to the YA of claim.

The start-up tax exemption scheme is however not available to the following companies incorporated after 25 February 2013:

- (i) Property development companies that buy or lease land and arrange for a building to be built on the land in order to lease, manage or sell the building; and
- (ii) Investment holding companies whose principal activity is that of investment holding and derive only investment income such as rental, dividend or interest income.

Property development and investment holding companies will still be able to enjoy the partial tax exemption available to all companies.

Proposed : No change to the start-up exemption scheme.

4. ENHANCING THE DOUBLE TAX DEDUCTION FOR INTERNATIONALISATION (“DTDi”) SCHEME

Current : Under the DTDi scheme, businesses are allowed a tax deduction of 200% on eligible expenses incurred on 16 qualifying market expansion and investment development activities.

Businesses can automatically claim 200% tax deduction on first \$150,000 of eligible expenses for the following 9 activities per YA without prior approval from Enterprise Singapore (“EnterpriseSG”) or Singapore Tourism Board (“STB”).

- (i) Advertising in approved local trade publication;
- (ii) Design of packaging for overseas markets;
- (iii) Local trade fairs;
- (iv) Overseas advertising and promotional campaign;
- (v) Overseas investment study trips;
- (vi) Overseas market development trips;
- (vii) Overseas trade fairs;
- (viii) Product/service certification; and
- (ix) Virtual trade fairs.

Prior approval is required from EnterpriseSG or STB for expenses exceeding \$150,000 on the above 9 activities or expenses incurred on the following remaining 7 qualifying activities.

- (i) e-Commerce campaigns;
- (ii) Investment feasibility/due diligence studies;
- (iii) Master licensing and franchising;
- (iv) Market surveys/feasibility studies;
- (v) Overseas business development;
- (vi) Overseas trade offices; and
- (vii) Production of corporate brochures for overseas distribution.

Prior approval is also required for certain expenses incurred on overseas market development trips and overseas investment study trips.

Proposed : The scope of the DTDi scheme will be enhanced to raise the expenditure cap for claims that may be filed without prior approval from \$150,000 to \$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:

- (a) Investment feasibility/due diligence studies;
- (b) Master licensing and franchising;
- (c) Market surveys/feasibility studies;
- (d) Overseas business development; and
- (e) Production of corporate brochures for overseas distribution.

Businesses can continue to apply to EnterpriseSG or STB for expenses exceeding \$400,000 per YA or expenses incurred on overseas trade office and e-commerce campaigns.

EnterpriseSG will provide more details by 2nd Quarter 2026.

Effective : The changes will apply to expenses incurred from YA 2027.

Commentary : The objective is to further support businesses in their internationalisation efforts.

5. ENHANCING GRANT SUPPORT FOR OVERSEAS MARKET ACCESS

Current : The Market Readiness Assistance (“MRA”) grant helps companies expand into new markets overseas by defraying the costs of overseas market promotion, business development and market set-up.

The MRA grant is available to local Small and Medium Enterprises (“SMEs”), at a support level of up to 50% of eligible costs, capped at \$100,000 per company per new market and covers activities under three pillars:

- Overseas market promotion (capped at \$20,000)
- Overseas business development (capped at \$50,000)
- Overseas market set-up (capped at \$30,000)

Each application is limited to one activity in a single overseas market.

To be eligible for the MRA grant, the company must meet these criteria:

- Business entity is registered and operating in Singapore.
- At least 30% local equity is held directly or indirectly by Singaporean(s) and/or Singapore PR(s), determined by the ultimate individual ownership.
- New to target overseas market.

The company’s annual sales in the target market must not have exceeded \$100,000 in any of the preceding 3 years.

- Group Annual Sales Turnover not exceeding \$100 million OR a Group employment size not exceeding 200 employees.

The enhanced \$100,000 cap is schedule to lapse after 31 March 2026.

Proposed : The Minister proposed to enhance the MRA grant as follows.

- (a) The grant support level of eligible costs will be increased from 50% to 70%. The higher support level is applicable until 31 March 2029.
- (b) The enhanced grant cap of \$100,000 will be extended. Local SMEs will continue to receive grant support of up to \$100,000 per company per new market.
- (c) From 2nd half of 2026, the “new to target overseas market” criterion of the MRA will be removed.

Enterprise SG will provide more details by 2nd half of 2026.

Effective : Up to 31 March 2029.

Commentary : The objective is to enhance existing support schemes to encourage more businesses to deepen their presence in overseas markets and diversify into new markets.

6. ENHANCING GRANT SUPPORT LEVELS FOR INTERNATIONALISATION SCHEMES

Current : The Business Adaptation (“BizAdapt”) grant supports up to 50% of eligible costs for local SMEs and up to 30% for local non-SMEs and is capped at \$100,000 per company. The grant will be available for a two-year period from 7 October 2025 to 6 October 2027, to help Singapore businesses navigate the new tariff environment.

As for the Global Innovation Alliance (“GIA”) schemes and programmes, these generally have offered support of up to 50% for qualifying costs.

Proposed : The Minister proposed to enhance the grant support levels for the BizAdapt grant and GIA schemes and programmes. Local SMEs will receive support of up to 70% of eligible costs, and local non-SMEs will receive support of up to 50% of eligible costs.

Effective : From 1 April 2026.

Commentary : The objective of the BizAdapt grant is to help local enterprises impacted by tariffs to adapt their business operations and strengthen supply chain resilience through advisory and reconfiguration support.

As for the GIA schemes and programmes, the objective is to support Singapore-based startups to expand overseas, through participating in market access programmes and connecting with in-market experts, with a focus on technology and innovation.

7. ENHANCING THE ENTERPRISE INNOVATION SCHEME (“EIS”)

Current : The EIS encourages businesses to engage in research and development, innovation, and capability development activities. The scheme is available from YA 2024 to YA 2028, during which qualifying businesses can claim 400% tax deductions/allowances on qualifying expenditure incurred on the following five qualifying activities:

- (a) Qualifying Research and Development activities undertaken in Singapore;
- (b) Registration of Intellectual Property (“IP”);
- (c) Acquisition and licensing of IP rights;
- (d) Training courses that are eligible for SkillsFuture Singapore funding and aligned with the Skills Framework; and
- (e) Innovation projects carried out with polytechnics, the Institute of Technical Education, or other qualified partners (collectively known as partner institutions).

The qualifying expenditure cap under each of activities (a) to (d) is \$400,000 for each YA. The qualifying expenditure cap under (e) is \$50,000 for each YA. Businesses have the option to convert up to \$100,000 of total qualifying expenditure into a 20% non-taxable cash payout, in lieu of tax deductions/allowances.

Proposed : The Minister proposed to enhance the EIS for YA 2027 and YA 2028 to support businesses in adopting AI as follows:

- (a) The list of partner institutions under activity (e) will be expanded to include the Sectoral AI Centre of Excellence for Manufacturing.
- (b) An additional qualifying activity will be introduced for qualifying AI expenditures. Businesses can claim tax deductions/allowances of 400% on up to \$50,000 of qualifying AI expenditures incurred for each YA. The option to convert qualifying expenditure into a cash payout will not be available for this new qualifying activity.

IRAS will provide further details by mid-2026.

Effective : From YA 2027 to YA 2028.

Commentary : By incorporating AI into the EIS framework, the government signals a clear and practical shift toward accelerating AI adoption in support of the national AI agenda. The enhancement benefits businesses seeking to improve day-to-day operations through automation and digitalisation, with particular emphasis on early-stage adoption.

This move complements other forthcoming AI initiatives, such as expansion of Productivity Solutions Grant for AI-enabled solutions, the establishment of an AI park, and efforts to raise AI fluency across the workforce.

8. EXTENDING THE WITHHOLDING TAX EXEMPTIONS FOR THE FINANCIAL SECTOR

Current : Generally, interest payments made to non-resident persons are subject to a withholding tax rate of 15%.

A range of withholding tax exemption is available to financial institutions for payments made under specific types of financial transactions.

The following payments made to non-resident persons (excluding permanent establishments in Singapore) are exempted from withholding tax:

- (a) All Section 12(6) payments made by specified entities for the purpose of their trade or business;
- (b) Payments on structured products offered by financial institutions in Singapore;
- (c) Payments on over-the-counter financial derivatives made by qualifying financial institutions;
- (d) Payments made under cross currency swap transactions by Singapore swap counterparties to issuers of Singapore dollar debt securities;
- (e) Interest payments on margin deposits made under all derivatives contracts by approved exchanges, approved clearing houses, members of approved exchanges and members of approved clearing houses;
- (f) Specified payments made under securities lending or repurchase agreements by specified institutions; and
- (g) Payments made under interest rate or currency swap transactions by MAS.

The above withholding tax exemption is scheduled to lapse after 31 December 2026.

Proposed : The Minister proposed to extend the WHT exemption scheme till 31 December 2031.

Further details will be provided by MAS by 2nd Quarter 2026.

Effective : Up to 31 December 2031

Commentary : The above would help maintain the competitiveness of the financial sector in Singapore.

9. EXTENDING AND ENHANCING THE FINANCE AND TREASURY CENTRE (“FTC”) INCENTIVE

Current : Under the FTC incentive, approved FTCs are eligible for a concessionary tax rate of 8% or 10% on qualifying income.

Approved FTCs are also eligible for withholding tax exemption on interest payments on loans used for qualifying activities or services.

The incentive is scheduled to lapse after 31 December 2026.

Proposed : The Minister proposed for the FTC incentive to be extended till 31 December 2031.

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

EDB will provide more details by 13 February 2026.

Effective : Up to 31 December 2031.

Commentary : This is to encourage companies to conduct treasury management activities in Singapore.

10. EXTENDING AND ENHANCING THE GLOBAL TRADER PROGRAMME (“GTP”)

Current : Under the GTP, approved global trading companies are eligible for a concessionary tax rate of 5%, 10%, or 15% on income from qualifying transactions in qualifying commodities.

The scheme is scheduled to lapse after 31 December 2026.

Proposed : The following changes will be made to the GTP:

- (a) The scheme will be extended until 31 December 2031.
- (b) The list of qualifying commodities will be expanded to include Environmental Attribute Certificates from 13 February 2026.

Enterprise Singapore will provide more details by 2nd Quarter 2026.

Effective : Up to 31 December 2031.

Commentary : This is to further strengthen Singapore’s position as a global trading hub.

11. ALLOWING THE INVESTMENT ALLOWANCE FOR EMISSIONS REDUCTION (“IA-ER”) SCHEME TO LAPSE

Current : Under the IA-ER scheme, investment allowance can be granted to companies for capital expenditure incurred for approved projects that improve energy efficiency or reduce greenhouse gas emissions.

The scheme is scheduled to lapse after 31 December 2026.

Proposed : The Minister proposed to allow the IA-ER scheme to lapse.

Effective : Up to 31 December 2026.

Commentary : The change is to ensure the tax schemes remain relevant. The Government will continue to support efforts to improve energy efficiency or reduce greenhouse gas emissions via existing schemes such as the Resource Efficiency Grant for Emissions and the Refundable Investment Credits for Decarbonisation.

12. ALLOWING THE DOUBLE TAX DEDUCTION FOR QUALIFYING UPFRONT COSTS ATTRIBUTABLE TO RATED RETAIL BONDS TO LAPSE

Current : Bond issuers carrying on a trade or business in Singapore are allowed to claim a tax deduction of up to 200% on qualifying upfront costs incurred on or after 19 May 2021 that are attributable to rated retail bonds issued from 19 May 2021 to 31 December 2026 (both dates inclusive) under the Seasoning Framework and Exempt Bond Issuer Framework.

The scheme is scheduled to expire after 31 December 2026.

Proposed : The incentive will be allowed to lapse after 31 December 2026.

Effective : Up to 31 December 2026.

Commentary : The objective is to ensure that our tax incentives remain relevant, and hence the double tax deduction scheme for rated retail bonds will be allowed to lapse upon its expiry. Other schemes such as the Qualifying Debt Securities scheme and the Global-Asia Bond Grant Scheme remain available to bond issuers.

B INDIVIDUAL TAXATION

1. PERSONAL TAX RATES

Current : Residents are taxed at graduated rates from 0% to 24% (refer to attached **Appendix I**) from the YA 2024.

A one-off personal income tax rebate of 60%, subject to a cap of \$200 per taxpayer, was given to all tax resident individuals for the YA 2025.

Proposed : No change to the existing personal income tax rates.

The one-off personal income tax rebate granted for the YA 2025 will not be granted for the YA 2026.

C OTHERS

1. EXTENDING THE 250% TAX DEDUCTION FOR QUALIFYING DONATIONS TO INSTITUTIONS OF A PUBLIC CHARACTER (“IPCs”) AND ELIGIBLE INSTITUTIONS

Current : Tax deduction of 250% is granted for qualifying donations made to IPCs and other eligible institutions.

The tax deduction is scheduled to lapse for donations made after 31 December 2026.

Proposed : The Minister proposed to extend the enhanced tax deduction of 250% for another three years from 1 January 2027 to 31 December 2029.

Existing rules to qualify for the enhanced tax deduction remain the same.

Effective : Up to 31 December 2029.

Commentary : The above is to continue to encourage Singaporeans to give back to the community.

2. EXTENDING THE CORPORATE VOLUNTEER SCHEME (“CVS”)

Current : All businesses carrying on a trade or business in Singapore can claim 250% tax deductions on qualifying expenditure (such as wages) incurred in respect of:

(a) Sending their qualifying employees to volunteer at or to provide services to IPCs; or

(b) Seconding their qualifying employees to IPCs.

From 1 January 2024, the qualifying expenditure is subject to an annual cap of \$250,000 per business per YA and \$100,000 per IPC per calendar year (“CY”).

The tax deduction is scheduled to lapse for expenditure incurred after 31 December 2026.

Proposed : The Minister proposed to extend the CVS scheme till 31 December 2029.

Effective : Up to 31 December 2029.

Commentary : The above seeks to continue supporting corporate volunteering and encourage businesses to give back to community.

3. ENHANCING AND EXTENDING THE PROGRESSIVE WAGE CREDIT SCHEME (“PWCS”)

Current : The PWCS was introduced in Budget 2022 to provide transitional wage support for employers to adjust to the Progressive Wages moves from CY 2022 to CY 2026, as well as encourage employers to raise wages of lower-wage workers.

The following conditions apply:

- (a) Employee has average gross monthly wages of up to \$3,000, before the wage increase;
- (b) Employee has average gross monthly wages of up to \$4,000, after the wage increase;
- (c) Average gross monthly wage increase must be at least \$100 in each qualifying year; and
- (d) Wage increase in each qualifying year will be co-funded for two years if the wage increase is sustained.

The PWCS was enhanced at Budget 2025, with 2025 and 2026 co-funding support raised from 30% to 40% and 15% to 20% respectively.

Proposed : The Minister proposed to increase the co-funding support for wage increases given in the qualifying year 2026 and extend the PWCS to 2028.

Qualifying Year (i.e., year that wage increase was given)	Payout Period	Current	New
2026	1Q 2027	20%	30%
2027	1Q 2028	-	30%
2028	1Q 2029	-	20%

For qualifying year 2028, wage increases will only be co-funded for one year.

The Minister also proposed to increase the minimum qualifying wage increase given in qualifying years 2027 and 2028 from \$100 to \$200.

Effective : From 2026.

Commentary : The above aims to strengthen support for employers to uplift the wages of lower-wage workers.

4. REVISING THE EMPLOYMENT PASS (“EP”) MINIMUM QUALIFYING SALARY

Current : The EP minimum qualifying salary is currently \$5,600 for all sectors, while the Financial Services sector requires a minimum qualifying salary of \$6,200.

Proposed : The EP minimum qualifying salary will be raised from \$5,600 to \$6,000. The Financial Services sector will continue to have a higher EP minimum qualifying salary, which will be raised from \$6,200 to \$6,600 as follows.

Sector(s)	Current Minimum Qualifying Salary	Revised Minimum Qualifying Salary
All sectors, except for Financial Services	\$5,600 (increases progressively with age from age 23, up to \$10,700 at age 45 and above)	\$6,000 (increases progressively with age from age 23, up to \$11,500 at age 45 and above)
Financial Services sector	\$6,200 (increases progressively with age from age 23, up to \$11,800 at age 45 and above)	\$6,600 (increases progressively with age from age 23, up to \$12,700 at age 45 and above)

Effective : These changes will apply to new EP applications from 1 January 2027, and renewal applications from 1 January 2028.

Commentary : The EP qualifying salary is regularly reviewed based on the top one-third of local Professionals, Managers, Executives and Technicians wages, to ensure that EP holders are of high calibre.

5. REVISING THE S PASS MINIMUM QUALIFYING SALARY

Current : The S Pass minimum qualifying salary is currently \$3,300 for all sectors, while the Financial Services sector requires a minimum qualifying salary of \$3,800.

Proposed : The S Pass minimum qualifying salary will be raised from \$3,300 to \$3,600. The Financial Services sector will continue to have a higher S Pass minimum qualifying salary, which will be raised from \$3,800 to \$4,000 as follows.

Sector(s)	Current Minimum Qualifying Salary	Revised Minimum Qualifying Salary
All sectors, except for Financial Services	\$3,300 (increases progressively with age from age 23, up to \$4,800 at age 45 and above)	\$3,600 (increases progressively with age from age 23, up to \$5,100 at age 45 and above)
Financial Services sector	\$3,800 (increases progressively with age from age 23, up to \$5,650 at age 45 and above)	\$4,000 (increases progressively with age from age 23, up to \$5,650 at age 45 and above)

Effective : These changes will apply to new S Pass applications from 1 January 2027, and renewal applications from 1 January 2028.

Commentary : The cost of hiring an S Pass holder, i.e., qualifying salary plus levy, is regularly reviewed based on the top one-third of local Associate Professionals and Technicians wages.

6. INCREASING SENIOR WORKERS' CENTRAL PROVIDENT FUND ("CPF") CONTRIBUTION RATES

Current : In 2019, it was announced that the CPF contribution rates will be raised gradually for Singaporeans and Permanent Resident workers aged above 55 to 70.

Eventually, when the increases have been fully implemented, those aged above 55 to 60 will have the same CPF contribution rates as younger workers.

The Government has implemented the increase in senior workers' CPF contribution rates for workers aged above 55 to 70 each year since 1 January 2022.

From 1 January 2026, the employer's and employee's CPF contribution rates are as follows:

With effect from 1 January 2026

Employee Age (Years)	Contribution Rates (for monthly wages > \$750)		
	Employer %	Employee %	Total %
55 and below	17	20	37
Above 55 to 60	16	18	34
Above 60 to 65	12.5	12.5	25
Above 65 to 70	9	7.5	16.5
Above 70	7.5	5	12.5

Proposed : The next increase in senior workers' CPF contribution rates for workers aged above 55 to 65 will take place on 1 January 2027 as follows.

With effect from 1 January 2027

Employee Age (Years)	Contribution Rates (for monthly wages > \$750)		
	Employer %	Employee %	Total %
55 and below	17	20	37
Above 55 to 60	16.5	19	35.5
Above 60 to 65	13	13	26
Above 65 to 70	9	7.5	16.5
Above 70	7.5	5	12.5

A one-year CPF Transition Offset equivalent to half of the 2027 increase in employer CPF contribution rates for every Singaporean and Permanent Resident worker will be provided to employers to mitigate the rise in business costs due to this increase. This will be provided automatically and employers need not apply for the offset.

Effective : From 1 January 2027.

Commentary : The change in the CPF contribution rates for senior workers is meant to enhance the retirement adequacy of seniors.

7. CPF TOP-UP

Proposed : The Minister proposed to provide a CPF Top-Up for Singaporeans aged 50 and above in 2026 (i.e. born in 1976 or earlier) if they meet the following criteria:

- (a) CPF retirement savings below the 2026 Basic Retirement Sum (“BRS”) of \$110,200 as at 31 December 2025;
- (b) Live in a residence with Annual Value (“AV”) of \$31,000 and below as at 31 December 2025; and
- (c) Own not more than one property as at 31 December 2025.

The CPF Top-Up will be tiered by recipients’ CPF retirement savings and AV of their residential property as follows.

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

CPF retirement savings will be based on the sum of the CPF Retirement Account (“RA”) and CPF LIFE balances, or the sum of Ordinary Account and Special Account (“SA”) balances if RA has not yet been created.

The CPF Top-Up will be credited in December 2026 to recipients’ CPF RA, or SA if the RA has not yet been created.

Commentary : This aims to provide additional support to boost the retirement adequacy of Singaporeans aged 50 and above in 2026.

APPENDIX I

**RATES OF INCOME TAX
FOR RESIDENT INDIVIDUALS (SINGAPORE)**

Tax Rates from YA 2017 to YA 2023				Tax Rates from YA 2024 onwards			
	Chargeable Income*	Tax Rate	Gross Tax Payable		Chargeable Income*	Tax Rate	Gross Tax Payable
	(\$)	(%)	(\$)		(\$)	(%)	(\$)
On the first	20,000	0	0	On the first	20,000	0	0
On the next	10,000	2	200	On the next	10,000	2	200
On the first	30,000	-	200	On the first	30,000	-	200
On the next	10,000	3.5	350	On the next	10,000	3.5	350
On the first	40,000	-	550	On the first	40,000	-	550
On the next	40,000	7	2,800	On the next	40,000	7	2,800
On the first	80,000	-	3,350	On the first	80,000	-	3,350
On the next	40,000	11.5	4,600	On the next	40,000	11.5	4,600
On the first	120,000	-	7,950	On the first	120,000	-	7,950
On the next	40,000	15	6,000	On the next	40,000	15	6,000
On the first	160,000	-	13,950	On the first	160,000	-	13,950
On the next	40,000	18	7,200	On the next	40,000	18	7,200
On the first	200,000	-	21,150	On the first	200,000	-	21,150
On the next	40,000	19	7,600	On the next	40,000	19	7,600
On the first	240,000	-	28,750	On the first	240,000	-	28,750
On the next	40,000	19.5	7,800	On the next	40,000	19.5	7,800
On the first	280,000	-	36,550	On the first	280,000	-	36,550
On the next	40,000	20	8,000	On the next	40,000	20	8,000
On the first	320,000	-	44,550	On the first	320,000	-	44,550
In excess of	320,000	22		On the next	180,000	22	39,600
				On the first	500,000	-	84,150
				On the next	500,000	23	115,000
				On the first	1,000,000	-	199,150
				In excess of	1,000,000	24	

* Chargeable income = Income after tax reliefs

Note: For the Year of Assessment 2017, a one-off tax rebate of 20% of tax payable, subject to a cap of \$500, is granted to resident individual taxpayers.

For the Year of Assessment 2019, a one-off tax rebate of 50% of tax payable, subject to a cap of \$200, is granted to resident individual taxpayers.

For the Year of Assessment 2024, a one-off tax rebate of 50% of tax payable, subject to a cap of \$200, is granted to resident individual taxpayers.

For the Year of Assessment 2025, a one-off tax rebate of 60% of tax payable, subject to a cap of \$200, is granted to resident individual taxpayers.

CONTACT US

N Vimala Devi

Director of Taxes

Email: devi.vimala@bsl.sg

DID: (65) 6833 6322

Gary Tan

Senior Tax Manager

Email: tan.gary@bsl.sg

DID: (65) 6833 6313

Lim Hsee Meang

Tax Principal

Email: lim.hseemeang@bsl.sg

DID: (65) 6833 6318

Wang Renhong

Tax Manager

Email: wang.renhong@bsl.sg

DID: (65) 6833 6337