

2009 SINGAPORE BUDGET HIGHLIGHTS



CORPORATE TAX

- Reduction in corporate tax rate by 1% from 18% to 17%.
- Extend start-up tax exemption scheme to companies limited by guarantee, subject to the same conditions imposed on companies limited by shares.
- Allow write-down of capital expenditure incurred on renovation or refurbishment works fully within a year instead of over 3 years, subject to a cap of \$150,000 for every 3 years.
- Allow unutilised trade losses and capital allowances to be carried back to set off against the Assessable Income of 3 immediately preceding Years of Assessment instead of 1 Year of Assessment and increasing the limit on the aggregate amount from \$100,000 to \$200,000.
- Accelerate write-down of capital allowances on newly acquired plants and machinery within 2 years with 75% of the write-down in the first year of claim.
- Accelerate write-down of allowances for acquisition of Intellectual Property for Media & Digital Entertainment Content from 5 years to 2 years.
- Expand tax exemption to cover all foreign sourced income that was earned / accrued outside Singapore on or before 21 January 2009 by suspending the conditions required for foreign sourced income to be exempt from tax when remitted into Singapore for one year.
- Increase tax deduction for donations made in 2009 to IPC and other approved recipients from 200% to 250% of the amount donated.
- New tax framework for qualifying amalgamations that will alleviate the tax cost associated with corporate amalgamations.
- Extend withholding tax exemption on interest payable on qualifying loans taken by shipping enterprises to acquire Singapore-registered vessels for a further 5 years to 31 December 2013.
- Extend tax deduction for collective impairment provisions made by banks, merchant banks or finance companies under MAS Notices 612, 811 and 1005 for a further 3 years.
- Enhance existing Fund Management Incentive schemes under Section 13C, 13CA and 13R by an Enhanced Tier.
- Enhance current Financial Sector Incentive-Headquarter Services scheme for the period of 22 January 2009 to 31 December 2013.
- Enhance Commodity Derivatives Traders Scheme to be extended and subsumed under the Financial Sector Incentive-Derivatives Market scheme and expanded to include trades in emission derivatives. Counter-party restrictions will be removed for qualifying trades.

PERSONAL TAX

- No changes in personal tax rates with highest rate at 20%.
- 20% tax rebate up to a \$2,000 cap for Year of Assessment 2009.
- Removal of income tax on net annual value of all residential properties.
- Flexible Interbank GIRO arrangements to pay personal income taxes in interest-free monthly instalments of up to 24 months for those who lost their jobs.

PROPERTY TAX

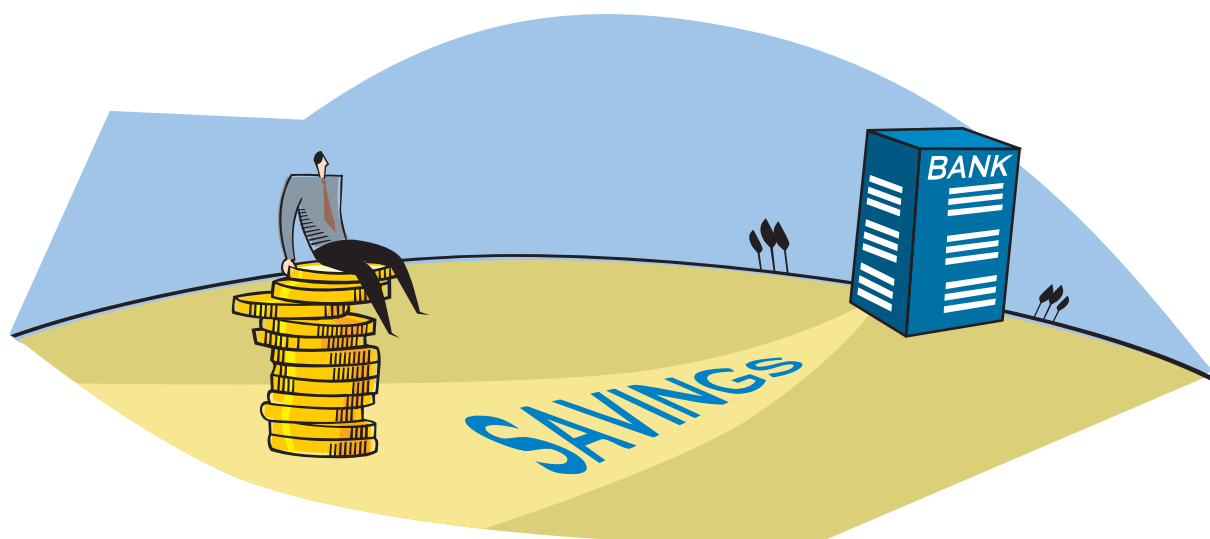
- 40% tax rebate for owner-occupied residential properties and commercial and industrial properties.
- Property tax deferral for Land Approved for Development for Businesses of up to 2 years.
- Deferment of increase in assessment rate for hotel rooms.

GOODS AND SERVICES TAX (GST)

- Extend zero-rating relief to cover the sale, maintenance and repair services of aircraft components or systems of a qualifying aircraft.
- Suspension of GST and duty on goods temporarily removed from Zero-GST or Licensed Warehouse for Auctions and Exhibitions.
- Recovery of GST for qualifying funds managed by a prescribed fund manager in Singapore.

OTHERS

- 12% cash grants for eligible employers based on the Central Provident Fund contributions that they have made for their existing employees under the Jobs Credit scheme.
- Increase in course fees subsidies to 90% for PMET-level courses that are eligible for Skills Programme for Upgrading and Resilience.



Writer's Caveat

These articles have merely attempted to provide a broad overview on the subject matters. It is not in any way intended to be comprehensive and no specific action should be taken on the basis of the above without consulting your professional advisors.

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