

Support for Businesses

Key Measures Announced in
the Singapore Budgets 2020





Introduction

Various measures were announced by the Deputy Prime Minister and Minister for Finance, Mr Heng Swee Keat, to help businesses address cash flow, cost and credit issues in his Budget announcements in 2020. Up to 26 May 2020, four (4) separate Budget announcements were made: Unity, Resilience, Solidarity and Fortitude Budgets. In these Budget announcements, there are broad-based measures that are available to all businesses to overcome the immediate challenges posed by the COVID-19 outbreak, as well as measures that are specific to certain sectors which are most directly affected by COVID-19.

In this article, we examine some of the key broad-based and sector-specific measures announced in the Singapore Budgets 2020.

Broad-Based Measures which are Available to All Businesses

1. Jobs Support Scheme (“JSS”)

The JSS was introduced to help enterprises retain their local employees (Singapore Citizens and Permanent Residents) during this period of economic uncertainty. All active employers, with the exception of Government organisations (local and foreign) and representative offices, are eligible for the JSS. Under the JSS, employers will receive a 25% cash grant on the wages, of up to S\$4,600 per employee, of each local employee for whom mandatory CPF contributions were made. The JSS will cover ten months of wages (i.e. October 2019 to December 2019 and February 2020 to August 2020).

The JSS will also provide two additional tiers of support for businesses in sectors most affected by the COVID-19 crisis such as aviation, tourism, food services, aerospace, retail, marine and offshore. The additional tiers provide for additional support of either 50% or 75% of wages.

In view of the circuit breaker period from 7 April 2020 to 1 June 2020, when restrictions on social and economic activities were imposed, 75% wage support will be granted to all businesses, regardless of sector, for wages paid in April 2020 and May 2020. The 75% wage support is also granted for businesses that are still not permitted to resume operations after circuit breaker period.

2. Automatic Deferment of Income Tax Payments for Companies and Self-Employed Persons (“SEPs”)

All companies with corporate income tax payments due in the months of April, May and June 2020, will be granted an automatic three-month deferment of these payments. The corporate income tax payments deferred from April, May and June 2020, will instead be collected in July, August and September 2020, respectively.

All SEPs are to file their Personal Income Tax (“PIT”) returns for the Year of Assessment 2020 by 18 April 2020. SEPs will be granted an automatic three-month deferment of their PIT payments due in the months of May, June and July 2020. The PIT payments deferred from May, June and July 2020, will instead be collected in August, September and October 2020, respectively.

3. Enhanced Property Tax Rebate/ Cash Grant for Small and Medium Enterprises (“SMEs”)

An enhancement was made to the property tax rebate available to qualifying non-residential properties previously announced in Budget 2020. With the enhancement, most non-residential properties will be granted a rebate for property tax payable for the period 1 January 2020 to 31 December 2020. The enhanced property tax rebate is as follows:

- 100% rebate for qualifying commercial properties (includes hotels, serviced apartments, tourist attractions, shops and restaurants)
- 60% rebate for the Integrated Resorts
- 30% for other non-residential properties

The Government introduced new legislation on 7 April 2020. Under the new legislation, property owners are obliged to pass on to their tenants the full amount of property tax rebate received for each property tax account that is attributable to the tenanted property.

A cash grant will be provided to SMEs tenants to offset their rental costs.

4. Enhancement to Financing Schemes

Enterprise Financing Scheme (“EFS”)

- The maximum loan quantum of the EFS-Trade Loan will be increased from S\$5 million to S\$10 million and the Government’s risk-share will be raised up to 80%.
- The maximum loan quantum of the EFS-SME Working Capital Loan will be increased from S\$0.6 million to S\$1 million. Small and medium enterprises may request for a deferment of the principal repayment for 1 year, subject to assessment by Participating Financial Institutes (“PFIs”).

Loan Insurance Scheme

- The subsidy for loan insurance premium will be raised from 50% to 80%.

Temporary Bridging Loan Programme

- The programme is expanded to cover all sectors and the maximum supported loan quantum will be raised from S\$1 million to S\$5 million. Enterprises may request for a deferment of the principal repayment for 1 year, subject to assessment by PFIs.

The Government’s risk share of loans made under the Temporary Bridging Loan Programme, EFS - Working Capital Loan and EFS - Trade Loan will be increased from 80% to 90% for loans initiated from 8 April 2020 till 31 March 2021.

5. Foreign Worker Levy (FWL)

FWL due in April 2020 and May 2020 for foreign workers on work permits and S-passes will be waived. In addition, employers will be provided with a FWL rebate of S\$750 per month in April 2020 and May 2020 for each work permit or S pass holder, based on previous levies paid in 2020.

For businesses that are not allowed to resume operations on-site immediately after the circuit breaker period, the FWL for the month of June 2020 will be fully waived, while the FWL for July 2020 will be partially waived (i.e. 50%).

It should be noted that the broad-based measures are on top of income tax measures announced in Budget 2020, such as the Corporate Income Tax Rebate, Automatic Extension of Interest-Free Instalments for Payment of Corporate Income Tax on Estimated Chargeable Income, Enhanced Carry-Back Relief Scheme and the Enhanced Wage Credit Scheme.

Sector-Specific Measures

The following is a summary of the sector-specific support measures:

1. Aviation Sector	
1.1 Enhanced JSS	Airlines, ground handling companies, and airport operators will receive grants covering 75% of the gross monthly wages of each Singapore Citizen/Permanent Resident employee, subject to a monthly wage cap of S\$4,600.
1.2 Enhanced Aviation Support Package	The government will provide a S\$350 million Enhanced Aviation Support Package to: a) provide cost relief to affected businesses in the aviation sector; and b) maintain a minimum level of air connectivity to allow overseas Singaporeans to return to Singapore and for the transportation of goods to keep Singapore's supply chains open.
1.3 Deferment of Fees Payments	The Civil Aviation Authority of Singapore ("CAAS") will allow Singapore carriers and airport operators to partially or fully defer payment of certain fees due to CAAS between 1 April 2020 and 31 March 2021 by up to one year, to help ease their cash flow. The list of applicable fees is as follows: Fees paid by Singapore-based airlines operating scheduled flights: <ul style="list-style-type: none">• Fees for new and renewed Certificates of Airworthiness• Fees for Category A and Category B licences to provide air services on scheduled journeys under an air services agreement Fees paid by Airport Operators: <ul style="list-style-type: none">• Aerodrome Certification Fee• Air Navigation Charge (50% of fee due)• Airport Licence Fee

2. Tourism Sector	
2.1 Enhanced Broad-Based Support for Tourism Sector (Enhanced JSS and Property Tax Rebate)	<p>Qualifying licensed hotels, qualifying licensed travel agents, qualifying gated tourist attractions, cruise lines and cruise terminal operators, and purpose-built Meetings, Incentives, Conferences and Exhibitions (“MICE”) venue operators will receive enhanced support under the JSS to cover 75% of gross monthly wages, per Singapore Citizen/Permanent Resident employee, up to a monthly wage cap of S\$4,600.</p> <p>Qualifying commercial properties, including hotels, serviced apartments, tourist attractions, prescribed MICE venues, and international cruise and regional ferry terminals, will enjoy a property tax rebate of 100% for the period of 1 January 2020 to 31 December 2020. This does not apply to Marina Bay Sands and Resorts World Sentosa, whose property tax rebate is both 60%, respectively.</p>
2.2 Enhanced Training Industry Professionals in Tourism Grant	<p>The Training Industry Professionals in Tourism (“TIP-iT”) Grant supports tourism companies in employee upgrading and talent and leadership development. In February 2020, the Singapore Tourism Board (“STB”) enhanced support under TIP-iT for certified courses and course development for tourism-related skill sets by increasing the maximum support levels to 90% for course fees and trainer fees, for courses that commence between 1 March 2020 and 31 May 2020 (both dates inclusive). These enhancements will now be extended to also include courses that commence between 1 June 2020 and 31 December 2020 (both dates inclusive).</p>
2.3 Other Enhanced Tourism Grants	<p>The maximum support level for qualifying costs will be increased by 10 percentage points for the following grants:</p> <ul style="list-style-type: none"> • Business Improvement Fund (BIF) • Local Enterprise and Association Development Programme (LEAD) • Business Events in Singapore (BEiS) • Leisure Events Fund (LEF) • Kickstart Fund (KF) • Experience Step-Up Fund (ESF) • Cruise Development Fund (CDF)

3. Land Transport Sector	
3.1 Enhanced and Extended Point-to-Point Support Package (“PPSP”)	Special Relief Fund payments of S\$300 per vehicle per month will be extended till September 2020. Other enhancements include the waiver of operator license fees and Private Hire Car vehicle outward conversion fees.
3.2 Relief for Private Bus Owners	1-year road tax rebate and 9-month waiver for Class 2 Bus Service License fees will be granted.

4. Maritime Sector	
4.1 Extension of the 50% Port Dues Concession for Passenger Vessels	In February 2020, the Maritime and Port Authority of Singapore (“MPA”) announced that there will be a 50% port dues concession for passenger vessels. The MPA had granted this concession for the period of 1 March 2020 to 31 August 2020. The MPA will now extend this concession till 31 December 2020.
4.2 Provision of Additional 35% Rebates on Counter Rental and Overnight Berthing for Regional Ferry Operators	Singapore Cruise Centre Pte. Ltd. (“SCCPL”) has given a 15% rebate to regional ferry operators to offset their rental fees for overnight berthing of vessels and counter rental at Tanah Merah Ferry Terminal for three months from March 2020. MPA will provide an additional 35% rebate to these operators.
4.3 100% Waiver of Public Licence Fees for Passenger Terminal Operators	The MPA will grant passenger terminal operators, namely SCCPL and SATS-Creuers Cruise Services Pte. Ltd., a 100% waiver of their public licence fees for one year.

5. Arts and Culture Sector	
5.1 New Job Support Funding	The National Arts Council (“NAC”) will provide funding for major companies and leading arts groups to retain jobs in the arts and culture sector.
5.2 Enhanced Capability Development Scheme for the Arts (“CDSA”)	NAC will further enhance the CDSA to support the upskilling and professional development of arts organisations and practitioners. The enhanced CDSA will support a wider group of arts and culture organisations and practitioners, including freelancers, up to end-2020.
5.3 Introduction of a New Fund for the Digitalisation of Arts and Culture Content	The Ministry of Culture, Community and Youth, NAC, and the National Heritage Board will champion efforts to promote digitalisation of arts and culture content through a new fund.



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