

# Tax alert

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## Unlocking potential savings & opportunities with a BAG — How your business can get started

On July 10, 2025, the Singapore Economic Resilience Taskforce (SERT) introduced the Business Adaptation Grant (BAG)—a strategic initiative aimed at helping companies recalibrate in response to emerging global trade disruptions, particularly those stemming from evolving US tariff policies. With up to S\$100,000 in funding per company over a two-year period, the grant supports firms—especially SMEs—in their efforts to reconfigure supply chains, optimise logistics, and strengthen trade compliance. By co-funding services such as Free Trade Agreement advisory, origin management, legal consultation, and market diversification, the BAG empowers Singapore-based businesses to take proactive steps toward cost savings and operational resilience. This move signals a strong push to equip local enterprises with the expertise they need to navigate international trade with greater agility and strategic foresight. While the exact application start date has not been publicly confirmed, it is expected to be available from October 2025, with implementation and disbursement likely beginning shortly after.

If you are planning to apply for BAG, it will be a great time to start preparing documentation and reviewing trade lanes now—especially since early applicants may benefit from faster access to support. SME companies should utilise this strategic window to reevaluate their global operations and uncover new pathways to efficiency and growth.

avoid costly mistakes like non-compliance penalties, delays at customs, or loss of preferential status. As global supply chains become more complex, with components sourced from multiple countries, determining origin isn't always straightforward. Businesses must navigate criteria like substantial transformation, value-added thresholds, or tariff classification changes to prove eligibility.

### How Your Business Can Get Started

#### Origin Management

Understanding and managing rules of origin today is vital for businesses engaged in international trade because it directly affects their ability to benefit from preferential tariffs, comply with trade regulations, optimise supply chain strategies and comply with the evolving US tariffs requirements.

This classification influences whether goods qualify for preferential treatment under Free Trade Agreements (FTAs), such as reduced or zero tariffs. Proper origin management also helps companies





### Review Existing Trade Lanes

Companies operating across multiple jurisdictions but may not be fully leveraging Free Trade Agreements (FTAs). By reviewing your existing trade lanes, you can have an early start on

- Identifying cost-saving opportunities through preferential tariffs
- Ensuring compliance with evolving trade regulations
- Optimising origin determination to meet FTA rules of origin

### Harmonised System (HS) Classification Review

If you have not performed any HS Classification review or housekeeping for the past years or due to legacy practices, it is time to look into this opportunity. HS Classification is the foundation of your trade strategy.

The HS code is the cornerstone of customs classification—it dictates the tariff rates, exemption eligibility, and regulatory compliance for your product, including its qualification under the rules of origin for preferential trade treatment. In addition, as the US adjusts its tariff policies—whether through Section 301 actions, retaliatory duties, or new trade

agreements—your product's classification could suddenly fall under a higher duty bracket or lose preferential treatment. There are potential opportunities to restructure product classification to be eligible for lower tariffs compliantly. A misclassified item will attract unnecessary tariffs, delay clearance, or even trigger audits and penalties.

### How We Can Help

As experienced consultants, we support businesses in:

- Mapping and analysing current trade lanes
- Determining product eligibility under relevant FTAs using Origin Management Solution (OMS)
- Reviewing existing HS Classification
- Advising on origin documentation and compliance strategies
- Preparing grant applications and supporting documentation
- Whether you are exporting to the US, ASEAN, or beyond, our team can help you navigate the complexities of trade and customs matters and unlock the full potential of the BAG grant.

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## About our tax alerts

KPMG's tax alerts highlight the latest tax developments, impending change to laws or regulations, current practices and potential problem areas that may impact your company. As certain issues discussed herein are time-sensitive, it is advisable to make plans accordingly.

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