Singapore Budget 2025: Key Highlights

Now, for tomorrow

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Onward Together For A Better Tomorrow

A Budget aimed at strengthening Singapore amidst a troubled world

During last year's Budget, the first instalment of the Forward Singapore agenda, we saw many new initiatives that bolstered businesses and individuals alike.

This year's Budget, an advancement of Forward Singapore, has taken place while the world faces geopolitical and macroeconomic uncertainties.

Although inflation rates are stabilising, the cost-of-living and business expenses are still high. Against this landscape, we see the revolutionary advancements of artificial intelligence making waves in the business world – certain jobs can be done much faster now, but livelihoods are at risk.

Indeed, as the Prime Minister and Minister for Finance, Mr. Lawrence Wong says – the country is truly entering its next phase of growth.

This Budget seeks to strengthen Singapore's social compact while making investments into building a sustainable future for the nation.

For individuals, workers and families, many initiatives have been rolled out.

For businesses, this year's announcements provided many enhancements to much welcomed initiatives announced in the previous year.

Tax rebates are expanded, upskilling via SkillsFuture is now more accessible for businesses, and billions in capital will be injected into funds relating to technology, innovation, investment, and the nation's infrastructure.

These efforts are aimed at increasing productivity and growing the economy in the face of a troubled world.

"If everyone is moving forward together, then success takes care of itself."
- Henry Ford

Let's be in it together! Forward Singapore!

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Tax Rates

1 Corporate income tax ("CIT") rate

There is no proposal for any change to the current CIT rate of 17%.

A CIT rebate of 50% of tax payable and/or CIT Rebate Cash Grant of S$2,000 will be given to eligible companies for the Year of Assessment ("YA") 2025.

Companies that are subject to prevailing corporate tax rate at 17% with a chargeable income before partial tax exemption scheme or chargeable income before full tax exemption scheme of S$573,089 and S$595,589 respectively will be able to enjoy the maximum benefit of the CIT rebate and CIT Rebate Cash Grant amounting to S$40,000 in total.

2 Personal income tax ("PIT") rate

In Budget 2025, there is no change to the PIT rates. The highest PIT rate remains at 24%.

A PIT rebate of 60%, capped at S$200, will be granted to all tax residents for YA 2025.

3 Goods and Services Tax ("GST")

In Budget 2025, there is no change to the GST rate. It remains at 9% since 1 January 2024.

Corporate Income Tax

CIT Rebate and CIT Rebate Cash Grant in the YA 2025 for eligible companies

Eligible companies will enjoy a CIT rebate of 50% of tax payable and/or a minimum CIT Rebate Cash Grant of S$2,000 for YA 2025. The maximum total benefits of CIT rebate and CIT Rebate Cash Grant that a company may receive is capped at S$40,000.

To receive the CIT Rebate Cash Grant, companies must be active and have employed at least one local employee (i.e., Singapore Citizen or Permanent Resident) which excludes shareholders who are also directors of the company, in the calendar year 2024.

The CIT Rebate and CIT Rebate Cash Grant will be automatically given to eligible companies from the 2Q of calendar year 2025 onwards.

Tax deduction on payments for issuance of new shares under employee equity-based remuneration ("EEBR") schemes

Currently, companies are allowed a tax deduction for treasury shares or previously issued shares of the company or the holding company that are transferred to employees under EEBR schemes.

With effect from YA 2026, to ensure that our tax regime remains relevant and competitive, it is proposed that companies will also be allowed to claim a tax deduction on payments to the holding company or a special purpose vehicle ("SPV") for the issuance of new shares of the holding company under EEBR schemes.

The amount of tax deduction will be the lower of:

a) The amount paid by the company; and
b) The fair market value, or net asset value of the shares (if the fair market value is not readily available) at the time the shares are applied for the benefit of the employee,

less any amount payable by the employees for the shares.

The Inland Revenue Authority of Singapore ("IRAS") will provide further details by the 3Q of 2025.

Corporate Income Tax

Enhancements to Section 13W of the Income Tax Act 1947 (“ITA”) regarding non-taxation of companies’ disposal gains

Currently, under section 13W of the ITA, gains derived from the disposal of ordinary shares by companies will not be taxed, if:

a) The divesting company maintains a minimum level of shareholding of 20% in the investee company for a continuous period of at least 24 months prior to the disposal of any shares in the investee company (“shareholding threshold condition”); and

b) The shares are disposed during the period from 1 June 2012 to 31 December 2027.

To provide greater certainty to companies, it is proposed that the sunset date under section 13W will be removed and the following enhancements will be made:-

a) The scope of eligible gains will be expanded to include gains from the disposal of preference shares that are accounted for as equity by the investee company under the applicable accounting principles; and

b) The assessment of the shareholding threshold condition will be allowed to be done on a group basis.

These changes will take effect for disposal gains derived on or after 1 January 2026.

The IRAS will provide further details by the 3Q of 2025.

Corporate Income Tax

Tax deduction for payments made under an approved cost-sharing agreement ("CSA") for innovation activities

Currently, payments made under a CSA for innovation activities that do not meet the definition of "research and development" under section 2 of the ITA are not deductible.

To support collaborative innovation activities, it is proposed that a 100% tax deduction for payments made by companies under an approved CSA for innovation activities will be introduced from 19 February 2025.

Further details will be provided by the Singapore Economic Development Board ("EDB") by the 2Q of 2025.

Corporate Income Tax

Extension and Enhancement of the Land Intensification Allowance ("LIA") scheme

Currently, approved recipient will be entitled to claim the following allowances under the LIA scheme:

a) An initial allowance of 25% of the qualifying capital expenditure incurred on the qualifying building; and

b) An annual allowance of 5% of the qualifying capital expenditure incurred over 15 years, upon issuance of the temporary occupation permit for the completed building, subject to conditions.

In addition, at least 80% of the gross floor area of the qualifying building must be used by the approved recipient or its related users. The users must have at least 75% of their shareholdings held in common (or have entitlement to at least 75% of the income in the case of a partnership), whether directly or indirectly in order to be considered as related.

This scheme which is scheduled to lapse after 31 December 2025 will be extended till 31 December 2030 and is proposed that the shareholding requirement for building users to be considered as related will be lowered from "at least 75%" to "more than 50%". The change is applicable to applications made from 1 January 2026.

The Building and Construction Authority and EDB will provide further details by the 3Q of 2025.

Tax incentives for new listing

Listing Corporate Income Tax Rebate for new corporate listings in Singapore

To encourage companies to raise public capital and grow their economic activities in Singapore, qualifying entities may apply for a 10% or 20% Listing CIT Rebate.

Qualifying entities	Companies and registered business trusts that are tax residents in Singapore
Tax benefit	Primary listings: 20% CIT Rebate Secondary listings (with share issuance): 10% CIT Rebate Subject to rebate cap of: a) S$6 million per Year of Assessment ("YA") for qualifying entities with market capitalisation of at least $1 billion; or b) S$3 million per YA for qualifying entities with market capitalisation of less than S$1 billion.
Minimum criteria	Achieve a primary or secondary (with share issuance) listing on a Singapore exchange and remain listed for 5 years. Commit to incremental local business spending or fixed asset investments, and incremental skilled employment by the end of the award tenure.
Award tenure	5 years per qualifying entity, non-renewable
Scheme duration	Open for award until 31 December 2027
Administering agency	EDB or EnterpriseSG

Tax incentives for new listing

Enhanced concessionary tax rate (“CTR”) for new fund manager listings in Singapore

The current Financial Sector Incentive for fund managers (“FSI-FM”) awards a CTR of 10% on qualifying income derived by fund managers in Singapore from the provision of fund management and investment advisory services.

To enhance Singapore’s value proposition to fund managers seeking to scale up their activities via public fundraising and grow their investment activities in Singapore, an enhanced CTR tier of 5% will be introduced under the FSI-FM for newly listed fund managers.

Qualifying entities	Singapore fund managers
Tax benefit	5% CTR on qualifying income
Minimum criteria	Fund manager or its holding company achieves a primary listing on a Singapore exchange and remains listed for 5 years. Fund manager must distribute a portion of its profits as dividends. Fund manager must also meet minimum requirements for professional headcount and assets under management (“AUM”).
Qualifying income	Fees earned from qualifying fund management and investment advisory activities under FSI-FM
Award tenure	5 years per fund manager, non-renewable
Scheme duration	Open for award until 31 December 2028
Administering agency	Monetary Authority of Singapore (“MAS”)

Tax incentives for new listing

Tax exemption on fund managers' qualifying income arising from funds investing substantially in Singapore-listed equities

To support fund managers to launch and manage qualifying funds that invest substantially in Singapore-listed equities, a corporate tax exemption on income arising from such funds will be introduced under the FSI-FM.

Qualifying entities	Singapore fund managers
Tax benefit	Tax exemption on qualifying income
Minimum criteria	Fund managers must meet minimum requirements for professional headcount and AUM, as currently required of FSI-FM companies. Qualifying funds must meet the following criteria: a) For new funds: At least 30% of AUM invested in Singapore-listed equities b) For existing funds: (i) At least 30% of AUM invested in Singapore-listed equities; and (ii) Annual net inflows (i.e., subscriptions less redemptions to fund) equivalent to at least 5% of fund's AUM in the preceding year
Qualifying income	Fees earned from fund management and investment advisory activities related to the qualifying funds (as defined in the minimum criteria)
Award tenure	5 years per fund managed by fund manager, non-renewable
Scheme duration	Open for award until 31 December 2028
Administering agency	MAS

Project Financing

Rationalisation of the tax incentives for Project and Infrastructure Finance

Currently, the tax incentives under Project and Infrastructure Finance include the following:-

a) Exemption of qualifying income derived by any person from qualifying project debt securities [“QPDS”]; and
b) Exemption of qualifying foreign-sourced income from qualifying offshore infrastructure projects / assets received by resident companies and business trusts listed on the Singapore Exchange.

It is proposed that the QPDS scheme (a) above will be allowed to lapse after 31 December 2025. For clarity, investors in QPDS issued on or before 31 December 2025 will continue to enjoy the exemption for the remaining life of the issue of the securities, if the conditions of the QPDS scheme are met.

Project bond investors can continue to avail themselves of tax incentives for debt securities such as the Qualifying Debt Securities (“QDS”) scheme, if the debt securities qualify as QDS and the conditions of the QDS scheme are satisfied.

To support Singapore-based infrastructure project sponsors that leverage Singapore’s financial ecosystem to invest in and finance overseas infrastructure projects, tax incentive (b) above, which was also supposed to lapse by 31 December 2025, will be extended till 31 December 2030.

Shipping Industry

Introduction of an Approved Shipping Financing Arrangement ("ASFA") Award (for Ships and Containers)

The ASFA Award will be introduced to support the ownership and management of ships and sea-containers from Singapore.

Under the ASFA Award, withholding tax ("WHT") exemption will be granted on:-

a) interest and related payments made by approved entities to non-tax-resident lenders in respect of qualifying arrangements entered into on or before 31 December 2031 to finance the purchase or construction of ships and containers; and

b) ship and container lease payments made to non-tax-resident lessors (excluding payments derived from any operation carried on by the non-tax-resident through its permanent establishment in Singapore) under finance lease ("FL") agreements.

The ASFA Award will be administered by the Maritime & Port Authority of Singapore ("MPA") and will be introduced with effect from 19 February 2025.

MPA will provide further details by the 2Q of 2025.

Shipping Industry

Extension and enhancement of the Maritime Sector Incentive (“MSI”)

Currently, the Maritime Sector Incentive (“MSI”) has the following sub-schemes:-

- MSI-Shipping Enterprise (Singapore Registry of Ships) (“MSI-SRS”)
- MSI-Approved International Shipping Enterprise (“MSI-AIS”) Award
- MSI-Maritime Leasing (Ship) (“MSI-ML(Ship)”) Award
- MSI-ML (Container) Award
- MSI-Shipping-related Support Services (“MSI-SSS”) Award

The following changes are proposed:-

1. The MSI-AIS for qualifying entry players, MSI-ML (Ship), MSI-ML (Container) and MSI-SSS schemes are scheduled to lapse after 31 December 2026. These schemes will be extended till 31 December 2031.

2. The WHT exemption, which is currently granted on qualifying payments made by qualifying MSI entities to non-tax-residents (excluding a permanent establishment in Singapore) in respect of qualifying financing arrangements entered into on or before 31 December 2026 to finance the construction or purchase of qualifying assets (e.g., ships, containers), subject to conditions, will be extended in respect of qualifying financing arrangements entered into on or before 31 December 2031.

Shipping Industry

Extension and enhancement of the Maritime Sector Incentive ("MSI")

3. The qualifying scope under the MSI will be updated, with key changes as follows:-

a) Expand the scope of prescribed ship management services under the MSI-SRS, MSI-AIS and MSI-SSS to include emission management services;
b) Expand the scope of offshore renewable energy activities under the MSI-SRS and MSI-AIS to cover the subsea distribution of renewable energy generated onshore;
c) Expand the scope of ships used for offshore renewable energy activities under the MSI-ML (Ship) to include ships that support subsea distribution of renewable energy generated onshore;
d) Allow assets leased-in from third parties under FL treated as sale agreements to be recognised as qualifying assets under the MSI-ML (Ship) and MSI-ML (Container) awards; and
e) Expand the scope of shipping-related support services under the MSI-SSS to include maritime technology services.

These changes will take effect from 19 February 2025, with further details from the MPA to be provided by the 2Q of 2025

Shipping Industry

Extension of broad-based WHT exemption for container lease payments under Operating Lease ("OL") agreements

The WHT exemption, in respect of container lease payments made to non-tax-resident lessors (excluding payments derived from any operation carried on by the non-tax-resident through its permanent establishment in Singapore) under OL agreements for the use of qualifying containers for the carriage of goods by sea, is scheduled to lapse after 31 December 2027.

To continue to support local container lessees in Singapore, this WHT exemption will be extended to OL agreements entered into on or before 31 December 2031.

Extension of broad-based WHT exemption for ship and container lease payments under Finance Lease agreements made to non-tax-resident lessors for Maritime Sector Incentive ("MSI") recipients

For MSI recipients, the WHT exemption, in respect of ship and container lease payments made to non-tax-resident lessors (excluding payments derived from any operation carried on by the non-tax-resident through its permanent establishment in Singapore) under FL agreements, is scheduled to lapse after 31 December 2028.

To continue developing Singapore as an international maritime centre, this WHT exemption will be extended to FL agreements entered into on or before 31 December 2031.

Other Specific Industries

Extension and refinement of the Insurance Business Development ("IBD") scheme

The IBD scheme allows approved insurers and insurance brokers to be taxed at a concessionary rate ("CTR") of 10% on relevant qualifying income under the following schemes:-

a) the IBD Scheme (which covers general insurers);

b) the IBD-Captive Insurance ("CI") scheme (which covers captive insurers); and

c) the IBD-Insurance Broking Business ("IBB") scheme (which covers insurance and reinsurance brokers).

The IBD and IBD-CI schemes are scheduled to lapse after 31 December 2025.

To continue to support Singapore as an Asian insurance and reinsurance centre, it is proposed that the IBD and IBD-CI schemes will be extended till 31 December 2030. In addition, an additional CTR tier of 15% will be introduced for all the three schemes with effect from 19 February 2025.

The MAS will provide further details by the 2Q of 2025.

Other Specific Industries

Introduction of an additional concessionary tax rate tier of 15% for the Financial Sector Incentive ("FSI") scheme

An additional CTR tier will be added to the following FSI schemes on qualifying income with effect from 19 February 2025 for approved incentive recipients:

FSI Scheme	CTR on qualifying income
FSI-Standard Tier	Current CTR tier: 13.5% Additional CTR tier: 15%
FSI-Trustee Company	Current CTR tier: 13.5% Additional CTR tier: 15%
FSI-Headquarters Services schemes	Current CTR tier: 10% Additional CTR tier: 15%

More information will be provided by the MAS by the 2Q of 2025.

Extension and enhancement of the income tax concessions for Real Estate Investment Trusts listed on the Singapore Exchange ("S-REITs")

The existing income tax concessions granted to S-REITs and their investors are as follows:-

a) Trustees of the S-REIT enjoy tax transparency on specified income of the S-REIT if they distribute at least 90% of such specified income to unitholders in the same year that the income is derived;
b) S-REITs, their wholly owned Singapore sub-trusts and their wholly-owned (directly or indirectly) companies incorporated and tax-resident in Singapore, enjoy tax exemption on qualifying foreign-sourced income ("FSIE-REIT"), subject to conditions;
c) Individuals receiving S-REIT distributions enjoy tax exemption on such income (unless derived through a partnership in Singapore or from the carrying on of a trade, business or profession); and
d) Qualifying non-tax resident non-individuals and qualifying non-tax-resident funds enjoy a final WHT rate of 10% for S-REITs distributions.

To continue promoting the listing of REITs in Singapore and to sustain Singapore's position as a global REIT hub, the tax concessions will be extended till 31 December 2030.

With respect to concession (a), the scope of specified income for tax transparency treatment will be expanded to include all co-location and co-working income derived from 1 July 2025.

In addition, the FSIE-REIT [concession (b) above] will be refined as follows from 19 February 2025:

a) Qualifying foreign-sourced income will include rental and ancillary income received in Singapore from 19 February 2025, subject to conditions;
b) The requirement for wholly-owned companies of S-REITs to be incorporated in Singapore will be removed, although such companies must still be Singapore tax residents to qualify for the concession;
c) Repayment of shareholder loans and return of capital will now be recognised as qualifying modes of remittance for wholly-owned Singapore sub-trusts and wholly-owned Singapore tax resident companies to pass remitted income through to S-REITs; and
d) Singapore sub-trusts will be allowed to deduct other operational expenses against their income before passing the remaining amount to S-REITs.

The IRAS will provide further details by the 2Q of 2025.

Other Specific Industries

Extension of the income tax concessions for Real Estate Investment Trust Exchange-Traded Funds listed on the Singapore Exchange ("S-REIT ETFs")

Currently, S-REIT ETFs and their investors enjoy the following tax concessions:-

a) Trustees of the S-REIT ETFs enjoy tax transparency on the income received by the S-REIT ETFs from the S-REIT which are paid out of specified income;
b) Individuals receiving S-REIT ETFs distributions enjoy tax exemption on such income (unless derived through a partnership in Singapore or from the carrying on of a trade, business or profession); and
c) Qualifying non-tax resident non-individuals and non-tax-resident funds enjoy a final WHT rate of 10% for S-REIT ETF distributions.

Concessions (a) and (c) above were scheduled to lapse by 31 December 2025.

It is proposed that the sunset clause for concession (a) will be removed, i.e., there is no expiry of the tax transparency treatment for trustees of S-REIT ETFs. Meanwhile, concession (c) will be extended till 31 December 2030.

The MAS will provide further details by the 2Q of 2025.

Extension of tax schemes

Extension of the Double Tax Deduction for Internationalisation ("DTDi") scheme

Under the DTDi scheme, businesses are allowed a tax deduction of 200% on qualifying market expansion and investment development expenses. The scheme is scheduled to lapse after 31 December 2025.

To continue supporting businesses in their internationalisation efforts, the DTDi scheme will be extended to 31 December 2030.

Extension of the Mergers and Acquisitions ("M&A") scheme

Subject to conditions, the M&A scheme allows a Singapore company that makes a qualifying acquisition of the ordinary shares of another company to claim the following tax benefits:-

a) An M&A allowance (to be written down over five years) that is based on 25% of up to S$40 million of the value of all qualifying acquisitions per YA (i.e., S$10 million); and
b) 200% tax deduction on transactions costs incurred on qualifying acquisitions, subject to an expenditure cap of S$100,000 per YA.

This scheme is scheduled to lapse after 31 December 2025.

To continue supporting companies to grow through M&A, the scheme will be extended till 31 December 2030.

Lapse of tax schemes

Allow the WHT concession for non-tax-resident arbitrators to lapse

As a concession, income derived by non-tax-resident arbitrators from arbitration work carried out in Singapore is subject to WHT at a rate of 10%.

The tax concession for non-tax-resident arbitrators from arbitration work carried out in Singapore will be allowed to lapse after 31 December 2027.

The Government will continue to support the international arbitration sector through a holistic suite of policies and initiatives.

Allow the Venture Capital Fund Incentive ("VCFI") and venture capital Fund Management Incentive ("FMI") to lapse

Currently, approved venture capital funds are granted tax exemption on qualifying income under the VCFI.

Approved fund management companies are granted a CTR of 5% under venture capital FMI on management fees and performance bonuses derived from managing authorised investments of an approved venture fund.

Both VCFI and the venture capital FMI will be allowed to lapse after 31 December 2025.

The Government will continue to support the venture capital sector through a holistic suite of policies and initiatives.

Allow the WHT concession for non-tax-resident mediators to lapse

As a concession, income derived by non-tax-resident mediators from mediation work carried out in Singapore is subject to WHT at a rate of 10%.

The tax concession for non-tax-resident mediators from mediation work carried out in Singapore will be allowed to lapse after 31 December 2027.

The Government will continue to support the commercial mediation sector through a holistic suite of policies and initiatives.

Goods & Services Tax

Extension of the GST remission for Real Estate Investment Trusts listed on the Singapore Exchange and Singapore-listed Registered Business Trusts (“RBTs”) in specified sectors

GST remission is granted to S-REITs and RBTs in the infrastructure business, ship leasing and aircraft leasing sectors to allow them to claim GST on the following (subject to conditions):

a) Business expenses, regardless of whether they hold underlying assets directly or indirectly through multi-tiered structures such as SPVs or sub-trusts;

b) Business expenses incurred to set up SPVs that are used solely to raise funds for the S-REITs or RBTs, and that do not hold qualifying assets of the S-REITs or RBTs, directly or indirectly; and

c) Business expenses of financing SPVs mentioned in (b).

The existing GST remission will be extended till 31 December 2030.

Personal Income Tax

PIT rebate for YA 2025

As part of the SG60 package, a PIT rebate of 60% of tax payable, capped at S$200 will be given to all tax resident individuals for the YA 2025.

Introduction of Matched Medisave Scheme ("MMSS")

It is proposed that a five-year MMSS will be introduced from 1 January 2026 to boost MediSave adequacy for seniors with lower balances.

Under the scheme, for every dollar of voluntary cash top-ups to the MediSave Account ("MA") of eligible CPF members, the Government will provide a dollar-for-dollar matching grant of up to an annual cap of S$1,000. Anyone (including their families, employers and the community) can make the top-ups to the eligible members' CPF MA.

To be eligible for the MMSS, the CPF member whose CPF MA is being topped up must:

a) Be a Singapore Citizen aged 55 to 70;
b) Own no more than one property;
c) Have a residential Annual Value of not more than S$21,000;
d) Have an average monthly income of not more than S$4,000; and
e) Have a CPF MA balance that is less than half the prevailing Basic Healthcare Sum.

The MMSS eligibility is automatically assessed every year and the CPF Board will notify eligible members at the beginning of each year, from January 2026. Members can also check their eligibility via the CPF website from January 2026. The Government will disburse the matching grants to eligible members in the following year.

Personal Income Tax

Removal of CPF Cash Top-Up Relief for cash top-ups that attract matching grant from the Government under the MMSS

Currently, subject to conditions, tax resident CPF members may enjoy CPF Top-Up Relief for cash top-ups made to their own or their eligible loved ones:-

a) Retirement Account ("RA") and/or Special Account ("SA") (excluding any amount of cash top-ups that attract a matching grant under the MRSS; and
b) MA.

Given the introduction of the MMSS matching grant in the current Budget is already a significant benefit extended by the Government, the giver of the cash top-ups from 1 January 2026 to the MA of a MMSS-eligible CPF member that attracts the MMSS matching grant will not be entitled to the CPF Cash Top-Up Relief from the YA 2027. This also ensures parity with the current tax treatment for the MRSS, where cash top-ups to the RA and SA of an MRSS-eligible CPF member that attracts the MRSS matching grant will not entitle the giver to the CPF Cash Top-Up Relief.

A giver may continue to enjoy tax relief of up to S$16,000 per year for eligible CPF cash top-ups that do not attract the MMSS or MRSS matching grant. The maximum amount of CPF Cash Top-Up Relief is S$8,000 per year for cash top-ups to the giver's own SA, RA or MA, and another S$8,000 per year for cash top-ups to such accounts of the giver's loved ones.

Others

Extension of the Enhanced Cap for the Market Readiness Assistance (“MRA”) Grant

The MRA grant, administered by EnterpriseSG, helps companies in their expansion into new overseas markets by defraying the costs of overseas market promotion, business development and market set-up. The enhanced MRA grant cap of S$100,000 which is scheduled to lapse after 31 March 2025 will be extended till 31 March 2026.

Enhancement of the Enterprise Financing Scheme (“EFS”)

The EFS, administered by EnterpriseSG, helps enterprises access financing more readily across all stages of growth.

There will be two enhancements to the EFS as follows:-

a) EFS – Trade Loan: The maximum loan quantum will be raised permanently from S$5 million to S$10 million.

b) EFS – Mergers and Acquisitions Loan (“EFS-MAL”): In addition to equity acquisitions, the EFS-MAL will be enhanced to support targeted asset acquisitions from 1 April 2025 till 31 March 2030.

Others

Enhancements to the Progressive Wage Credit Scheme ("PWCS")

The PWCS was introduced at Budget 2022 to provide transitional wage support for employers to adjust to the Progressive Wages moves from calendar year 2022 to calendar year 2026, as well as encourage employers to raise wages of lower-wage workers.

To strengthen support for employers to uplift the wages of lower-wage employees, the PWCS co-funding support will be enhanced for wage increases given in the qualifying years 2025 and 2026 as shown in the table below:-

Qualifying Year (i.e., year that wage increase was given)	Payout Period	Current	Proposed
2025	1Q 2026	30%	40%
2026	1Q 2027	15%	20%

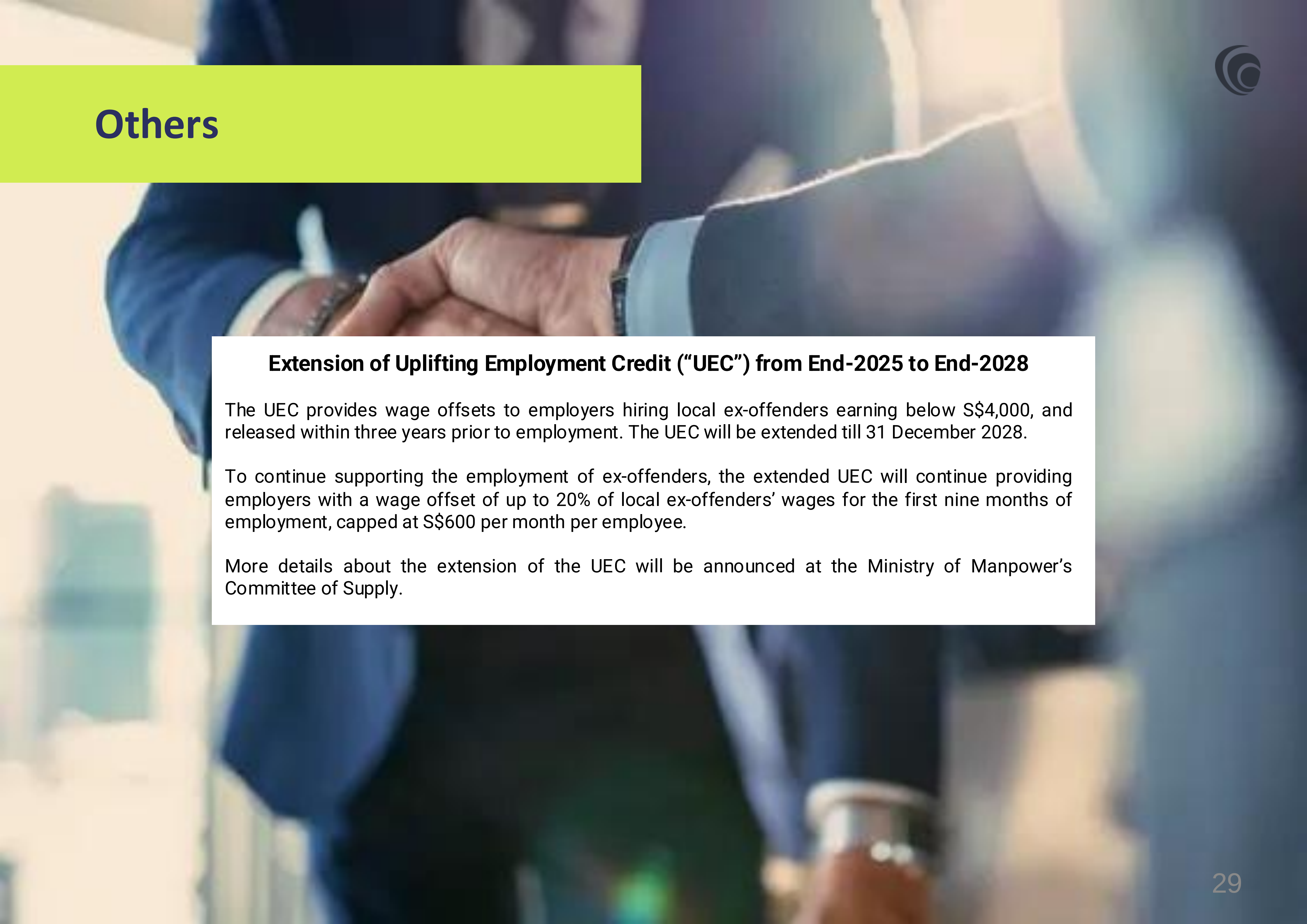
Others

Extension of Senior Employment Credit ("SEC") from End-2025 to End-2026

The SEC provides wage offsets to employers that hire Singaporean workers aged 60 and above, and earning up to S$4,000 a month. To continue supporting the employment of senior workers, the SEC will be extended till 31 December 2026. In addition, the qualifying age for the highest SEC wage support tier will be raised to 69 years old, from 68 years old today. Hence, companies will receive 7% of the wages that they pay to workers aged 69 and above. The details are as shown in the table below:

Wage support in 2025		**Wage support in 2026**	
Age	Wage Support	Age	Wage Support
60-64	Up to 2%	60-64	Up to 2%
65-67	Up to 4%	65-68	Up to 4%
68 and above	Up to 7%	69 and above	Up to 7%

More details about the extension of the SEC will be announced at the Ministry of Manpower's Committee of Supply.



Others

Extension of Uplifting Employment Credit ("UEC") from End-2025 to End-2028

The UEC provides wage offsets to employers hiring local ex-offenders earning below S$4,000, and released within three years prior to employment. The UEC will be extended till 31 December 2028.

To continue supporting the employment of ex-offenders, the extended UEC will continue providing employers with a wage offset of up to 20% of local ex-offenders' wages for the first nine months of employment, capped at S$600 per month per employee.

More details about the extension of the UEC will be announced at the Ministry of Manpower's Committee of Supply.

Others

Extension of Enabling Employment Credit ("EEC") from End-2025 to End-2028

The EEC provides wage offsets to employers hiring local employees with disabilities aged 13 and above, and earning below S$4,000 a month. To continue supporting the employment of persons with disabilities, the EEC will be extended till 31 December 2028. The current parameters will continue to apply from 2026 to 2028 as shown in the table below:

	Wage Support from 2026 to 2028
Permanent wage offset	Up to 20% of wages, capped at S$400/month per employee
Additional time-limited wage offset for persons with disabilities who have not been in work for at least six months	Up to 20% of wages for the first nine months, capped at S$400/month per employee

More details about the extension of the EEC will be announced at the Ministry of Manpower's Committee of Supply.

Others

Increase in Senior Worker CPF Contribution Rates and CPF Transition Offset

In line with the recommendations by the Tripartite Workgroup on Older Workers, the Government announced in 2019 that CPF contribution rates would be raised gradually over the next decade or so for Singaporean and Permanent Resident workers aged above 55 to 70.

As such, the next increase in CPF contribution rates, for workers aged above 55 to 65, by a further 1.5 percentage points will take place on 1 January 2026. The revised rates are as follows:-

Age band	CPF Contribution Rates from 1 January 2026		
	Total	Employer	Employee
55 and below	No change		
Above 55 to 60	34%	16%	18%
Above 60 to 65	25%	12.5%	12.5%
Above 65 to 70	No change		
Above 70	No change		

The increase in contribution rates will be fully allocated to the CPF Retirement Account to help senior workers save more for retirement.

To mitigate the rise in business costs due to this increase, the Government will provide employers with a one-year CPF Transition Offset equivalent to half of the 2026 increase in employer CPF contribution rates for every Singaporean and Permanent Resident worker they employ aged above 55 to 65. Employers do not need to apply for the offset as this will be provided automatically.

Others

Introduction of the Additional Flat Component ("AFC") of road tax for electric heavy goods vehicles ("HGVs") and buses

For electric HGVs and electric buses registered from 1 January 2026, the road tax schedule will include the following AFC:

Licensing period	**Electric HGVs (goods vehicles with a Maximum Laden Weight > 3.5 metric tonnes)**	**Electric buses with a Maximum Laden Weight ≤ 3.5 metric tonnes**	**Electric buses with a Maximum Laden Weight > 3.5 metric tonnes**
	6-monthly AFC		
1 January 2026 to 31 December 2026	\$50	\$25	\$100
1 January 2027 to 31 December 2027	\$75	\$50	\$175
1 January 2028 onwards	\$125	\$95	\$275

For electric HGVs and buses registered up till 31 December 2025, AFC will be waived until 1 January 2029.

There is no change to the other components of the road tax schedule for HGVs and buses.

How Baker Tilly can help

At Baker Tilly Singapore, we offer a full suite of tax services: corporate and personal tax compliance services, tax controversy and dispute services, tax advisory services, private client services, merger and acquisition tax services, tax governance services, tax incentive services, Goods and Services Tax services, transfer pricing services, and Digital tax transformation and solutions.

Our tax team is well placed to assist you in understanding how the Singapore Budget impacts your business.

To learn more, visit www.bakertilly.sg or contact marcomms@bakertilly.sg or your engagement team.

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