

The background of the top half of the page is a photograph of a modern office building's interior. Silhouettes of four people (three men and one woman) are walking from left to right across a glass-enclosed walkway. The floor is highly reflective, showing the silhouettes of the people. In the background, a city skyline is visible through the glass, with a prominent clock tower. A large blue arrow points from the center towards the right, indicating forward movement.

Moving forward together into the future

Resilience Budget 2020

An extraordinary stimulus for the uncertain storms ahead

As President Halimah Yacob mentioned in her message to the Singapore Parliament on the Government's supplementary budget, Singapore is heading towards not just rainy days, but a thunderstorm of unprecedented proportions with the ongoing COVID-19 situation.

Deputy Prime Minister Heng Swee Keat unveiled an extraordinary stimulus package to the tune of S\$48.4 billion. He announced various measures, grants and relief to support local enterprises, workers and families as the COVID-19 pandemic continues to wreak havoc on the economy. The depth and breadth of the supplementary budget is truly one that demonstrates the Government's commitment to tackling the challenges of COVID-19, as well as its leadership and foresight.

This is only the second time in Singapore's history that the Government is drawing upon its past reserves and the measures announced will raise the overall budget deficit to S\$39.2 billion; one that is unmatched, coming up to 7.9% of the gross domestic product. This is a response that is much needed considering the rapidly deteriorating situation across the world with global markets and economies in constant turmoil.

Even as the country faces what has been described by Deputy Prime Minister Heng as the "worst economic contraction since its independence", the Resilience Budget together with the Unity Budget will empower Singapore to face her challenges head-on and emerge a stronger, more united country that will retain her position as a hub and the Transformation Capital of Asia.

► Protecting enterprises and preserving jobs

While Singapore's initial Unity Budget focused on affected industries of tourism, aviation, retail, food services and point-to-point transport services, the Government has responded in the most decisive way possible to provide a comprehensive package with broad-based support for all businesses in Singapore, with a primary focus on the sectors that were hardest hit. For sectors such as aviation, tourism, F&B and land transport, wages represent the largest and most critical business cost. The enhanced wage offsets under the Jobs Support Scheme of 50% and 75% are substantial and



will prove to be a lifesaver for those businesses in affected industries.

The Resilience Budget attempts to provide the required assistance in anticipation that the crisis will last for at least a year. Hence, the very generous Jobs Support Scheme (which is tax exempt) extends support for another half year (in addition to the support announced under the Unity Budget), as well as freezing government fees and charges for a full year.

Beyond addressing wages, the enhancements to the Temporary Bridging Loan Programme that increases loan quantum to S\$5 million with an increased risk shared by the Government to 80% will also mean enterprises have more helplines and resources to alleviate cash flow issues.

KPMG in Singapore had called for deferral of payment of taxes as a quick way to help cash flow, and the Government has listened by deferring income tax payments by companies and self-employed persons by three months. This could certainly have been extended for a longer period, and possibly even be applied to other taxes like GST and property taxes, as not all businesses are profitable.

► Not losing sight of transformation and growth

The Resilience Budget highlights the Government's continued focus on transformation of the economy and businesses, looking ahead to not only cushion the economic impact of COVID-19 but also implementing measures that ensure businesses are ready to seize future growth opportunities when the economy begins its recovery.

This is seen in the increased funding support of up to 90% in enhancements to the Enterprise Development Grant and up to 80% under the enhanced Productivity Solution Grant, in a bid to spur enterprises, especially SMEs, to leverage the downturn to transform and invest in skills upgrading or building up digital capabilities. These are in effect significant digital transformation packages that can better support businesses to make full use of digital technologies in this period. Enterprises can use these digital technologies to not only protect their employees and business but also better prepare themselves to be well-positioned for growth when the situation improves. Amidst these difficult circumstances, and as we look forward to perhaps what is more stormy weather ahead, we must take comfort in

Singapore's proven track record and ability in coming together as one nation, and emerging stronger after each challenge to build a united, but more importantly, resilient economy for the future.

Key details of the Resilience Budget measures are summarised in the Annex.



Annex

The measures that are set out below provide extended/enhanced rebates or relief from those that are announced in the Unity Budget in February 2020.

► **Stabilising businesses in unstable times**

The Resilience Budget includes extraordinary measures to help businesses weather the severe economic storms and emerge ready and able when the situation improves.

- **Enhanced Property Tax Rebate for 2020**
 - 100% property tax rebate for qualifying commercial properties (e.g. hotels, serviced apartments, tourist attractions, shops and restaurants) (up from 15% or 30%)
 - 60% property tax rebate for Integrated Resorts (up from 10%)
 - 30% property tax rebate for all other non-residential properties (e.g. industrial properties, offices)
- **Enhanced Rental Waivers**
 - Two months rental waiver for eligible commercial tenants of Government agencies (up from 0.5 month)
 - 0.5 month of rental waiver for all other non-residential tenants of Government agencies
- **Deferment of income tax payment**
 - Automatic three-month deferment of income tax payment for companies
 - No application is required
- **Cash Flow Support**
 - Expanded Temporary Bridging Loan Programme to provide additional cash flow support to all sectors, and increased maximum supported loan to S\$5 million
 - Increased maximum loan quantum to S\$1 million under the Enterprise Financing Scheme – SME Working Capital Loan, to help SMEs access financing for their operational cash flow needs and they may request for a deferment of principal repayment for one year
 - Increased maximum loan quantum to S\$10 million and Government risk-sharing to 80%, under the Enterprise Financing Scheme – Trade Loan, to support Singapore-based enterprises' trade financing needs
 - Increased subsidies for loan insurance premiums to 80% under the Loan Insurance Scheme, to help SMEs secure short-term trade loans by having commercial insurers co-share loan default risks
 - Payout of additional S\$500 million under the Wage Credit Scheme to be brought forward from September 2020 to June 2020

- **Support for Capability Development**

- Raised maximum support level for the Enterprise Development Grant to 80% (or 90% for those planning to refresh business models and find new business opportunities due to severe impact of COVID-19)
 - o Support local enterprises to undertake enterprise transformation projects that lead to improved workers' outcome (e.g. wage increment, job creation, job re-design, staff training)
 - o Unionised enterprises and e2i partners under the Labour Movement may qualify for an additional 10% funding, subject to a maximum support level of 90%
- Raised maximum support level for Productivity Solutions Grant to 80%, to support SMEs for adoption of pre-approved off-the-shelf productivity solutions and equipment to implement COVID-19 business continuity measures:
 - o Online collaboration tools
 - o Virtual meeting and telephony tools
 - o Queue management systems
 - o Temperature screening solutions
- Enhanced SMEs Go Digital to support SMEs in both ready-to-adopt and advanced digital solutions that reduce face-to-face contact
- E-invoicing Registration Grant of S\$200 for businesses registered on the nationwide e-invoicing network to facilitate the implementation of work-from-home plans by eliminating the need to handle paper invoices
- Extended the enhanced training support, comprising higher course fee subsidies and absentee payroll support, to more sectors

- **Resilience Building**

- Enhanced government matching ratio of S\$1 for every S\$2 raised by funds set up by the Trade Associations and Chambers or industry groupings, up to S\$1 million per fund, under the SG Together Enhancing Enterprise Resilience (STEER) programme to help businesses tide over the challenges arising from COVID-19



► Sector-based support to weather the storms

With so many key sectors severely affected by COVID-19, the Government has introduced extensive measures to help these industries cope with a continuing crisis that may last into next year.



• Aviation Sector

- Enhanced Jobs Support Scheme for businesses whose activities are based principally in the aviation sector, with a total of 75% wage offset, capped at a monthly wage of S\$4,600
- S\$350 million Enhanced Aviation Support Package to provide cost relief for airlines, ground handlers and the cargo industry, and to maintain a minimum level of connectivity

• Tourism Sector

- Enhanced Jobs Support Scheme for hotels, travel agencies, tourist attractions, cruise terminals and operators, and Meetings, Incentives, Conferences, Exhibitions (MICE) venue operators, with a total of 75% wage offset, capped at a monthly wage of S\$4,600
- S\$90 million for tourism recovery efforts to help the sector rebound strongly when the time is right

• Food Services Sector

- Enhanced Jobs Support Scheme for food and beverages firms, with a total of 50% wage offset, capped at a monthly wage of S\$4,600

• Land Transport Sector

- Special Relief Fund payments of S\$300 per vehicle per month for taxi hirers and Private Hire Car (PHC) drivers
- Additional support for taxi and PHC operators
- One year road tax rebate and six months waiver of parking charges at government-managed parking facilities for private bus owners, to defray operating costs

• Arts & Culture Sector

- S\$55 million support package to safeguard jobs and retain capabilities, support capability development, and step up digitalisation efforts



▶ Supporting workers, protecting livelihoods

Supporting Singapore workers is critical during these troubled times. The Government has made tremendous efforts to help employers retain their staff and better prepare them for the future.



- **Enhanced Jobs Support Scheme**
 - Employers to receive 25% cash grant on the first S\$4,600 of monthly salaries paid to local workers (up from 8% on the first S\$3,600 previously)
 - Extended to cover nine months (up from three months)
 - Higher support for business sectors severely affected by COVID-19 of up to 75%
 - Grants under this scheme are tax exempt in the hands of the employers
- **COVID-19 Support Grant**
 - Cash grant of S\$800 per month for three months, for low and middle-income Singaporeans who have lost their jobs due to COVID-19
- **SGUnited Traineeships**
 - Co-fund wage costs of companies offering traineeships to first-time jobseekers
 - Support up to 8,000 traineeships in 2020 across both large and small enterprises
- **SkillsFuture Credit**
 - Early use of SkillsFuture Credit Top-up for select courses (ahead of the full implementation date in October 2020)

▶ Supporting Self-Employed Persons (SEPs) when they need it most

With so much of the Singapore workforce officially self-employed, it is vital that they are supported during this critical time. The Government has stepped up with the following measures.

- **Deferment of income tax payment**
 - Automatic three-month deferment of income tax payment for SEPs
 - No application is required
- **Enhanced Workfare Special Payment**
 - Eligible lower income SEPs and Singaporean employees will receive a one-off cash payment of S\$3,000 (enhanced from a maximum of S\$720 previously)
 - Targeted to benefit about 50,000 lower income SEPs
- **SEP Income Relief Scheme**
 - Eligible Singaporeans SEPs will receive direct cash assistance of S\$1,000 a month, for nine months
- **SEP Training Support Scheme**
 - The training allowance will be enhanced from S\$7.50/hour to S\$10/hour with effect from 1 May 2020
- **Extend Point-to-Point Support Package**
 - The Point-to-Point Support Package will be extended to cover seven months till end September 2020 (up from three months)



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