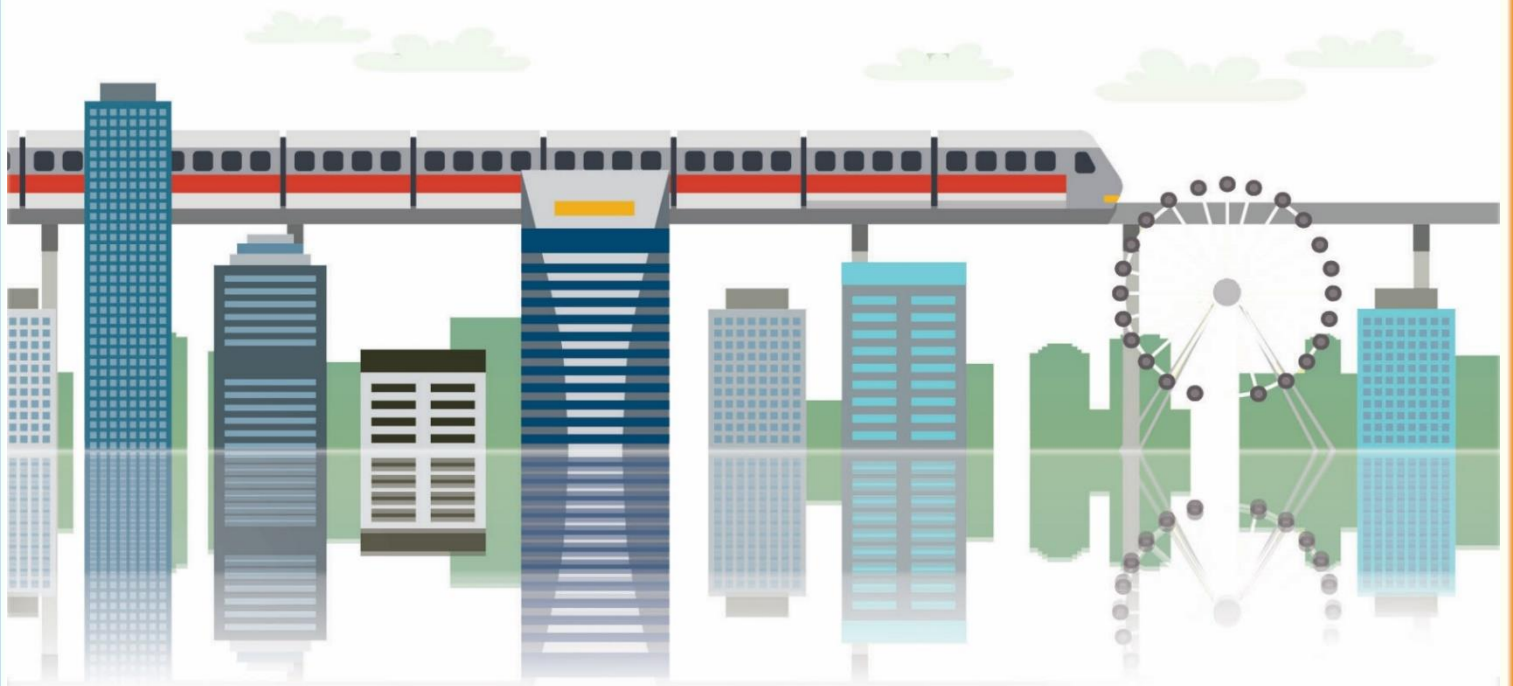




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Singapore Budget 2019 Special

Tax Alert
March 2019

A summary of the tax and other changes announced on 18 February 2019.

Companies and Businesses

1. Corporate tax rate

No changes were made to the corporate tax rate which still remains at 17%.

2. Corporate income tax rebate (“CIT rebate”)

No changes were made to the corporate income tax rebate.

Year of Assessment (“YA”) 2019

- Cap: \$10,000
- Rebate rate: 20% of tax payable

3. Extending the writing down allowance for acquisition of qualifying intellectual property rights (“IPR”)

Qualifying IPRs acquired on or before the last day of the basis period for YA 2025 will be granted writing down allowance (“WDA”) to cover the capital expenditure incurred.

4. Extending the Automation Support Package

There will be an extension of the 100% investment allowance under the Automation Support Package for an additional two years until 31 March 2021. The approved capital expenditure remains capped at \$10 million per project.

5. Extending income tax concessions for Singapore-listed Real Estate Investment Trusts (“S-REITs”)

To further promote the listing of REITs in Singapore, the existing tax concessions for S-REITs will be extended till 31 December 2025. The sunset clause for tax exemption on S-REITs distributions received by individuals will be removed. MAS will release further details of the change by May 2019.

All other conditions of the scheme remain unchanged.

6. Extending income tax concessions for Singapore-listed Real Estate Investment Trusts Exchange-Traded Funds (“REITs ETFs”)

The existing tax treatments for REITs ETFs will be extended till 31 December 2025. The sunset clause for tax exemption on REITs ETFs distributions received by individuals will be removed. MAS will release further details of the change by May 2019.

All other conditions of the scheme remain unchanged.

7. Extending the tax incentive schemes for fund managed by Singapore-based fund managers (“Qualifying Funds”)

The existing tax concessions relating to Qualifying Funds will be extended till 31 December 2024. There will be refinements made to sections 13CA, 13R and 13X to keep the schemes relevant and ease compliance burden. MAS will release further details of the change by May 2019.

8. Schemes to be lapsed

Schemes	Date of lapse
Designated Unit Trust (“DUT”) scheme	after 31 March 2019
Approved Unit Trust (“AUT”) scheme	after 18 February 2019
Property Tax (Tourist Projects) order	after 18 February 2019

Individuals

9. Bicentennial bonus

There will be GST vouchers of up to \$300 for 1.4 million Singaporeans.

There will also be a workfare bicentennial bonus for lower-income workers who received workfare income supplement (“WIS”) payouts. They will receive 10% of their WIS payments for work done in 2018, with a minimum payout of \$100.

10. Personal income tax rebate

There will be a 50% personal income tax rebate for YA 2019, capped at \$200 for all tax resident individuals.

11. Duty-free allowance for liquor products

The alcohol duty-free concession for travellers has also been reduced from 3 litres to 2 litres with effect from 1 April 2019.

The revised duty-free allowance options are as follows:

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

12. Grandparent caregiver relief

For working mothers with handicapped and unmarried dependent children, resident individual taxpayers can claim Grandparent Caregiver Relief of \$3,000 regardless of the child’s age, if they have met all other conditions with effect from YA 2020.

13. Not ordinarily resident (NOR) scheme

Under the NOR scheme, qualifying individuals can time apportion their Singapore employment income or be tax exempted of their employer’s contribution to a non-mandatory overseas pension or provident fund. The NOR scheme will lapse after YA 2020, where the last NOR status will be granted for YA 2020 and expire in YA 2024.

Goods and Services Tax (“GST”)

14. GST import relief

With effect from 19 February 2019, GST import relief for travellers will be reduced as follows:

Value of Goods Granted GST Import Relief		
Time spent outside Singapore	Current	New
Less than 48 hours	\$150	\$100
At least 48 hours	\$600	\$500

15. GST remission for S-REITs and Singapore-listed Registered Business Trusts (“RBTs”)

To promote the listing of S-REITs and RBTs in the infrastructure business, ship leasing and aircraft leasing sectors, the existing GST remission will be extended till 31 December 2025.

All conditions of the GST remission remain unchanged. MAS will release further details of the change by May 2019.

16. GST recovery for Qualifying Funds

The concession will be extended till 31 December 2024. MAS will release further details of the change by May 2019.

Others

17. Restructuring diesel taxes

The excise duty on diesel fuel has been increased from \$0.10 to \$0.20 per litre with effect from 18 February 2019. Furthermore, the special tax for diesel vehicles will be reduced by \$100 for diesel cars and \$850 for diesel taxis.

To cushion the impact of increase in diesel duty, three years of road tax rebates will be provided for commercial diesel vehicles:

Period	Road tax rebate
1 August 2019 – 31 July 2020	100%
1 August 2020 – 31 July 2021	75%
1 August 2021 – 31 July 2022	50%

In addition, diesel school buses will be given yearly cash grants:

Period	Cash grants
1 August 2019 – 31 July 2020	\$1,600
1 August 2020 – 31 July 2021	\$800
1 August 2021 – 31 July 2022	\$400

Eligible diesel private hire and excursion buses that ferry students will also be given cash grants, on the condition that they have ferried students continuously for at least six months:

Period	Cash grants
1 August 2019 – 31 July 2020	up to \$1,800
1 August 2020 – 31 July 2021	up to \$900
1 August 2021 – 31 July 2022	up to \$500

18. Foreign worker levy (“FWL”)

The FWL increases for the Marine Shipyard and Process sectors will be deferred for one more year. There will be no changes in the increases of rates for all other sectors.

Contact us

If you need assistance or advice on the above, we are here to assist you.



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