These are some highlights for the Singapore Budget 2020 which was just announced today. We will follow up with a detailed report on 19 February 2020.

The Singapore Budget 2020 is being announced in a time of unprecedented global threat from multilateralism, and amid on-going geopolitical tensions, the COVID-19 outbreak and global economic uncertainties. The budget remains a strategic financial plan to face long term challenges, and more importantly, to seize opportunities in a changing landscape. Note that the Ministry of Trade and Industry (MTI) has projected Singapore’s economic growth between -0.5% and +1.5% in 2020, compared to a modest +0.7% growth in 2019.

Owing to the uncertainties, Budget 2020 has introduced two special packages: the Stabilisation and Support Package ($4.0bn) and a Care and Support Package ($1.6bn). Collectively, the above-mentioned packages will set aside S$5.6 billion (or 1.1% of GDP) to support businesses and households with the COVID-19 outbreak. Furthermore, in the effort to slow down the spread of COVID-19, the government will also provide an additional S$800 million, with the bulk of the monies to go to the Ministry of Health. This is significantly larger compared to the S$230 million support package (or 0.1% of GDP) during the SARS outbreak in 2003.

The Stabilisation and Support Package is targeted to help workers remain employed and aid companies with cash flow, while the Care and Support Package is to support households and alleviate concerns over cost of living. This will include (1) a Jobs Support Scheme (S$1.3bn) which aims to help firms retain local workers by offsetting 8% of wages for 3 months subject to a cap, (2) an enhancement of the Wage Credit Scheme (S$1.1bn) where qualifying monthly wage ceiling is raised to S$5,000, (3) a corporate tax rebate for the year of assessment 2020 (S$400mn) at 25% tax payable capped at S$15,000 per company, (4) enhancing the Enterprise Financing Scheme’s Working Capital Loan component by doubling the maximum loan quantum to S$600,000 a year while the government’s risk-share is increased to 80% (up from the current 50% to 70%), (5) increasing the funding period under the Adapt and Grow initiative to a maximum of six months, (6) introducing a property tax rebate of between 10% to 30% for the year 2020 for selected enterprises, and (7) a Temporary Bridging Loan Programme in which the government will take on 80% of risk of a loan quantum up to S$1.0 million.

The Care and Support Package is to help Singapore households with their expenses during this period of uncertainty. This package will include (1) one-off cash payout of between S$100 and S$300, depending on income, (2) doubling the amount of U-Save rebates through a one-off GST voucher to help HDB households with utilities expenses while providing additional rebates for larger households with five or more members, (3) extending the Service and Conservancy Charges (S&CC) rebate by another year, (4) introducing a Workfare Special Payment where Singaporeans on Workfare can receive 20% more for work done in 2019 subject to a cap, (5) providing Grocery Vouchers worth S$100 annually for 2020 and 2021 for needy Singaporeans, (6) giving additional cash payout of S$100 for Singaporean households with at least one Singaporean child aged 20 years and below in 2020, and (7) injecting S$100 top-up to the PAssion Card for all Singaporeans aged 50 years and above in 2020.
Beyond near-term uncertainties, the budget recognises four key areas to prepare Singapore and Singaporeans for mid-to-long term challenges and opportunities. These include (1) growing Singapore’s economy and creating opportunities, (2) caring and nurturing Singaporeans at every stage of life, (3) building a liveable and sustainable Singapore in the face of climate change while securing Singapore’s sovereignty as an independent nation, and (4) working together to mobilise all Singaporeans to build a nation and a home.

For fiscal year 2020, revenue is expected to come in at S$76.0 billion, or an increase of S$1.3 billion over the revised 2019 estimates. This will come mainly from higher collections from statutory boards’ contribution, corporate and personal income tax and other taxes. Government expenditures are projected at S$83.6 billion (+7.0% y/y), led by a spike in healthcare spending by S$1.9 billion (or +16.2% y/y). Net Investment Returns Contribution (NIRC) is also penciled at a record high of S$18.63 billion in FY2020. All-in-all, the basic deficit is estimated at S$12.3 billion, which is close to our forecast of S$12.1 billion. Overall budget balance remains expansionary at an estimate of S$10.9 billion deficit, or 2.1% of GDP. This compares to a revised overall budget deficit of S$1.7 billion in FY2019. There will be no draw on past reserves to finance expenditure.

### Singapore’s Fiscal Positions (2016 – 2020)

<table>
<thead>
<tr>
<th>SGD Billion</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY20 Budget % GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>68.96</td>
<td>75.82</td>
<td>73.67</td>
<td>74.73</td>
<td>76.01</td>
<td>14.6%</td>
</tr>
<tr>
<td>Corporate Income Tax</td>
<td>13.60</td>
<td>14.94</td>
<td>16.14</td>
<td>16.75</td>
<td>17.10</td>
<td>3.3%</td>
</tr>
<tr>
<td>Personal Income Tax</td>
<td>10.53</td>
<td>10.72</td>
<td>11.71</td>
<td>12.20</td>
<td>12.51</td>
<td>2.4%</td>
</tr>
<tr>
<td>Goods And Services Tax</td>
<td>11.08</td>
<td>10.96</td>
<td>11.29</td>
<td>11.18</td>
<td>11.27</td>
<td>2.2%</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>71.05</td>
<td>73.56</td>
<td>78.99</td>
<td>78.16</td>
<td>83.61</td>
<td>16.0%</td>
</tr>
<tr>
<td>Operating Expenditure</td>
<td>52.13</td>
<td>55.58</td>
<td>58.63</td>
<td>59.55</td>
<td>64.60</td>
<td>12.4%</td>
</tr>
<tr>
<td>Development Expenditure</td>
<td>18.92</td>
<td>17.98</td>
<td>20.36</td>
<td>18.62</td>
<td>19.01</td>
<td>3.6%</td>
</tr>
<tr>
<td>Primary Balance (Revenue - Expenditure)</td>
<td>-2.08</td>
<td>2.26</td>
<td>-5.32</td>
<td>-3.44</td>
<td>-7.60</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Special Transfers</td>
<td>6.37</td>
<td>6.12</td>
<td>9.00</td>
<td>15.26</td>
<td>21.98</td>
<td>4.2%</td>
</tr>
<tr>
<td>Excluding Top-Ups to Endowment &amp; Trust Funds</td>
<td>2.77</td>
<td>2.11</td>
<td>1.70</td>
<td>1.70</td>
<td>4.66</td>
<td>0.9%</td>
</tr>
<tr>
<td>Basic Balance (PB - ST ex Top Ups)</td>
<td>-4.85</td>
<td>0.15</td>
<td>-7.02</td>
<td>-5.13</td>
<td>-12.26</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Top-ups to Endowment &amp; Trust Funds</td>
<td>3.60</td>
<td>4.01</td>
<td>7.30</td>
<td>13.57</td>
<td>17.32</td>
<td>3.3%</td>
</tr>
<tr>
<td>Net Investment Returns Contribution</td>
<td>14.58</td>
<td>14.72</td>
<td>16.44</td>
<td>17.05</td>
<td>18.63</td>
<td>3.6%</td>
</tr>
<tr>
<td>Overall Budget</td>
<td>6.12</td>
<td>10.86</td>
<td>2.12</td>
<td>-1.65</td>
<td>-10.95</td>
<td>-2.1%</td>
</tr>
</tbody>
</table>

Source: Singapore MOF, UOB Global Economics & Markets Research
### Summary of 2020 Key Budget Measures

#### Stabilisation And Support Package ($4 billion)
- Jobs Support Scheme to help enterprises retain their local workers. For every local worker in employment, 8% of the wages will be offset by the government, up to a monthly cap of $3,600, for three months.
- Enhancement to the Wage Credit Scheme. Monthly wage ceiling for the scheme raised from $4,000 to $5,000, government co-funding levels for 2019 and 2020 qualifying wage increases by 5% points, to 20% and 15% respectively.
- Corporate income tax rebate for YA 2020, at 25% of tax payable, capped at $15,000 per company.
- Enhance several tax treatments under the corporate tax system for one year.
- Enhance the Enterprise Financing Scheme's Working Capital Loan component for one year. Maximum loan quantum raised from $300,000 to $600,000, and government risk share increase to 80%, from the current 50%-70%.
- More flexible rental payments for tenants and lessees of government-managed properties.
- 5 sectors including tourism, aviation, retail, food services, and point-to-point transport services will receive support for retaining and reskilling workers. Further support includes property tax rebates for the tourism and aviation sectors and food services and retail businesses. Temporary Bridging Loan Programme for the tourism sector. The government has earlier announced Point-to-Point Support Package for taxi and private hire car operators.

#### Care and Support Package ($1.6 billion)
- Up to $300 cash payout for all Singaporeans aged 21 and above.
- Additional $100 for each parent with at least one child aged 20 and below.
- $100 Passion Card top-up for all Singaporeans aged 50 and above.
- Additional 20% of Workfare payments for work done in 2019, with minimum payment of $100.
- Additional GST Voucher – U-Save rebates for all eligible HDB households.
- S&CC rebates extended by another year.
- Grocery Vouchers worth $100 annually for 2020 and 2021 for needy Singaporeans.
- Self-help groups will receive a $10 million grant over two years, while Community Development Councils (CDCs) will receive $20 million.

#### Support For Frontline Agencies Fighting The COVID-19 Outbreak ($800 million)
- $800 million will be set aside. The bulk of the funds will go to the Ministry of Health.

#### Assurance Package To Cushion GST Rate Increase ($6 billion)
- GST rate will remain at 7% in 2021 but will be hiked by 2025.
- Every adult Singaporean will receive a cash payout of $700 to $1,600 over five years when the GST rate is raised.

#### Transformation And Growth ($8.3 billion over the next three years)
- Enable stronger partnerships, deepen enterprise capabilities and develop human capital. This includes additional funding under the Startup SG Equity, Enterprise Grow Package and Enterprise Transform Package etc.
- Singaporeans aged 25 and above will receive $500 SkillsFuture Credit top-up from Oct 1. Singaporeans aged 40 to 60 will receive additional $500 top-up which expires in 5 years.
- New SkillsFuture Enterprise Credit scheme to help companies defray 90% of out-of-pocket costs of business transformation, job redesign and skills training.
- Expand the Productivity Solutions Grant to include job redesign consultancy services.
- Senior Worker Support Package.

#### Other Measures
- Reduce the S Pass sub-DRCs of the Construction, Marine Shipyard, and Process sectors from 20% to 15%. The first cut from 20% to 18% will be on 1 January 2021, and subsequently to 15% on 1 January 2023.
- $1 billion to be spent over the next three years to build up the Government’s cyber and data security capabilities.

Source: Singapore Budget 2020, UOB Global Economics & Markets Research