Macro Note

Singapore Budget 2024: Building Our Shared Future Together

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- On 16 Feb 2024, Deputy Prime Minister and Finance Minister, Mr Lawrence Wong, in his Budget 2024 speech unveiled measures to help households cope with the elevated cost-of-living, financing support and corporate tax rebate for businesses, initiatives to anchor quality investments in Singapore and strengthen our competitive advantages and most notably, a significant boost to enhance workforce productivity via the new SkillsFuture Level-Up Programme. In addition, measures to uplift lower wage workers and support retirement adequacy for the seniors were rolled out.

- In line with Chapter 5 of the Forward Singapore Report, S$3.5bn was allocated for Age Well SG initiatives over the next decade which include expanding Active Ageing Centres (AAC) and providing more assisted living options for seniors with care needs. DPM Lawrence Wong also affirmed that the implementation of two components of Pillar Two of BEPS 2.0 will take effect starting 1 Jan 2025. The need to safeguard energy security amidst the energy transition was also mentioned, and the possibility of tapping on nuclear energy in the future was raised.

- Key Budget Figures: The overall fiscal position for FY2023 was revised to a sharper -S$3.6bn, -0.5% of GDP from the earlier Budget 2023 estimate of -S$0.4bn, -0.1% of GDP contrary to our expectations for a mild surplus of 0.2% of GDP. One key factor attributing to this surprise was that the S$7.5bn set aside for the Majulah Package Fund was expensed in FY2023 under top-ups to endowment and trust funds rather than in FY2024. The return to a fiscal surplus for FY2024 (S$0.8bn, 0.1% of GDP) was consistent with our expectations although we anticipated a slightly larger surplus of 0.4% of GDP, given the need to remain fiscally prudent, after the sharpest deficit (-10.5% of GDP) was incurred in FY2020 since our nation's independence to combat the COVID-19 crisis.

Building Our Shared Future Together

On 16 Feb 2024, Deputy Prime Minister and Finance Minister, Mr Lawrence Wong, in his Budget 2024 speech unveiled measures to help households cope with the elevated cost-of-living, financing support and tax rebate for businesses, initiatives to anchor quality investments in Singapore and strengthen our competitive advantages and most notably, a significant boost to enhance workforce productivity via the new SkillsFuture Level-Up Programme. In addition, measures to uplift lower wage workers and support retirement adequacy for the seniors were rolled out.

This year's budget is set against the backdrop of cost-of-living pressures from the second 1ppt GST hike alongside utilities and transport fare increases. It also comes ahead of the upcoming leadership transition of the ruling People's Action Party (PAP) where the incumbent PM Lee Hsien Loong had announced his intentions to hand over the Party leadership to DPM Lawrence Wong before the PAP's 70th anniversary on 21 Nov 2024 and before the next General Election (GE), which is slated to take place by Nov 2025.

Economic Outlook - In 2024, we forecast an improvement in real GDP growth to **2.9%** (2023: 1.1%), driven by an upturn in externally-oriented sectors (e.g. manufacturing, wholesale trade) while consumer-facing sectors (e.g. F&B, accommodation) enjoy tailwinds from the ongoing recovery in tourist arrivals from China. Our projection sits near the upper end of MTI's official forecast range of 1.0-3.0%. In 2024, core inflation is likely to continue to moderate given the ongoing nominal appreciation of the S$NEER to curb imported inflation, especially on food imports. However, a slew of tax or administrative policy adjustments (e.g. GST, water tariffs) are likely to keep core inflation above its long-term historical average. Overall, we project core inflation to average **3.0%** in 2024, which is at the mid-point of MAS's official forecast range of 2.5-3.5%.

Figure 1: Summary Of Budget Position For FY22-FY24

Source: Ministry of Finance (Singapore), Macrobond, UOB Global Economics & Markets Research

				(A)	(B)		(C)	
	Original	**Original**	**Revised**	**Original**	**Revised**	**Revised vs Original FY23**	**Budgeted**	**FY24 vs FY23**
SGD $bn	**FY2021**	**FY2022**	**FY2022**	**FY2023**	**FY2023**	**(B) / (A)**	**FY2024**	**(C) / (B)**
Operating Revenue	**82.49**	**90.28**	**91.01**	**96.70**	**104.30**	**7.9%**	**108.64**	**4.2%**
Corporate Income Tax	18.20	22.74	23.07	24.26	28.38	17.0%	28.03	-1.2%
Personal Income Tax	14.22	15.38	15.52	16.84	17.53	4.1%	18.07	3.1%
Withholding Tax	1.86	2.12	2.11	2.21	2.19	-0.9%	2.31	5.5%
Statuory Boards' Contributions	2.86	1.45	1.45	0.57	0.75	31.6%	0.31	-58.8%
Asset Taxes	4.67	5.06	5.10	5.55	5.92	6.7%	6.67	12.8%
Custom, Excise and Carbon Taxes	3.75	3.48	3.46	3.73	3.40	-8.8%	3.56	4.9%
Goods and Services Tax	12.63	14.46	14.09	17.38	16.36	-5.9%	19.39	18.5%
Motor Vehicle Taxes	2.23	2.27	2.16	2.54	2.60	2.4%	2.84	9.3%
Vehicle Quota Premiums	3.22	3.87	3.76	3.88	4.66	20.1%	4.72	1.3%
Betting Taxes	2.31	2.83	2.77	2.84	3.15	10.9%	3.26	3.4%
Stamp Duty	6.76	5.82	5.95	5.75	5.92	3.0%	5.73	-3.2%
Other Taxes	5.28	6.36	7.03	6.63	8.78	32.4%	8.86	0.9%
Fees and Charges (Excluding Vehicle Quota Premiums)	3.61	3.88	3.95	3.95	4.07	3.0%	4.25	4.4%
Others	0.90	0.56	0.60	0.58	0.61	5.2%	0.64	4.3%
Total Expenditure	**94.80**	**106.95**	**104.86**	**104.15**	**106.89**	**2.6%**	**111.76**	**4.6%**
Operating Expenditure	78.54	86.32	84.44	83.62	85.36	2.1%	88.43	3.6%
Development Expenditure	16.25	20.63	20.42	20.52	21.52	4.9%	23.33	8.4%
Primary Surplus/Deficit	(12.31)	(16.67)	(13.84)	(7.45)	(2.59)		(3.12)	
% of GDP	-2.1%	-2.6%	-2.0%	-1.1%	-0.4%		-0.4%	
Special Transfers	**6.83**	**9.16**	**8.94**	**19.58**	**27.17**	38.8%	**23.29**	-14.3%
Special Transfers Excluding Top-ups to Endowment and Trust Funds	**6.83**	**2.91**	**2.69**	**2.76**	**2.85**		**2.94**	
COL Special Payment	0.00	1.13		1.33	1.55		0.81	
CDC Vouchers	0.00	0.41		0.60	0.64		0.85	
Other Transfers	6.83	1.37		0.84	0.66		1.28	
Basic Surplus/Deficit	(19.14)	(19.58)	(16.53)	(10.21)	(5.44)		(6.06)	
% of GDP	-3.2%	-3.0%	-2.4%	-1.5%	-0.8%		-0.8%	
Top-ups to Endowment and Trust Funds	**0**	**6.25**	**6.25**	**16.82**	**24.32**		**20.35**	
Net Investment Returns Contribution	**20.36**	**21.61**	**22.38**	**23.48**	**22.92**	-2.4%	**23.50**	2.6%
Overall Budget Surplus/Deficit	1.23	(4.22)	(0.41)	(3.55)	(6.84)		(2.91)	
% of GDP	0.2%	-0.7%	-0.1%	-0.5%	-1.0%		-0.4%	
(+) Capitalisation of Nationally Significant Infrastructure	**0.65**	**2.28**	**2.21**	**3.53**	**3.49**		**4.09**	
(-) Depreciation of Nationally Significant Infrastructure	0.00	0.00	0.00	0.00	0.00		0.00	
SINGA Interest Costs and Loan Expenses	0.00	0.09	0.09	0.33	0.23		0.40	
Overall Fiscal Position	1.88	(2.04)	1.72	(0.35)	(3.57)		0.78	
% of GDP	0.3%	-0.3%	0.3%	-0.1%	-0.5%		0.1%	

(1) Due to rounding, figures may not add up. Negative figures are shown in parentheses.

FY2023 - The overall fiscal position for FY2023 was revised to a sharper deficit of S$3.6bn, (-0.5% of GDP) from the earlier Budget 2023 estimate of -S$0.4bn, (-0.1% of GDP) and contrary to our expectations for a mild surplus of 0.2% of GDP. Operating revenues collected was 7.9% higher compared to Budget 2023 projections, owing to stronger corporate income (+17.0%) and personal income (+4.1%) taxes although GST collections (-5.9%) were weaker than projected. The outperformance in corporate income taxes was attributed to stronger-than-expected economic growth in 2022 while the better personal income tax outturn was due to higher nominal wage growth in 2022. Meanwhile, total expenditure also came in 2.6% above projections due to greater operating expenditure from MOH arising from higher funding to public healthcare institutions and implementation of Healthier SG, as well as from MINDEF, attributed to catching up of projects deferred during COVID-19 and acceleration of SAF's digitalization. Notably, the S$7.5bn set aside for the Majulah Package Fund was expensed in FY2023 (rather than in FY2024) under top-ups to endowment and trust funds, resulting in a sharper overall deficit in FY2023 (as opposed to our projections for a surplus).

FY2024 – The return to a fiscal surplus for FY2024 (S$0.8bn, 0.1% of GDP) was consistent with our expectations although we anticipated a slightly larger surplus of 0.4% of GDP, given the need to remain fiscally prudent, after the sharpest deficit (-10.5% of GDP) was incurred in FY2020 since our nation's independence to combat the COVID-19 crisis. Operating revenue is expected to increase by 4.2%, driven by an 18.5% surge in GST collections (+S$3.0bn) from the recent GST hike to 9% while Asset Taxes are projected to rise 12.8% (+S$0.8bn) due to the increase in Property Tax rates which took effect on 1 Jan 2024 and higher property Annual Values due to the surge in rents. Personal income taxes could rise 3.1% (+S$0.5bn) owing to the nominal wage growth in 2023 and the increase in top marginal tax rates that takes effect from YA2024.

However, total expenditure is also projected to rise 4.6%, driven by a 9.8% surge in spending by the MOT due to the development of the domestic rail network and upgrading of infrastructure and systems to support our air hub. Spending by MOH is expected to increase by 4.6% due to the opening of new facilities such as Sembawang and Tampines North polyclinics and projected capacity increases in the long-term care sector. The return to a fiscal surplus is supported by a lower quantum of top-ups to endowment and trust funds (-4.0bn), stronger projected Net Investment Returns Contribution (+0.6bn) and higher capitalization of nationally significant infrastructure[1] (+0.6bn) although partly offset by additional interest costs (+0.2bn) from additional SGS (Infrastructure) that will be raised in FY2024. **Overall, the fiscal impulse was estimated to be 0.1% of GDP in FY2024, implying little change to the fiscal stance relative to FY2023, broadly in line with our earlier projection for a neutral (0.0%) fiscal impulse.**

[1]On projects such as the North South Corridor, the Deep Tunnel Sewerage System, the Cross Island Line and the Jurong Island Line.

Figure 2: Summary Of Total Expenditure For FY22-FY24

Source: Ministry of Finance (Singapore), Macrobond, UOB Global Economics & Markets Research

			(A)	(B)		(C)	
	Original	Revised	Original	Revised	Revised vs Original FY23	Budgeted	FY24 vs FY23
SGD $mn	FY2022	FY2022	FY2023	FY2023	(B) / (A)	FY2024	(C) / (B)
Total Expenditure	**106,948**	**104,855**	**104,146**	**106,888**	**2.6%**	**111,759**	**4.6%**
Social Development	**52,437**	**51,811**	**52,800**	**53,071**	**0.5%**	**56,066**	**5.6%**
Education	13,247	13,061	14,600	14,080	-3.6%	14,752	4.8%
National Development	9,114	9,072	8,739	8,609	-1.5%	9,014	4.7%
Health	17,213	17,112	16,883	17,946	6.3%	18,772	4.6%
Sustainability and the Environment	2,726	2,680	3,446	3,325	-3.5%	3,401	2.3%
Culture, Community and Youth	3,973	3,844	2,366	2,386	0.8%	2,448	2.6%
Social and Family Development	3,831	3,737	4,161	4,161	0.0%	4,685	12.6%
Communications and Information	745	743	744	766	3.0%	1,105	44.3%
Manpower (Financial Security)	1,588	1,562	1,861	1,797	-3.4%	1,888	5.1%
Security and External Relations	**25,479**	**25,419**	**26,793**	**28,326**	**5.7%**	**29,071**	**2.6%**
Defence	17,021	16,952	17,977	19,757	9.9%	20,250	2.5%
Home Affairs	7,976	7,992	8,293	8,064	-2.8%	8,271	2.6%
Foreign Affairs	483	475	523	505	-3.4%	551	9.1%
Economic Development	**25,613**	**24,303**	**20,571**	**21,830**	**6.1%**	**22,384**	**2.5%**
Transport	13,113	12,849	11,971	12,963	8.3%	14,239	9.8%
Trade and Industry	7,001	6,708	5,450	6,068	11.3%	5,971	-1.6%
Manpower	4,604	3,852	2,005	1,678	-16.3%	1,301	-22.5%
Info-Communications and Media Development	895	894	1,145	1,121	-2.1%	873	-22.1%
Government Administration	**3,418**	**3,322**	**3,982**	**3,661**	**-8.1%**	**4,238**	**15.8%**
Finance	1,044	1,032	1,360	1,197	-12.0%	1,348	12.6%
Law	278	260	316	302	-4.4%	666	120.5%
Organs of State	737	718	796	769	-3.4%	816	6.1%
Communications and Information	0	0	0	0		727	
Prime Minister's Office	1,359	1,313	1,510	1,393	-7.7%	681	-51.1%

(1) Figures may not add up due to rounding.

Cost-of-Living Support For Households/Individuals and Help For Businesses

To help lower and middle income households cope with the elevated cost environment, the Assurance Package (AP) was enhanced (S$1.9bn) where:

(i) Each Singaporean household will receive S$600 of **CDC vouchers** to be issued in two tranches (Jun 2024 and Jan 2025);
(ii) **Cost-of-Living Special Payment** of S$200-S$400 in cash for adult Singaporeans with Assessable Income of up to S$100K and who do not own more than one property;
(iii) Additional one-off **U-Save rebates**;
(iv) Additional one-off **Service and Conservancy Charges (or S&CC) Rebate** for HDB flats.

We note that most of the additional support measures doled out under the AP this round are largely one-off in nature, specifically to cater for FY2024. Notably, the quantum of the top-up (S$1.9bn) was a tad lower compared to Budget 2023's enhancement of the AP from S$6.6bn to S$9.6bn but pre-existing support measures under the AP and GSTV should continue to help households cushion the cost of living. While global and domestic inflationary pressures should continue to recede for the rest of this year it remains to be seen if nominal wage growth can keep pace so that individuals are better off in real terms.

Other support measures for individuals include:

(i) **Personal income tax rebate** of 50% for the YA2024, capped at S$200 so that the benefits go mostly to middle-income workers which will cost the government S$350mn;
(ii) Raising annual income threshold for **dependent-related income tax reliefs** to S$8K (from S$4K) from YA2025;
(iii) One-time **Medisave Bonus** of up to S$300 for all adult Singaporeans born from 1974 to 2003 (those born in 1973 or earlier benefits from the MediSave Bonus component of the Majulah Package);
(iv) Increase in per capita household **income thresholds for healthcare and associated support subsidy** schemes.

Businesses - A new **Enterprise Support Package (ESP)** was launched which will provide S$1.3bn assistance to companies in the form of:

(i) **50% Corporate Income Tax Rebate**, capped at S$40K for YA 2024 and a minimum benefit of S$2K in cash for companies that employed at least 1 local employee in 2023;
(ii) Enhancement to the **Enterprise Financing Scheme**;
(iii) Extension of the **SkillsFuture Enterprise Credit** until Jun 2025 for employers to claim any unused credit.

Additionally, the **Energy Efficiency Grant** will be enhanced and extended to more sectors such as Manufacturing, Construction, Maritime and Data Centres.

Anchor Quality Investments in Singapore And Strengthen Competitive Advantages

Initiatives to strengthen competitive advantages and push the frontiers of innovation across the economy include:

(i) S$3bn top-up to the **Research, Innovation and Enterprise 2025 (RIE2025)** Fund;
(ii) S$2bn top-up to the **National Productivity Fund**;
(iii) S$2bn top-up to the **Financial Sector Development Fund**;
(iv) Introduction of a **Refundable Investment Credit** which has a refundable cash feature and will support high-value and substantive economic activities including the setting up of manufacturing facilities, new innovation and R&D activities and supporting the green transition;
(v) Enhancing the **Partnerships for Capability Transformation (PACT)** scheme which currently supports collaborations between larger companies and SMEs in the areas of supplier development and co-innovation but will be expanded to more areas such as capability training, internationalization and corporate venturing.

In addition, more than S$1bn will be invested over the next five years into **AI compute, talent and industry development** and more resources will be allocated to **catalyze investments in upgrading our Nationwide Broadband Network to 10 Gigabits per second** (which is 10x faster than the broadband speed in most homes today).

Helping Mid-Career Workers To Upskill And Uplifting Wages of Lower-Wage Workers

The **SkillsFuture Level-Up Programme** will be introduced for Singaporeans aged **40 and above** to support mid-career workers with upskilling via:

(i) A S$4K SkillsFuture Credit top-up in May 2024 which can be used for selected industry-oriented training courses **with better employability outcomes;**
(ii) A Mid-Career Enhanced Subsidy for another publicly-funded full-time diploma and,
(iii) Up to S$3K monthly **SkillsFuture Mid-Career Training Allowance** for up to 24 months for selected full-time courses.

To help uplift wages of lower-income workers, the measures in the Budget included:

(i) Raising the payout caps under the **Workfare Income Supplement (WIS)** scheme to a maximum of S$4.9K (from S$4.2K) while the qualifying income cap will be lifted to S$3K (from S$2.5K) from Jan 2025 onwards;
(ii) Increase in **Local Qualifying Salary (LQS)** from S$1.4K to S$1.6K from Jul 2024 onwards;
(iii) Co-funding levels for the **Progressive Wage Credit Scheme (PWCS)** will be raised to a maximum of 50% (from 30%) and the PWCS wage ceiling will be lifted to S$3K (from S$2.5K) in 2025.

Supporting Retirement Adequacy and Empowering Active Ageing

The Majulah Package, as first announced by PM Lee during 2023's National Day Rally aims to support seniors (**born in 1973 or earlier)** to meet their retirement and healthcare needs. Under the package:

(i) **Earn and Save Bonus (from Mar 2025):** $400 to $1,000 annual bonus to CPF RA or SA for Singaporeans who work and earn up to S$6K per month;
(ii) **Retirement Savings Bonus (Dec 2024):** One-off $1-1.5K bonus to CPF RA or SA for Singaporeans with CPF retirement savings less than the 2023 Basic Retirement Sum (BRS) of S$99.4K.
(iii) **MediSave Bonus (Dec 2024):** One-off $750-$1,500 bonus to CPF MediSave Account.

Other measures to support retirement adequacy include:

(i) increase in quarterly payments from the **Silver Support Scheme** by 20% with the qualifying per capita household income threshold raised to S$2.3K (from S$1.8K);
(ii) Expand the **Matched Retirement Savings Scheme** to cover Singaporeans aged 55 and above (previously: aged 55 to 70) and increase annual matching cap from $600 to S$2K with a lifetime matching cap of S$20K;
(iii) Raise the CPF Enhanced Retirement Sum to 4x the BRS;
(iv) Extend interest-free GIRO installment plans for residential property tax bills to 24 months for eligible retirees aged 65 and above.
(v) Increase in CPF contribution rates for those aged 55 to 65 by a further 1.5 percentage points in 2025 with an accompanying CPF Transition Offset to cover half of the increase in employer contributions for 2025.

To help seniors to age actively and stay socially connected, **S$3.5bn** will be set aside for **Age Well SG** initiatives over the next decade (also in Chapter 5 of the Forward Singapore Report) which includes expanding network of Active Ageing Centres and introducing more senior-friendly home fittings and commuter infrastructure.

Safeguarding Our Energy Security

A **Future Energy Fund** with an initial S$5bn injection will be set up to invest in energy transition infrastructure as the Budget 2024 Speech highlighted the possible clean energy sources Singapore is exploring, including hydrogen (National Hydrogen Strategy), geothermal power, and possibly nuclear power.

Greater Clarity On BEPS 2.0

Two components of Pillar Two of BEPS 2.0 will be implemented on **1 Jan 2025**, namely the **Income Inclusion Rule (IIR)** and **Domestic Top-up Tax (DTT)**. The IIR stipulates that MNE groups that are parented in Singapore will have to pay a minimum effective tax rate of 15% on their groups' overseas profits, regardless of where they operate.

With the DTT, MNE groups have to pay a minimum effective tax rate of 15% on their Singapore profits. The IIR and DTT will only apply to large MNE groups with global revenues of at least EUR 750mn annually. Another rule under Pillar Two, called the **Undertaxed Profits Rule (UPR)** which allows Singapore to collect a share of the top-up tax on any MNE with operations in Singapore if any portion of its overseas income has not been subject to the minimum tax, **will be considered at a later stage.**

Conclusion: A Caring And Purposeful Budget To Meet Immediate Needs And Longer Term Objectives

Overall, we see this Budget as one that is caring for Singaporeans and at the same time, purposefully crafted to meet the challenges of the future. As it is aptly titled, "Building Our Shared Future Together", it necessarily implies the need to be forward looking and with that, the government has crafted out measures to deal with long-term competitiveness issues, the need to harness the benefits of AI and technological breakthrough, evolving landscape for labour market and tackling the employability issues, support for family formation, rising retirement needs, climate and sustainability issues, energy security & transition.

Having said that, in order to have a future, the government has also to adequately respond to the critical issues of the present, which is inflation and rising cost-of-living for individuals & households while it is the rising cost of doing business for companies. We believe that this budget has set the right direction to meet both the immediate needs and the longer term objectives to work towards that shared future for Singaporeans.

Summary of Key Budget Measures

Immediate Support For Households

Assurance Package Enhancements ($1.9 bn)

- $600 CDC vouchers in 2 tranches: $300 in Jun 2024, $300 in Jan 2025
- Cost-of-Living Special Payment: $200-$400 in cash
- Additional one-off U-Save rebates: Up to $950
- Additional one-off service and conservancy: Up to 4 months

Top up the GST Voucher Fund by ($6 bn)

Immediate Support For Businesses

Enterprise Support Package ($1.3 bn)

- 50% corporate income tax rebate in YA2024, capped at $40,000
- Minimum cash payout of $2,000 for companies with at least 1 local employee in 2023
- Raise maximum working capital loan quantum under the Enterprise Financing Scheme permanently to $500,000, extend until 31 Mar 2025 the enhanced maximum trade loan quantum, as well as the Government's risk sharing of project loans to support domestic construction projects.
- SkillsFuture Enterprise Credit validity extended to 30 Jun 2025

Promote Investments/ Build On Our Strengths

- Refundable Investment Credit
  - Tax credit with a refundable cash feature, support high-value and substantive economic activities, including the setting up/expansion of manufacturing facilities; new innovation and R&D activities; as well as activities in green transition.
- Top up National Productivity Fund ($2b)
- Top up Financial Sector Development Fund ($2b)
- Additional investment in Research, Innovation and Enterprise 2025 (RIE2025) ($3b)
- Invest into AI compute, talent, and industry development (> $1 bn over the next 5 years)
- Catalyse investments in upgrading the Nationwide Broadband Network

Develop Local Enterprises

- Enhance PACT scheme (Partnerships for Capability Transformation) to support partnerships in more areas - capability training, internationalisation and corporate venturing.
- Extend enhanced support for green loans under the Enterprise Financing Scheme
- Extend the Energy Efficiency Grant to more sectors including Manufacturing, Construction, Maritime, and Data Centres and their users

Equip Workers For Life

SkillsFuture Level-Up Programme

- Top up skillsFuture credits of $4,000 for all Singaporeans aged 40 and above from May 2024 for selected training programmes
  - Subsidized full-time diplomas at polytechnics, ITE and Arts institutions from academic year 2025 onwards for all Singaporeans aged 40 and above
  - Monthly training allowance for Singaporeans in selected full-time courses, 50% of one's average income, capped at $3,000 per month up to 24 months throughout their lifetime

Temporary financial support scheme for involuntarily unemployed while they undergo training or look for better fitting jobs

Improve Equality & Social Mobility

Enhance Workfare Income Supplement scheme from 2025

- Raise qualifying income cap from $2,500 to $3,500
- Raise workfare payouts for lower-wage senior workers to a maximum annual payout of $4,900, up from $4,200

Local Qualifying Salary (LQS)

- Raise LQS for full-time workers from $1,400 to $1,600 from this year. Min hourly rate raised from $9 to $10.50 per hour

Progressive Wage Credit Scheme (PWCS)

- Co-funding levels raised from a max of 30% to 50%
- Raise PWCS wage ceiling raise from $2,500 to $3,000 in 2025
- Top up PWCS fund by $1b

ITE Progression Award for ITE graduates aged 30 and below

- Upon diploma enrolment, $5,000 top up to post-secondary education account
- Upon diploma completion, $10,000 top-up to CPF ordinary account

ComLink+ Progress Packages

- Support in the areas of preschool education, sustained employment, financial stability and saving for home ownership. The packages will be piloted for three years
- Payouts of up to $600 every quarter, through a combination of cash and CPF, if they secure a job and stay employed
- Those who make voluntary contributions to their CPF will receive matching grants

Support Families

Childcare Support

- Reduce monthly childcare fee caps in Government-supported preschools in 2025, at $640 for Anchor Operators and $680 for Partner Operators. Fee caps to be further reduced in 2026

- Enhance existing preschool subsidies for lower income families, extend higher subsidies to all children from lower-income families, including those with non-working mothers

- Reduce fee caps for Special Education (SPED) schools

- Top up the Edusave Endowment Fund ($2 bn)

Parenthood Provisional Housing Scheme (PPHS)

- PPHS (Open Market) Voucher for one year to support eligible families renting a HDB flat in the open market

Strengthening Retirement Adequacy

Changes To the CPF

- Increase the CPF contribution rates for those aged 55 to 65 by a further 1.5 ppt in 2025
- Provide the CPF Transition Offset to employers for another year
- Raise the Enhanced Retirement Sum (ERS) to $426,000 from 2025
- CPF Special Account (SA) for those aged 55 and above will be closed from 2025 and transferred to Retirement Account (RA) up to Full Retirement Sum and the rest to the Ordinary Account (OA)

Changes To Silver Support From 2025

- Raise the qualifying per capita household income threshold for Silver Support from $1,800 to $2,300, increase the quarterly payments by 20%.

Changes To Matched Retirement Savings Scheme (MRSS) From 2025

- Extend the MRSS to those above the age of 70
- Annual matching cap increased from $600 to $2,000, with a lifetime matching cap of $20,000. But tax relief for CPF cash top-ups will be removed

Majulah Package ($7.5bn set aside in a new Fund)

- **Earn and Save Bonus:** Up to $1,000 yearly bonus into CPF for eligible seniors who work and earn up to $6,000 per month
- **Retirement Saving Bonus:** One-time bonus of between $1,000 and $1,500 for eligible seniors with retirement savings below the basic retirement sum
- **Medisave bonus:** One-time bonus to all seniors born in 1973 or earlier. Young Seniors with less means will be given the higher tier of $1,500; and all other seniors will receive $750

Healthcare

- One-time MediSave Bonus of up to $300 for all Singaporeans aged 21 to 50
- Changes to the per capita household income thresholds, Singaporeans can expect to benefit from higher subsidies

Energy Transition

- Future Energy Fund will be set up with an initial injection of $5 bn

Key Tax Changes

Personal Income Tax

- Personal income tax rebate of 50% for YA2024, capped at $200.
- Increase the annual income threshold for dependant-related reliefs from $4,000 to $8,000 from YA2025

Property Tax & ABSD:

- Annual value (AV) bands of owner-occupied residential property will be raised from 1 Jan 2025. Lower threshold will be raised from $8,000 to $12,000. Highest band will be raised from over $100,000 to over $140,000
- Additional Buyer's Stamp Duty (ABSD) refund on replacement private property for single Singapore citizens aged 55 and above if they sell their first property within 6 months
- Lower ABSD clawback rate if developers sell at least 90% of each development within the prescribed sale timeline

Base Erosion and Profit Shifting (BEPS) 2.0

- To implement two components of Pillar Two (global minimum effective tax rate of 15% for large MNE groups). Income Inclusion Rule (IIR) and Domestic Top-up Tax (DTT) will take effect for a company's financial year starting effective from 1 Jan 2025, for MNEs with global revenue of at least EUR750 mn annually
- The Undertaxed Profits Rule will be considered at a later stage

Source: MOF, Global Economics & Markets Research

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