

# Highlights of Singapore's Solidarity Budget

6 April 2020

The EY logo, consisting of the letters 'EY' in a bold, white, sans-serif font. A yellow diagonal bar is positioned above the 'Y'.

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# Introduction

Eleven days since the Resilience Budget with S\$48b worth of support measures was announced, Deputy Prime Minister and Minister for Finance, Mr. Heng Swee Keat, announced a third round of supplementary budget support measures on 6 April 2020 for workers, businesses and households, termed as the Solidarity Budget.

This comes as the COVID-19 outbreak has continued to escalate in the past week, leading to the introduction of circuit breaker measures over a four-week period starting 7 April 2020, which will see all schools and most workplaces closed until 4 May 2020.

The enhancements in the Solidarity Budget will provide further support to protect livelihoods, save jobs and preserve businesses' capabilities and capacity when the circuit breaker measures are lifted.

The additional measures under the Solidarity Budget will cost a total of S\$5.1b, of which S\$4b will be used to support businesses and workers, and the remaining S\$1.1b for the Solidarity Payment. In total, the Government's response to COVID-19 will amount to S\$59.9b, or about 12% of GDP. The overall budget deficit for FY2020 will increase to S\$44.3b or 8.9% of GDP.

Indeed, Singapore's discipline and prudence in its fiscal practices in the past are now proving to be life-saving in the current volatile times, as the country is able to execute its support packages without burdening future generations. The scale and speed at which the Unity, Resilience and Solidarity Budgets were pushed through are unprecedented.

With these supplementary budgetary measures of extraordinary scale, the Singapore Government hopes to pull the nation through this challenge together, emerge stronger and be ready to ride the next wave of growth.



**Soh Pui Ming**  
Head of Tax, Singapore  
Ernst & Young Solutions LLP

The EY news alerts on the earlier 2020 budgetary measures can be found here: [Unity Budget](#) and [Resilience Budget](#).

# Key proposals

## Strengthen support for firms and workers

In the Solidarity Budget, the Government addresses the cash flow and cost concerns of businesses to support job retention during the circuit breaker period, from 7 April 2020 to 4 May 2020.

### Tax measures

- *Ensure pass-through of property tax rebate:* A Bill will be introduced to ensure pass-through of full property tax rebate for non-residential properties from property owners to tenants. The enhanced property tax rebate announced in the Resilience Budget offers up to 100% of property tax rebate for non-residential properties.

### Non-tax measures

Key enhancements include:

- *Enhanced Jobs Support Scheme:* A 75% cash grant for all sectors on the gross monthly wages of local employees subject to a monthly wage cap of S\$4,600 per employee for the month of April 2020. This is above and beyond the announcements in the Resilience Budget to support companies' cash flow during the circuit breaker period. In addition, the payout period will also be brought forward.

Summary of the Jobs Support Scheme measures announced in the Unity, Resilience and Solidarity Budgets is as follows:

	Unity Budget (18 February)	Resilience Budget (26 March)	Solidarity Budget (6 April)												
Level of support	8% cash grant of up to S\$3,600 per local employee for three months (Oct 2019 to Dec 2019)	Enhanced wage support for each local employee (computed based on wage cap of S\$4,600) for the following industries for nine months (Oct - Dec 2019, Feb - Jul 2020):  <u>Aviation and tourism</u> ▶ 75% wage support  <u>Food services</u> ▶ 50% wage support  <u>All other sectors</u> ▶ 25% wage support	All sectors will receive a temporary enhancement in wage support of 75% for the month of April 2020.  Employers who do not pay wages in April 2020 (e.g., employees put on no pay leave) will not receive benefit from this temporary wage support enhancement for April 2020.												
Payout periods	By July 2020	<table border="1"> <tr> <td>First payout</td> <td>May 2020</td> </tr> <tr> <td>Second payout</td> <td>Jul 2020</td> </tr> <tr> <td>Third payout</td> <td>Oct 2020</td> </tr> </table>	First payout	May 2020	Second payout	Jul 2020	Third payout	Oct 2020	<table border="1"> <tr> <td>First payout</td> <td>Apr 2020</td> </tr> <tr> <td>Second payout</td> <td>Jul 2020</td> </tr> <tr> <td>Third payout</td> <td>Oct 2020</td> </tr> </table>	First payout	Apr 2020	Second payout	Jul 2020	Third payout	Oct 2020
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- *Waiver of monthly Foreign Worker Levy:* Waiver of monthly Foreign Worker Levy due in April for firms that hire foreign workers on work permits and S-passes. Employers will also receive a Foreign Worker Levy rebate of S\$750 in April 2020 from levies paid this year for each work permit or S pass holder.
- *Enhanced rental waiver:* Rental waiver for industrial, office and agricultural tenants of Government agencies will be increased to one month, from the 0.5 months announced in the Resilience Budget. Stall holders in NEA hawker centres will continue to enjoy three months of rental waivers, while commercial and other non-residential tenants in Government properties will continue to receive up to two months of rental waivers.

# Key proposals

## Enhanced financing support

### Non-tax measures

To enable viable businesses to continue to have access to credit despite the uncertainty, the following enhancements to the financing support have been proposed:

- ▶ Increase the Government's risk share of loans made under the following schemes from 80% to 90% for loans initiated from 8 April 2020 to 31 March 2021:
  - ▶ Temporary Bridging Loan Programme
  - ▶ Enterprise Financing Scheme - SME Working Capital Loan
  - ▶ Enterprise Financing Scheme - Trade Loan

The Monetary Authority of Singapore also worked with financial institutions to introduce a package of measures to help Small and Medium Enterprises, such as deferral of principal payments on secured term loans till end of 2020, providing low-cost funding to banks and finance companies that are committed to pass on the savings to their borrowers.

## Enhanced self-employed person income relief scheme (SIRS)

### Non-tax measures

The SIRS was announced in the Resilience Budget to provide direct cash support to the self-employed group who may have less income security and whose livelihoods may be adversely affected during this period of economic uncertainty.

To broaden the eligibility criteria for SIRS, the following have been announced in the Solidarity Budget:

- ▶ Extension of SIRS to automatically include self-employed persons who also earn a small income from employment work.
- ▶ Raise the qualifying threshold of the annual value of the property in which the self-employed person lives in from no more than S\$13,000 to S\$21,000. Previously, the self-employed person must live in a property with an annual value of no more than S\$13,000.

No change in payouts. Eligible self-employed persons will receive three quarterly payouts of S\$3,000 each in May, July and October 2020.

# Key proposals

## Enhanced support for households

### Non-tax measures

Enhancements to the support for households in this Solidarity Budget are:

- ▶ All adult Singaporeans will receive a Solidarity Payment of S\$600, comprising a new S\$300 payout under this Solidarity Budget, and a S\$300 from the Resilience Budget.
- ▶ Bringing forward of the timing of the cash payouts announced previously under the Resilience Budget from August 2020 to June 2020. These cash payouts are:
  - ▶ The remaining balance of the cash payouts under the higher tiers of the Enhanced Cash and Support Package
  - ▶ The additional cash payout of S\$300 for each parent with at least one Singaporean child aged 20 and below in 2020
  - ▶ The S\$100 PAssion Card top-up, which will be given in cash, for every Singaporean aged 50 and above in 2020

A summary of the measures announced to support households is as follows:

Measure	Unity Budget (18 February)	Resilience Budget (26 March)	Solidarity Budget (6 April)
Cash payouts to adult Singaporeans aged 21 and above in 2020	Payout quantum ranging from S\$100 to S\$300	Payout quantum tripled, ranging from S\$300 to S\$900  Payment in August 2020	Additional payout of S\$300, increasing the total payout quantum range from S\$600 to S\$1,200.  The first tranche payment of S\$600 will be made starting from 14 April 2020.  Any remaining balance of the cash payout to be paid in June 2020.
Additional cash payout to parents with at least one Singaporean child aged 20 and below		Payout of S\$300 for each qualifying parent in August 2020	Payment brought forward to June 2020
PAssion card top-up for every Singaporean aged 50 and above	Top-up quantum S\$100		Payment brought forward to June 2020, and in cash

# Contact us

## Head of Tax



**Soh Pui Ming**  
pui.ming.soh@sg.ey.com

## Business Tax Services



**Choo Eng Chuan**  
eng.chuan.choo@sg.ey.com

## Global Compliance and Reporting



**Chai Wai Fook**  
wai-fook.chai@sg.ey.com

## Indirect Tax



**Yeo Kai Eng**  
kai.eng.yeo@sg.ey.com

## International Tax and Transaction Services



International Corporate Tax Advisory  
**Angela Tan**  
angela.tan@sg.ey.com



International Corporate Tax Advisory  
**Chester Wee**  
chester.wee@sg.ey.com



Transfer Pricing  
**Luis Coronado**  
luis.coronado@sg.ey.com



Transaction Tax Advisory  
**Darryl Kinneally**  
darryl.kinneally@sg.ey.com

## People Advisory Services



**Panneer Selvam**  
panneer.selvam@sg.ey.com



**Stephen Bruce**  
stephen.bruce@sg.ey.com

## Financial Services Organisation

## Legal Services

(provided by Atlas Asia Law Corporation, an independent member firm of the global EY network)



**Evelyn Ang**  
Atlas Asia Law Corporation  
evelyn.ang@atlasialaw.com.sg

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