



A Better Singapore: Quality Growth, An Inclusive Society

Budget In Brief





A Better Singapore

We are transforming our economy so that we can have **Quality Growth** - growth that will provide all Singaporeans a better quality of life.

And we are taking further steps towards a more **Inclusive Society** - starting with our children, helping lower-income workers, and providing better lives for our retirees.

"We all hope Singapore will always remain the best home for ourselves, our families and our children."

Prime Minister Lee Hsien Loong
Chinese New Year Message 2013

Restructuring for Quality Growth

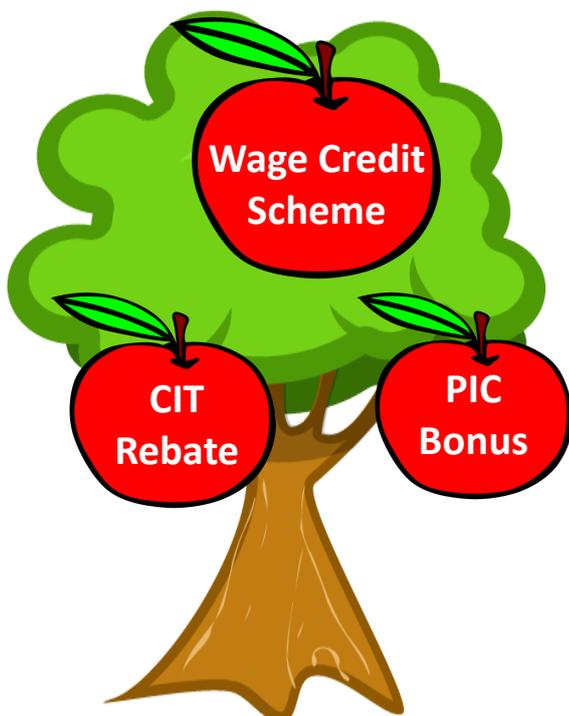
The **Quality Growth Programme** aims to help businesses upgrade, create better jobs, and raise wages. We will:

- Tighten Foreign Worker Policies
- Provide a 3-year Transition Support Package
- Strengthen Productivity Incentives
- Develop Capabilities for New Growth Industries

Tighten Foreign Worker Policies

To continue moderating the growth of the foreign workforce, we have to make further policy adjustments in different sectors to reflect the circumstances of each sector:

- Raise foreign worker levies for all sectors
- Further selective Dependency Ratio Ceiling cuts
- Tighten eligibility requirements for S Pass and Employment Pass

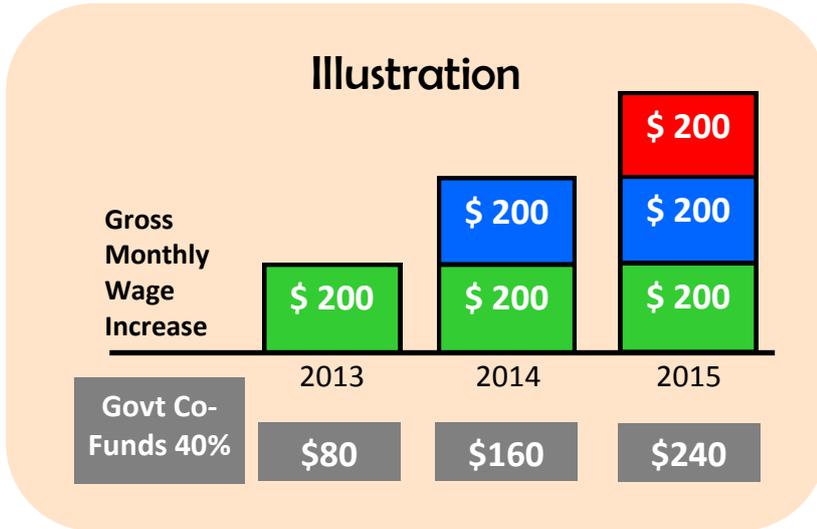


3-Year Transition Support Package

The **3-Year Transition Support Package** provides **\$5.3 billion worth of support** to businesses. This will help them restructure and share productivity gains with their employees in the form of higher wages.



Wage Credit Scheme



Under the Wage Credit Scheme (WCS), **Government will co-fund 40% of wage increases for Singaporean employees over the next 3 years.** This will help businesses raise the wages of their employees.

It will apply to wage increases for Singaporean employees earning up to a gross monthly wage of \$4,000. The WCS will cost \$3.6 billion over 3 years.



PIC Bonus

The Productivity and Innovation Credit (PIC) Bonus encourages more companies to take advantage of the PIC scheme to invest in productivity. **Businesses that spend a minimum of \$5,000 in PIC activities in a year will receive a dollar-for-dollar matching cash bonus.** The bonus will be up to \$15,000 over 3 Years of Assessment (YA2013 to YA2015). It will be paid over and above the existing PIC benefits, and is expected to cost \$450 million over 3 years.



Corporate Tax Rebate

A Corporate Income Tax (CIT) Rebate of **30% of tax payable capped at \$30,000 per Year of Assessment** will be given to help companies cope with cost pressures. The rebate will be for 3 years (YA2013 to YA2015).

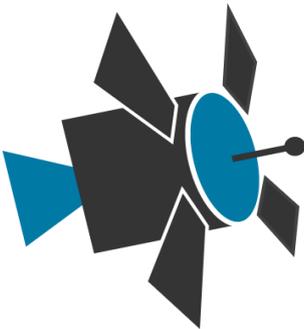
Strengthen Productivity Incentives

We will make it easier for companies to tap on schemes, help them upgrade and support industry-wide collaborations through the following:

- Make it easier and faster for businesses to make PIC claims
- Introduce a **Land Productivity Grant** for companies that intensify land use in Singapore
- Link SMEs with research and technology partners
- Broaden and enhance the **Partnerships for Capability Transformation (PACT) scheme**
- Develop solutions to industry-specific productivity challenges through the **Collaborative Industry Projects**
- Promote prefabrication in construction via the **Integrated Construction and Precast Hubs**

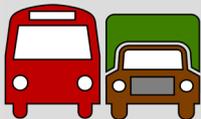


Capabilities for New Growth Industries



We will develop capabilities that enable us to seize opportunities in Asia's rapidly growing economies. We will support:

- A **Future of Manufacturing plan** (\$500 million over the next 5 years)
- The emerging satellite industry (\$90 million for the Satellite Industry Development fund)



Cost Savings for Commercial Vehicles

- A **1-year 30% road tax rebate** for goods vehicles, buses and taxis will be granted. The rebate will take effect on 1 July 2013 and save businesses \$46 million.
- Currently, when commercial vehicles reach the end of their 10-year COE, the owners can only renew for 5 years with no further extension, or pay more for a 10-year renewal. We will allow owners who choose to renew their COEs for 5 years in the first instance to extend their COEs further for another 5 years. This will **ease their cashflow and provide more flexibility**.

Building A More Inclusive Society



To ensure all Singaporeans share in the fruits of progress, we will:

- Promote social mobility
- Sustain a fair and progressive system of taxes and benefits
- Strengthen social safety nets
- Provide direct assistance for cost of living

Promote Social Mobility

We will take further initiatives to strengthen opportunities for lower- and middle-income pupils in our education system.

We will more than double our spending on the **Pre-school sector** over the next 5 years to more than \$3 billion. This will allow Government to:

- Expand capacity so that more pre-schools centres are **closer to homes and workplaces**
- Bring **more operators onto the Anchor Operator scheme**, providing 16,000 more places by 2017
- **Build up teacher quality** with salary grants, scholarships and training grants
- MOE to set up a **few kindergartens to develop best practices**
- Establish an **Early Childhood Development Agency** to drive improvements across the entire sector



At the **school level**, we will also provide more support for disadvantaged students. This will help them catch up and better build a foundation to do well later in life. We will:



- Extend **learning support programme** beyond the early primary school years
- Significantly expand the number of **school-based student care centres**
- Develop **rich online materials** to provide additional support for students
- Expand **Opportunity Fund** by \$72 million - 40% more for schools and extend it to Polytechnics
- Top up **Edusave Endowment Fund** by \$300 million

A Fair & Progressive System of Taxes & Benefits



Everyone contributes something to Singapore, but the bulk of taxes are paid by the high-income group and the bulk of benefits are received by the lower-income group.

In this Budget, we will add to the progressivity of the system, including enhancing Workfare significantly to help older workers. We are also reinforcing our social safety nets.

Strengthen Workfare

Expand Workfare Income Supplement (WIS) coverage

- **Monthly income ceiling will rise to \$1,900 a month**, which will benefit about 480,000 Singaporeans, or 30% of our citizen workforce

Increase WIS payouts

- **Maximum WIS payouts will rise by 25%-50%**, or up to a maximum of \$700 for workers aged 45 and above
- **Proportion of cash to CPF will increase** to provide more help to workers with immediate expenses
- **Higher payments to CPF Medisave and Special Accounts** to help boost healthcare and retirement savings of our older low-wage workers

A 60-year old worker earning \$1,000 a month will:

- ✓ Receive a total of **\$3,500**, or 3.5 months of additional income, in WIS per year
- ✓ Of this, **\$1,400** will be paid in cash, which is more than \$100 a month



To help low-wage workers save more for their retirement and medical needs, we will also **restore employer and employee CPF contribution rates** for workers who are earning less than \$1,500 a month.

More Progressive Taxes

For Owner-Occupied Residential Properties



We will enhance **progressivity of the tax structure** through:

- Lower property tax rates for 950,000 or 99% of homes
- Higher property tax rates for the top 1% of homes. The increase in property tax will be small except for those at the very top-end.

For Non-Owner-Occupied Residential Properties

There will be:

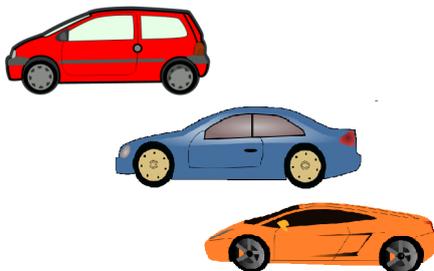
- No change in property tax rate for 112,000 or 67% of properties
- Higher property tax rate for the top 33%. The increase in property tax will only be significant for high-end investment properties.



The new tax structure for residential properties will be phased in over 2 years from 1 January 2014.

For Passenger Cars

The **Additional Registration Fee (ARF)** is currently 100% of a car's Open Market Value (OMV). This will be replaced by a tiered structure, where **more expensive cars pay higher rates**.



- An economy car with an OMV of up to \$20,000 will see no change in ARF rate
- A car with an OMV of up to \$50,000 will pay up to \$12,000 or 24% more ARF
- A luxury car with an OMV of \$75,000, for example, will pay \$32,000 or 43% more ARF

Stronger Social Safety Nets

Review of Healthcare Financing

We will keep healthcare affordable, especially for older Singaporeans.

We will review how the out-of-pocket share of medical costs can be reduced, even for the middle-income. We also want to broaden insurance coverage and increase the role of Medisave.



Top up to Medifund and Eldercare fund

- **\$1 billion top-up to Medifund** to provide extra assistance with healthcare bills, including to middle-income families
- **\$250 million top-up to Eldercare Fund** to strengthen support for patients in nursing homes and other long-term care services



Senior's Mobility and Enabling Fund

- **Top up to \$50 million**
- Help seniors purchase a wide range of assistive devices like hearing aids and motorised wheelchairs



More Help Under the Public Assistance (PA) Scheme

- A couple will now receive \$90 more per month, or \$790 in total
- Supplements the free services that they already receive, such as medical treatment in polyclinics and restructured hospitals, and other social services



Pensioners to Get More

- **Raise Singapore Allowance** to \$280 per month
- **Increase monthly pension ceiling** to \$1,210
- These changes will benefit 10,000 Government pensioners



Improving Social Service Delivery

- **Set up 20 new Social Service Offices in HDB towns** to coordinate support to needy families
- **Integrate eldercare services** under one agency to better serve our seniors
- Dedicated agency to strengthen focus on **persons with disabilities**

Direct Assistance for Cost of Living

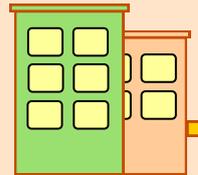
The Government will provide **\$1.7 billion to help households** cope with cost of living.

Extra GST Voucher



Total payout of Cash, Medisave and U-Save benefits will be **doubled this year**

Rebates on Service & Conservancy Charges (S&CC)



All HDB households will receive rebates of 1 to 3 months based on flat type

\$200 CPF Medisave Top-Up

For **all Singaporeans aged 45 and above**

Personal Income Tax Rebate

- For Year of Assessment 2013
- **30% rebate, capped at \$1,500** for resident taxpayers below 60 years old
- **50%, capped at \$1,500** for those aged 60 and above

Lower Concessionary Foreign Domestic Worker Levy

- For families with young children, elderly dependents and persons with disabilities
- **Levy reduced from \$170 per month to \$120 per month**
- A family will save \$600 a year
- From 1 March 2013

Many Households will Benefit

Retiree Couple
living in 3-room HDB



\$3,000 in benefits,
of which \$1,400 in Medisave



Middle-Income Family
living in 4-room HDB

\$1,500 in benefits

This includes the one-off GST Voucher Special Payment, S&CC rebates, CPF Medisave Account Top-Up, Personal Income Tax Rebate (for the middle-income family), tax savings, and the permanent GST Voucher.