

# Singapore Budget 2025 Update

Below we provide salient takeaways from Budget 2025, with a focus on key changes. The comprehensive budget statement and changes are available [here](#).

## 1. Key highlights for Businesses

### *Corporate Income Tax ("CIT") Rebate & CIT Cash Rebate*

Similar to last year, for the Year of Assessment 2025 (being financial year 2024), a 50% CIT rebate is available to reduce corporate tax payable and/or a CIT Rebate Cash Grant of S\$2,000 will be granted to active companies that employ at least one local employee.

The maximum benefits under CIT Rebate and CIT Cash Rebate will be S\$40,000.

The one local employee condition is considered met if the employer has made CPF contribution to at least one local employee (Singaporean or Permanent Resident) who is not a director and shareholder of the company in the year 2024.

### *Enhancing Tax Certainty on Disposal of Shares*

The disposal of ordinary shares of certain companies shall be tax-exempted if at least 20% of the shares in investee company is held for a continuous period of at least 24 months before disposal. This tax exemption will now be made permanent (previously limited to disposals made up till 31 December 2027).

The tax exemption will also be enhanced to include preference shares accounted for as equity by the investee company and the 20% shareholding requirement will be assessed on a group basis. Details will be announced by 3<sup>rd</sup> quarter 2025.

The enhancements, which will take effect from 1 January 2026, provide greater certainty for companies and reduce compliance costs. Notwithstanding, businesses should ensure that the Economic Substance Requirements ("ESR") can be met before disposing of foreign shares – as the provisions for ESR would override the above tax-exemption.

## *Equity-based Employee Remuneration Scheme*

Companies offering equity shares as part of employee remuneration can now get a tax deduction on payments made to a holding company or a special purpose vehicle for new shares are issued.

The tax deduction will be capped at the lower of:

- Amount paid by the company; or
- Fair market value or net asset value of the shares.

The tax deduction will be further reduced by the amount payable by an employee.

This will be effective from YA 2026 (covering financial year 2025). Details will be available by 3<sup>rd</sup> quarter 2025.

This change may be of particular interest to Single Family Offices (“SFO”) where equity shares could be used to incentivize performance and align the long-term interest of SFO with their key employees. The Monetary Authority of Singapore (“MAS”) is considering allowing SFOs to grant up to [10% of the SFO shares](#) to key employees who are non-family members. We shall await further announcement by the MAS on the details and effective date.

## **2. Financial and Wealth Management Sector**

### *Financial Ecosystem*

Several initiatives were introduced to strengthen the financial ecosystem in Singapore. To attract companies to list on the Singapore Exchange, the following was introduced:

- Corporate Income Tax Rebate of up to 20% for 5 years for listed companies and business trust.
- Listed fund managers will enjoy a corporate Tax Rate of 5% on qualifying income for new fund manager listing

A new 5-year tax exemption scheme is also being announced for funds that invest substantially in Singapore listed equities.

Further, a S\$1 billion private credit growth fund will be launched to provide financing for high growth local enterprises.

Taken together, these initiatives could provide greater liquidity and promising investment opportunities for family offices in Singapore. This would benefit SFO funds that have a capital deployment requirement (i.e. to invest at least 10% of investments into certain investments - such as Singapore companies).

### *Private Clients*

There are no other major announcements that impact Private Clients in Budget 2025.

For the latest tax news for Private Clients, please see our earlier publications – [Private Client Tax Update for Year 2025](#) & [Tax Incentives for Funds Managed in Singapore](#).

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