February 14, 2023

SINGAPORE BUDGET 2023

Singapore's economy grew by 3.6% in 2022 and the resident unemployment rate is 2.8% which is below pre-pandemic levels. For Financial Year ("FY") 2020 to FY 2022, a total of S$40 billion was drawn from past reserves for emergency Covid-19 spending. Though this is lower than the initial S$52 billion requested, the fiscal position remains tight. For FY 2022, there was a deficit of S$2 billion. Overall, Singapore's economic growth is expected to be between 0.5% to 2.5 % for FY 2023 and the fiscal deficit is estimated at S$0.4 billion.

The 2023 Singapore Budget which was delivered on February 14, 2023 focused on "*Moving Forward To A New Era*". It seeks to build Singapore's capabilities and seize new opportunities in a new era of global development. We expect greater contestation and fragmentation in the global economy where countries are more focused on national gain and security. Singapore which has long thrived on an open, rules based multilateral system, will seek to adjust to this new era by repositioning its economy and refreshing its social impact for the future.

Singapore will redouble its efforts to attract high-quality investments and focus on growth sectors where Singapore is highly competitive such as being a leading international financial centre in Asia, a global trading hub with strengths in transportation and logistics, and a vibrant manufacturing sector, supported by key segments like electronics, chemicals and biomedical science. Singapore will work to enhance the overall productivity and its workforce quality to stay competitive through various measure such as a top-up to the National Productivity Fund with S$4 billion to support companies to build new capabilities, add greater value to Singapore's domestic ecosystems and upskill workers. To ensure there is match between skill sets and industry needs, Job-Skills Integrators which can be existing institutions, can function as labour market intermediaries who can work with industry, training and employment facilitation partners to optimise training and job placements.

The Government will continue to focus on supporting local enterprises with access to capital to enable them to scale up and be globally competitive. The Government through Heliconia Capital deploys equity financing to SMEs and catalyses additional growth capital from the private sector. The SME Co-Investment Fund will benefit from S$150 million top-up. The Singapore Global Enterprises Initiative which was introduced last Budget will be further boosted by another S$1 billion. This initiative supports promising companies by assisting them to secure resources to execute their growth plans, and to build sustained research and innovation capabilities.

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Singapore has now confirmed that it intends to implement Pillar 2 under the Base Erosion and Profits Shifting ("BEPS") Initiative from 2025. The government will continue to monitor international developments and adjust the implementation timeline as needed if there is a delay to the international implementation of these rules. At the same time, Singapore will review and update its broader suite of industry development schemes to ensure that Singapore remains competitive in attracting and retaining investments. A new Enterprise Innovation Scheme will be introduced to focus on nurturing and sustaining innovation through research and development ("R&D"). The existing tax deduction of 250% on qualifying expenditure will be increased to 400% (capped at S$400,000) for prescribed activities and can be partially converted to cash (*see details under Corporate Tax Measures*).

Singapore raised its GST from 7% to 8% on January 1, 2023. The 2023 Budget confirms that GST will be increased to 9% from January 1, 2024. To help Singaporeans manage the costs of inflation and GST rate increases, numerous measures in the form of special pay-outs were increased or enhanced and new one-off pay outs are introduced.

To encourage employers to hire senior workers and offer part-time, re-employment other flexible work arrangements and structured career planning to senior workers, the Senior Employment Credit and the Part-time Re-employment Grant will be extended till 2025. Existing schemes to provide transitional support in the form of Government co-funding to employers to defray the increased cost of hiring lower-wage, disabled or ex-offenders as workers will continue. There are some adjustments to the Central Provident Fund ("CPF") rates. The CPF rates for senior workers will continue to increase and the Government will provide employers with a CPF Transition Offset to alleviate business costs. Additionally, the monthly salary ceiling will be increased from S$6,000 to S$8,000. The increases will be phased in over 4 years (*see details under Individual Tax Measures*).

To safeguard Singapore's population growth, measures are introduced to encourage young couples to have start families including easier access to public housing and increased Government contributions to help with the costs of the child raising and education. Government-paid paternity leave will be increased from two weeks to four weeks for children born on or after January 1, 2024. The additional two weeks will be given on a voluntary basis with the additional leave being reimbursed by the Government. This will be made mandatory in due course.

Overall, the Budget aims to reposition Singapore for future growth and to balance taxation for a strengthened social compact.

CORPORATE TAX MEASURES

1. Implement the Global Anti-Base Erosion ("GloBE") Rules (ie, Income Inclusion Rule and Undertaxed Profits Rule) and Domestic Top-up Tax ("DTT")

Under Pillar 2 GloBE rules of the OECD/G20 BEPS project, multinational groups ("MNEs") with annual revenues exceeding EUR 750 million operating in Singapore, will be subject to a minimum effective rate of 15%. It is expected to apply to affected MNEs' financial year ("FY") commencing on or after January 1, 2025. The Government will monitor international developments and adjust the implementation timeline if there is a delay in the international implementation of the GloBE rules.

2. Introduce the Enterprise Innovation Scheme ("EIS")

Currently, tax deductions are available to businesses for qualifying expenditure to encourage research and development ("R&D"), intellectual property ("IP") registration, IP rights acquisition and IP rights licensing. These tax deductions will be enhanced or introduced in the EIS as follows:

Qualifying activities	Existing Tax Treatment[1]	New Tax Treatment (from YA 2024 to YA 2028)[2]
(a) Qualifying R&D undertaken in Singapore	250% tax deduction for staff costs and consumables incurred on qualifying R&D projects conducted in Singapore under Sections 14C and 14D of the Income Tax Act 1947 ("ITA").	Enhance the tax deduction to 400% for the first $400,000 of staff costs and consumables incurred on qualifying R&D projects conducted in Singapore for each YA.
(b) Registration of IPs	200% tax deduction for the first $100,000 (and 100% for amounts exceeding $100,000) of qualifying IP registration costs under Section 14A of the ITA	Enhance the tax deduction to 400% for the first $400,000 of qualifying IP registration costs incurred per YA.
(c) Acquisition and licensing of IPRs	<u>Acquisition of IPRs</u> 100% writing-down allowance (WDA) over a period of five, 10 or 15 years on acquisition cost of qualifying IP rights under Section 19B of the ITA. <u>Licensing of IPRs</u> 200% tax deduction for the first $100,000 (and 100% for amounts exceeding $100,000) of qualifying IP rights licensing expenditure under sections 14 or 14C and 14U of the ITA	Enhance the tax allowance/deduction to 400% for the first $400,000 (combined cap) of qualifying expenditure incurred on the acquisition and licensing of IP rights. The enhancement will only be available to businesses that generate less than $500 million in revenue in the relevant YA.

[1] The current sunset date for these deductions is Year of Assessment ("YA") 2025 and will be extended to YA 2028 in line with the new enhancements.

[2] In lieu of tax deductions/allowances, business can opt for a non-taxable cash payout at a cash conversion ratio of 20% on up to $100,000 of total qualifying expenditure across all qualifying activities in (a) to (e) above per YA. The cash payout option will be capped at $20,000 per YA, and will only be available to businesses which have at least three full-time local employees (Singapore Citizens or Permanent Residents with CPF contributions) earning a gross monthly salary of at least $1,400 in employment for six months or more in the basis period of the relevant YA. For the purposes of the cash payout, "employees" may include individuals who are deployed to the business under a centralised hiring arrangement or secondment arrangement.

Qualifying activities	Existing Tax Treatment	New Tax Treatment (from YA 2024 to YA 2028)[2]
(d) Training	100% tax deduction can be claimed for training expenditure incurred, subject to the general tax deduction rules under Sections 14 and 15 of the ITA.	Enhance the tax deduction to 400% for the first $400,000 of qualifying training expenditure incurred on qualifying courses (i.e. courses that are eligible for SkillsFuture Singapore funding and aligned with the Skills Framework) per YA.
(e) Innovation projects carried out with polytechnics, the ITE or other qualified partners	Not deductible previously as capital in nature and do not fall within qualifying R&D	Introduce a 400% tax deduction for up to $50,000 of qualifying innovation expenditure incurred on qualifying innovation projects carried out with polytechnics, the Institute of Technical Education, and other qualified partners per YA.

IRAS will provide further details of the changes by June 30, 2023.

3. Enhance the Double Tax Deduction for Internationalisation ("DTDi") Scheme

The Double Tax Deduction for Internationalisation ("DTDi") Scheme offers 200% tax deduction for qualifying expenditure incurred on qualifying market expansion and investment development expenses, subject to prior approval from Enterprise Singapore ("EnterpriseSG") or Singapore Tourism Board ("STB"). No prior approval is required for tax deduction for the first S$150,000 of qualifying expenses. The DTDi scheme is in place until December 31, 2025.

As e-commerce is an increasingly important and relevant mode of overseas expansion for businesses, the scope of the DTDi scheme will be enhanced to include a new qualifying activity "e-commerce campaign"[3] and cover the following e-commerce campaign startup expenses paid to e-commerce platform/service providers:

a) Business advisory: Advisory on market promotion and execution plans (e.g. choice of suitable e-commerce platforms);

b) Account creation: Assistance with setting up accounts on e-commerce platforms, and the right to sell on e-commerce platforms;

c) Content creation: Design of e-commerce campaign publicity materials (e.g. e-store banners, online product images); and

[3] E-commerce" refers to the business of buying and selling goods and services on the Internet, while in the context of DTDi "campaign" refers to an organised course of action to promote goods and services abroad.

d) Product listing and placement: Uploading content on products/services to ecommerce platforms, and selection of suitable frequency and timing to display content on products/services.

Prior approval is required from EnterpriseSG to enjoy DTDi on the new qualifying activity. For each business, EnterpriseSG will only approve DTDi support for e-commerce campaigns for a maximum period of one year applied on a per country basis. The above enhancement will take effect for qualifying e-commerce campaign startup expenses incurred on or after February 15, 2023.

EnterpriseSG will provide further details of the changes by February 28, 2023.

4. Provide an Option to Accelerate the Write-off of the Costs of Acquiring Plant & Machinery ("P&M")

Companies are given the option to accelerate the write-off of the cost of acquiring plant and machinery ("P&M") in the basis period for YA 2024 (i.e. FY 2023) from over three years or the prescribed working life of the asset, to two years as follows:

a. 75% of the cost incurred to be written off in the first year (i.e. YA 2024); and

b. 25% of the cost incurred to be written off in the second year (i.e. YA 2025).

No deferment of capital allowance claims is allowed under the above option. Once exercised, it is irrevocable.

5. Provide an Option to Accelerate the Deduction for Renovation or Refurbishment ("R&R") Expenditure

Companies are given the option to accelerate the deduction of expenses incurred on renovation and refurbishment ("R&R") for the purposes of its trade, profession or business during the basis period for YA 2024 (i.e. FY 2023) from over three consecutive YAs to one YA. The cap of S$300,000 for every relevant period of three consecutive YAs will still apply.

Once the option is exercised, it is irrevocable.

6. Extend the Investment Allowance ("IA") Scheme

The IA scheme provides an additional allowance of up to 100% for qualifying capital expenditure (net of grants) incurred on approved projects. This is scheduled to lapse after December 31, 2023 and will be extended till December 31, 2028.

7. Extend the IA-100% Scheme for Automation Projects

The IA-100% Scheme for Automation Projects supports the amount of approved capital expenditure (net of grants) for automation projects approved by EnterpriseSG. It is scheduled to lapse after March 31, 2023 and will be extended till March 31, 2026.

8. Extend the Pioneer Certificate Incentive (“PC”) and Development and Expansion Incentive (“DEI”)

Both the PC and DEI aim to encourage companies to grow capabilities, conduct new or expanded economic activities, and establish their global or regional headquarters in Singapore.

a) Under the PC, recipients are eligible for corporate tax exemption on income from qualifying activities.

b) Under the DEI, recipients are eligible for concessionary tax rates of 5% or 10% on qualifying income.

The PC and DEI are scheduled to lapse after December 31, 2023. To continue encouraging companies to anchor and grow strategic high value-added manufacturing and services activities in Singapore, the PC and DEI will be extended till December 31, 2028.

9. Extend the IP Development Incentive (“IDI”)

The IP Development Incentive (“IDI”) accords concessionary rates of 5% or 10% on a percentage of qualifying IP income.

The IDI is scheduled to lapse after December 31, 2023. To continue supporting the use and commercialisation of IP rights arising from R&D activities in Singapore, the IDI will be extended till December 31, 2028.

10. Extend and Refine the Qualifying Debt Securities (“QDS”) Scheme

The QDS scheme offers the following tax concessions on qualifying income from QDS, (subject to certain conditions):

a. 10% concessionary tax rate for qualifying companies and bodies of persons in Singapore; and

b. Tax exemption for qualifying non-residents and qualifying individuals.

The QDS scheme is scheduled to lapse after December 31, 2023 and will be extended till December 31, 2028.

In addition, the following changes have been proposed:

i) the scope of qualifying income under the QDS scheme will be streamlined and clarified such that it includes all payments in relation to early redemption of a QDS.

ii) the requirement that the QDS has to be substantially arranged in Singapore will be rationalised, as follows:

    a) For all debt securities that are issued on or after February 15, 2023, they must be substantially arranged in Singapore by a financial institution holding a specified licence (instead of a FSI company)[4]].

[4] FSI company refers to financial sector incentive (capital market) company or a financial sector incentive (standard tier) company

b) For insurance-linked securities (“ILS”)[5] that are issued on or after January 1, 2024, if they are unable to meet the condition in (a) above, at least 30% (previously 20%) of the ILS issuance costs incurred by the issuer must be paid to Singapore businesses.

All other conditions of the scheme remain the same.

The Monetary Authority of Singapore (MAS) will provide further details by May 31, 2023.

11. Extend and Refine the Tax Incentive Scheme for Approved Special Purpose Vehicle (“ASPV”) Engaged in Asset Securitisation Transactions (“ASPV scheme”) and Introduce a New Sub-Scheme to Support Covered Bonds

The ASPV Scheme grants the following tax concessions to an ASPV engaged in asset securitisation transactions:

a. Tax exemption on income derived by an ASPV from asset securitisation transactions.

b. GST recovery on its qualifying business expenses at a fixed rate of 76%; and

c. Withholding tax (“WHT”) exemptions on payments to qualifying non-residents on over the counter financial derivatives in connection with an asset securitisation transaction.

The ASPV scheme is scheduled to lapse after December 31, 2023 and will be extended to December 31, 2028. Additionally, the GST recovery rate will be the prevailing GST rate/methodology accorded to licensed full banks under MAS for the specific year in question (instead of a fixed rate of 76%).

All other tax concessions and conditions of the ASPV scheme remain the same.

Further, a new sub-scheme named ASPV (Covered Bonds) will be introduced for the special purpose vehicle holding the “cover pool” in relation to the covered bonds as defined in MAS Notice 648. This scheme will take effect from February 15, 2023 to December 2028 and will be administered by MAS.

MAS will provide further details by May 31, 2023.

12. Extend and Refine the Financial Sector Incentive (“FSI”) Scheme

The FSI scheme accords concessionary tax treatment of 5%, 10%, 12% and 13.5% on income from qualifying banking and financial activities, headquarters and corporate services, fund managing and investment advisory services. The FSI scheme[6] will be extended till December 31, 2028 and will be refined as follows:

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[5] Debt securities issued by Special Purpose Reinsurance Vehicles licensed under the Insurance Act 1966.

[6] WHT exemption (which is granted on interest payments made to qualifying non-residents during the award tenure on qualifying loans) under the FSI-Headquarter Services, will similarly be extended till December 31, 2028.

a) The existing concessionary tax rates will be streamlined to two tiers of 10% and 13.5% for new and renewal awards approved on or after January 1, 2024, as follows:

   i. FSI-Capital Market, FSI Derivatives Market and FSI Credit Facilities Syndication – from 5% to 10%;

   ii. FSI-Fund Management and FSI Headquarter Services – remain at 10%;

   iii. FSI-Trustee Companies – from 12% to 13.5%; and

   iv. FSI-Standard Tier – remain at 13.5%.

b) The qualifying activities will be updated to ensure continued relevance.

MAS will provide further details of the changes by May 31, 2023.

13. Philanthropy Tax Incentive for Family Offices

The Philanthropy Tax Incentive Scheme for Family Offices will be introduced for qualifying donors with Family Offices operating in Singapore. To qualify, donors must have a fund under MAS' section 13O or 13U schemes and meet eligibility conditions, such as incremental business spending of $200,000.

Under the scheme, qualifying donors can claim 100% tax deduction for overseas donations made through qualifying local intermediaries. The tax deduction is capped at 40% of the donor's statutory income.

MAS will provide further details by Jun 30, 2023.

14. Extend Three Tax Measures Relating to Submarine Cable Systems

The three current tax measures relating to submarine cable systems:

i. WHT exemption on payments made to non-residents for use of international telecommunications submarine cable capacity under indefeasible right to use ("IRU") agreements;

ii. Writing down allowances ("WDA") for capital expenditure incurred on the acquisition of an IRU over their useful life; and

iii. IA for the construction and operation of submarine cable systems in Singapore.

The above measures will be extended till December 31, 2028.

15. Withdraw the Tax Deduction for Expenditure Incurred on Building Modifications for Benefit of Disabled Employees

Tax deduction for approved expenditure incurred on building modifications for benefit of disabled employees which is subject to a cap of S$100,000, will be withdrawn from February 15, 2023.

16. Extend the 250% Tax Deduction for Qualifying Donations to Institutions of a Public Character ("IPCs") and Eligible Institutions

The 250% tax deduction for qualifying donations made to IPCs will be extended to qualifying donations made from January 1, 2024 to December 31, 2026.

17. Extend and Enhance the Corporate Volunteer Scheme("CVS[7]")

Currently, a qualifying person can, subject to conditions, claim 250% tax deduction on qualifying expenditure (eg wages) incurred by the person from July 1, 2016 to December 31, 2023 in respect of:

a) the provision of services by the person's qualifying employee to an IPC during that period; or

b) the secondment of the persons' qualifying employee to an IPC during that period.

To continue supporting corporate volunteering, the 250% tax deduction on qualifying expenditure incurred under the Corporate Volunteer Scheme ("CVS") will be extended till December 31, 2026.

Further, the scope of qualifying volunteering activities will be expanded to include activities which are conducted virtually (e.g. online mentoring and tuition support for youths/children) or outside of the IPCs' premises (e.g. refurbishment of rental flats). The cap on qualifying expenditure per IPC per calendar year has been doubled to $100,000.

The above enhancements will take effect from January 1, 2024. All other conditions of the scheme remain the same.

[7] With effect from April 1, 2023, the scheme will be renamed from the Business and IPC Partnership Scheme to CVS

INDIVIDUAL TAX MEASURES

1. Change in Working Mother's Child Relief ("WMCR")

Currently, eligible working mothers with a qualifying child who is a Singapore citizen can claim WMCR based on a percentage of the working mother's earned income.

With effect from YA 2025, the WMCR will be changed to a fixed dollar tax relief for eligible working mothers in respect of qualifying children who are Singapore citizens born or adopted on or after January 1, 2024.

Current		New	
Child Order	**WMCR Amount** **For a qualifying Singapore citizen child born or adopted before 1 January 2024**	**Child Order**	**WMCR Amount** **For a qualifying Singapore citizen child born or adopted on or after 1 January 2024**
1st	15% of mother's earned income	1st	$8,000
2nd	20% of mother's earned income	2nd	$10,000
3rd and beyond	25% of mother's earned income	3rd and beyond	$12,000

2. Lapse the Foreign Domestic Worker Levy Relief ("FDWLR")

Currently, working mothers are allowed to claim FDWLR based on twice the total foreign domestic worker levy paid in the previous year on one foreign domestic worker. This is regardless of whether the levy is paid by her. As part of the review of the Government's support for marriage and parenthood, FDWLR will lapse from YA 2025.

3. Allow Resident Individual Taxpayers to Claim Grandparent Caregivers ("GCR") who have Trade, Business, Profession, Vocation or/and Employment Income not exceeding $4,000 in the Year preceding the YA of Claim

Currently, working mothers who engage the help of their parents, grandparents, parents-in-law or grandparents-in-law (including parents or grandparents of an ex-spouse) to take care of their young children may claim the GCR, subject to conditions. One of the conditions is that the caregiver was not carrying on any trade, business, profession, vocation or/and employment in the year preceding the YA of claim.

With effect from YA 2024, GCR is allowable as long as the caregiver does not have annual trade, business, profession, vocation and/or employment income exceeding $4,000. There is no change to the other conditions.

CHANGES TO CPF SCHEME

To strengthen the retirement adequacy of seniors who are preparing for or are already in retirement, and assist middle-income Singaporeans to save more for retirement, the Budget 2023 introduced the following Central Provident Fund ("CPF") initiatives:

1. Increase in Senior Worker CPF Contribution Rates

It was announced in 2019 that the CPF contribution rates will be raised gradually over ten years for Singaporean and Permanent Resident workers aged above 55 to 70 (please see Table 1). Subject to prevailing economic conditions, this ensures that those aged above 55 to 60 will have the CPF contribution rates as younger workers once the increases are fully in place.

Table 1: Current and Target CPF Contribution Rates (Employer & Employee) by Age Band

Age Band	2016 – 2021	2022	Current CPF contribution rates (As of January 1, 2023)	CP F contribution rates from January 1, 2024	By ~ 2030
≤55	37.0%	No change			
>55 to 60	26.0%	28.0%	29.5%	31.0%	37.0%
>60 to 65	16.5%	18.5%	20.5%	22.0%	26.0%
>65 to 70	12.5%	14.0%	15.5%	16.5%	16.5%
>70	12.5%	No change			

Two increases have taken effect on January 1, 2022 and January 1, 2023. The next gradual increase in Senior Worker CPF contribution rates will take effect on January 1, 2024 (*refer Table 2*). As with previous increases, this increase will be fully allocated to the senior workers' Special Account to provide a larger boost to their retirement income.

To alleviate employers' costs due to this increase, the Government will provide employers with a one-year CPF Transition Offset equivalent to half of the 2024 increase in employer's CPF contribution rates. This will be provided automatically and employers need not apply for the offset.

Table 2: CPF Contribution Rates for Senior Workers from January 1, 2024

Age Band	CPF Contribution Rates from January 1, 2024			CPF Transition Offset for 2024
	Total (% of wage)	Employer (% of wage)	Employee (% of wage)	
≤55	No change			
>55 to 60	31.0% (+1.5)	15.0% (+0.5)	16.0% (+1)	0.25
>60 to 65	22.0% (+1.5)	11.5% (+0.5)	10.5% (+1)	0.25
>65 to 70	16.5% (+1)	9.0% (+0.5)	7.5% (+0.5)	0.25
>70	No change			

2. Increase in Minimum CPF Monthly Payouts for Seniors on the Retirement Sum Scheme ("RSS")

Under the CPF Board, there are two retirement schemes, namely the RSS and CPF LIFE. The RSS provides CPF members with monthly payouts to support basic standard of living during retirement until the Retirement Account savings run out.

With effect from June 1, 2023, the Government will raise the minimum CPF monthly payout from S$250 to S$350 for all seniors on the RSS.

3. Increase in the CPF Monthly Salary Ceiling

The CPF monthly salary ceiling sets the maximum amount of CPF contributions payable for Ordinary Wages. To align with rising salaries, the Government will raise the CPF monthly salary ceiling from S$6,000 to S$8,000 by 2026. The increase will take place in four steps to allow employers and employees to adjust to the changes.

The CPF annual salary ceiling sets the maximum amount of CPF contributions payable for all Ordinary Wages and Additional Wages received in the year. The Government has not proposed any change to the CPF annual salary ceiling of S$102,000 at this juncture but it will be reviewed periodically.

Please refer to Table 3 below for the CPF monthly and annual salary ceilings from 2023 to 2026.

Table 3: Changes in CPF Monthly Salary Ceiling

	CPF Monthly Salary Ceiling	CPF Annual Salary Ceiling
Current	S$6,000	S$102,000
From September 1, 2023	S$6,300 (+S$300)	
From January 1, 2024	S$6,800 (+S$500)	
From January 1, 2025	S$7,400 (+S$600)	
From January 1, 2026	S$8,000 (+S$600)	

OTHER TAX CHANGES

1. Raise Buyer's Stamp Duty for Higher-value Residential and Non-residential Properties

Currently, transactions in residential and non-residential properties are subject to marginal BSD rates of 1% to 4% and 1% to 3% respectively.

The new rates will apply to all properties acquired on or after February 15, 2023

Current			New		
Higher of Purchase Price or Market Value of the Property	**Marginal BSD Rate**		**Higher of Purchase Price or Market Value of the Property**	**Marginal BSD Rate**	
	Residential Property	**Non-residential Property**		**Residential Property**	**Non-residential Property**
First $180,000	1%	1%	First $180,000	1%	1%
Next $180,000	2%	2%	Next $180,000	2%	2%
Next $640,000	3%	3%	Next $640,000	3%	3%
Amount exceeding $1,000,000	4%	3%	Next $500,000	4%	4%
			Next $1,500,000	5% *(New)*	5% *(New)*
			Amount exceeding $3,000,000	6% *(New)*	

There will be transitional provisions, where the BSD rates on or before February 14, 2023 will apply.

Further details will be announced by the IRAS.

2. Additional Registration Fee ("ARF") Changes

The revised ARF structure will apply to all new and imported used cars and goods-cum-passenger vehicles registered with Certificates of Entitlement ("COEs") obtained from the second COE bidding exercise in February 2023 onwards.

Current		New	
Open Market Value (“OMV”)	ARF Rate	OMV	ARF Rate
First S$20,000	100% of OMV	First S$20,000	100% of OMV
Next S$30,000	140% of OMV	Next S$20,000	140% of OMV *(New)*
Next S$30,000	180% of OMV	Next S$20,000	190% of OMV *(New)*
In excess of S$80,000	220% of OMV	Next S$20,000	250% of OMV *(New)*
		In excess of S$80,000	320% of OMV *(New)*

3. Preferential Additional Registration Fee (“PARF”) Changes

PARF rebates are provided to car and taxi owners as an incentive to deregister their vehicles early. It is calculated as a percentage of the ARF paid and tiered based on the age of the vehicle at deregistration with the PARF eligibility period (ie, ten years).

PARF rebates will be capped at S$60,000 and will apply vehicles that are registered with Certificates of Entitlement (“COEs”) obtained from the second COE bidding exercise in February 2023 onwards ad are subsequently deregistered within their PARF eligibility period. The PARF cap does not apply to vehicles which are not eligible for PARF rebates, such as goods-cum-passenger vehicles.

Further details will be announced by the LTA.

FURTHER INFORMATION

Should you have any queries as to how these developments may impact your business, please do not hesitate to get in touch with your usual contact at Pioneer Associates; or please write and call us on:

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