



BSL TAX SERVICES PTE LTD



2018 SINGAPORE BUDGET HIGHLIGHTS

TOGETHER, A BETTER FUTURE...

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CORPORATE TAX

- No change to corporate tax rate which remains at 17%. The corporate income tax rebate has been enhanced to 40% from 20% with the cap increased from \$10,000 to \$15,000 for YA 2018. The corporate tax rebate is extended to YA 2019 at a rate of 20% with a cap at \$10,000.
- Adjust the Start-Up Tax Exemption scheme to provide 75% exemption on the first \$100,000 of normal chargeable income; and 50% exemption on the next \$100,000 of normal chargeable income with effect from YA 2020.
- Adjust the Partial Tax Exemption scheme to provide 75% exemption on the first \$10,000 of normal chargeable income; and 50% exemption on the next \$190,000 of the normal chargeable income with effect from YA 2020.
- Enhance the tax deduction for qualifying R&D expenditure undertaken in Singapore from 150% to 250% for YA 2019 to YA 2025.
- Enhance the tax deduction for costs on protecting IP from 100% to 200% capped at \$100,000 for YA 2019 to YA 2025.
- Enhance the tax deduction for costs on IP in-licensing from 100% to 200% for YA 2019 to YA 2025.
- Enhance the Double Tax Deduction for Internationalisation scheme from \$100,000 to \$150,000 from YA 2019.
- Extend the 250% tax deduction for qualifying donations to 31 December 2021.
- Extend the Business and IPC Partnership scheme to 31 December 2021.
- Introduce a tax framework for Singapore Variable Capital Companies which as new structure designed for collective investment schemes.
- Extend the Enhanced-Tier Fund Scheme to all fund vehicles constituted in all forms.
- Extend the tax transparency for S-REITs to Singapore Listed Real Estate Investment Trusts Exchange – Traded Funds.
- Extend the FSI scheme to 31 December 2023.
- Enhance the FSI scheme to include trading in loans and their related collaterals that are prescribed infrastructure assets or projects.
- Extend the Insurance Business Development–Insurance Broking Business scheme to 31 December 2023.
- Allow the Insurance Business Development–Specialised Insurance Broking Business scheme to lapse.
- Extend the tax deduction for banks and qualifying finance companies for impairment and loss allowances made in respect of non-credit impaired financial instruments to YA 2024 (for December FYE) or YA 2025 (for non-December FYE).
- Rationalise the withholding tax exemptions for the financial sector with a review date set on 31 December 2022.

- Extend the tax incentive scheme for Approved Special Purpose Vehicle engaged in asset securitisations to 31 December 2023.
- Extend the Qualifying Debt Securities incentive scheme to 31 December 2023.
- Allow the Qualifying Debt Securities Plus scheme to lapse.
- Extend the tax exemption on income derived by the primary dealers from trading in Singapore to 31 December 2023.
- Extend the Investment Allowance scheme to include qualifying investment in submarine cable systems landing in Singapore.
- Introduce a review date on 31 December 2022 for the withholding tax exemption on container lease payments made to non-resident lessors.

GOODS AND SERVICES TAX

- Introduce GST on imported services from 1 January 2020 via a reverse charge mechanism. The taxation of B2C imported services will take effect through an Oversea Vendor Registration mode.
- Propose an increase in the GST rate from 7% to 9% which may be implemented during any time from 2021 to 2025.

PERSONAL TAX

- No change to personal tax rates whereby the topline rate remains at 22% with effect from YA 2017.

OTHERS

- Extend Wage Credit Scheme for three more years from 2018 to 2020.
- Introduce Carbon Tax at 5% per ton on businesses that produce 25,000 tons or more carbon dioxide equivalent of emissions in a year.
- Raise the Buyer's stamp duty on the value of residential property in excess of \$1 million at 4%.

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.