

UPDATED
17 August 2020



Singapore Covid-19 Business Support Measures

Deputy Prime Minister and Minister for Finance Heng Swee Keat delivered the Ministerial Statement on 17 August 2020, further to the Unity, Resilience, Solidarity and Fortitude Budgets. As the pandemic continues and the economic downturn protracts, the Government looks to roll out additional support for businesses and workers affected. This briefing covers announcements relevant to businesses, it is not a comprehensive briefing and addresses the three Cs – cost, credit and cash flow. In particular, measures announced for the self-employed are not covered here.

COSTS

Labour Costs

The Government will pay 75% of the first \$4,600 of monthly salaries for **all local employees** (Singapore Citizens and Permanent Residents) for April and May 2020 resulting in a maximum subsidy to the employer of \$3,450 per local employee per month under the Jobs Support Scheme (“JSS”). Shareholder-directors with assessable income of \$100,000 or less are now eligible (payouts backdated to cover April and May 2020). This was enhanced in the Solidarity budget from the Resilience Budget under which the Government announced it would co-fund 25% of local workers’ wages. This 25% is increased for heavily impacted industries; 75% for aviation and tourism and 50% for food services and retail. The Resilience Budget measures were expected to apply again from May 2020, however, the Fortitude Budget announced that firms that cannot resume operations immediately after the Circuit Breaker in June will continue to receive wage support at 75% until August 2020 or when they are allowed to re-open, whichever is earlier. This includes retail outlets, gym and fitness studios, and cinemas.

From September 2020, JSS ranges from 30% (food services, retail, marine and offshore, and arts and entertainment) to 50% (aviation, aerospace and tourism). Other sectors currently receiving 25% support will receive 10% co-funding for wages from September 2020 to March 2021 (exceptions apply for firms in certain sectors that are considered to be managing well). The wage support is 50% for September 2020 to March 2021 for firms that cannot resume on-site operations yet, or until they can resume on-site operations, whichever is earlier.

Total support under the JSS has been extended to ten months (additional one month) under the Fortitude Budget. This is extended for an additional seven months in the Ministerial Statement.

Employers with **foreign workers** will benefit from a waiver of monthly foreign worker levy due in April and May 2020 as well as a foreign worker levy rebate of \$750 per month for each Work Permit or S-Pass holder, based on previous levies paid in 2020. Businesses not able to resume operations on-site immediately after the Circuit Breaker will enjoy an extension for up to two months; the waiver will be 100% in June, and 50% in July and the rebate will be \$750 in June, and \$375 in July.

The Jobs Growth Initiative (“JGI”) will be launched to support hiring in growing sectors. The Government will co-pay up to 25% of wages of new local hires for one year, capping applies. This increases to 50% for workers aged 40 and above.

Property Costs

The Resilience Budget enhanced announcements to The **Property Tax Rebate** by raising the amount and covering more types of properties:

- For 2020, qualifying commercial properties that have been more badly affected by the COVID-19 outbreak will **pay no property tax**. These include hotels, serviced apartments, tourist attractions, shops, and restaurants. This is a step up from the 15%-30% Property Tax Rebate announced earlier.

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- Businesses in other non-residential properties such as offices and industrial properties affected by the COVID-19 situation will be granted a **Property Tax Rebate of 30%** for the year 2020.

Under the Fortitude Budget, SME tenants (annual turnover of \$100m or less) will receive a cash grant:

- Qualifying SME tenants of qualifying commercial properties (e.g. shops) will receive a new cash grant of about 0.8 months of rent, bringing total Government support to about two months when considering the full property tax rebate to be passed on by property owners.
- Qualifying SME tenants of other non-residential properties (e.g. industrial and office properties) will receive a new cash grant of about 0.64 months of rent, bringing total Government support to about one month when considering the full property tax rebate to be passed on by property owners.

A new Bill is introduced where landlords are mandated to grant a four-month rental relief, shared equally between the Government and the landlords, to SME tenants who have suffered a significant revenue drop in the past few months.

Rental waivers have been granted for tenants in Government-owned/managed non-residential facilities.

Stallholders in hawker centres managed by NEA or NEA-appointed operators will receive a three-month waiver. Eligible tenants/lessees under Government agencies may include those providing commercial accommodation, retail, F&B, recreation, entertainment, healthcare, and other services will receive a two-month waiver and all other non-residential tenants will receive half-a-month waiver (increased to one month in the Solidarity Budget).

An extension has been announced in the Fortitude Budget. Total rental waiver will now be four months (additional two months) for commercial tenants and five months (additional two months) for stallholders in hawker centres and markets. For other non-residential tenants, total rental waiver is now two months (additional one month).

In addition, all Government fees and charges will be frozen for one year, from 1 April 2020 to 31 March 2021.

CREDIT

Enterprise Financing Scheme (EFS) – SME Working Capital Loan was introduced in 2016 to assist SMEs in Singapore in financing their operational financing needs. EFS was enhanced under the Resilience Budget to a maximum loan of \$1m and an increase in the Government's risk share from 70% to 80%. Under the Solidarity budget, there will be a further increase from 80% to 90% for loans initiated from 8 April 2020 till 31 March 2021.

Enterprise Financing Scheme (EFS) – Trade Loan supports Singapore-based enterprises' trade financing needs. EFS was enhanced under the Resilience Budget to a maximum loan of \$10m and an increase in the Government's risk share from 70% to 80%, under the Solidarity budget, there will be a further increase from 80% to 90% for loans initiated from 8 April 2020 till 31 March 2021.

Temporary Bridging Loan Programme (TBLP) was introduced in March 2020 to provide additional cash flow support to the tourism sector. This is enhanced under the Resilience Budget to apply to all enterprises with a maximum loan size of \$5m. SMEs that require support beyond the TBLP can continue to tap on the EFS – SME Working Capital Loan. As announced in the Solidarity Budget, the Government will provide 90% risk-share on these loans for new applications initiated from 8 April 2020 till 31 March 2021.

The **Loan Insurance Scheme** helps SMEs secure short-term trade loans by having commercial insurers co-share loan default with Participating Financial Institutions. A portion of the insurance premium paid by SMEs to insurers is supported by the Government. The Government is increasing support for the loan insurance premiums from 50% to 80% for one year from 8 April 2020 till 31 March 2021.

Start-ups which find it hard to raise capital can expect a \$285m Government support plus \$285m in matching private investments, this is on top of \$300m set aside under **Startup SG Equity**. Capital grant for the **Startup SG Founder** programme will be enhanced.

CASH FLOW

The first JSS payout was in April. Subsequent payouts are in May, July and October 2020 as well as in March and June 2021.

There are deferral mechanisms in place for a number of business commitments including loan repayments, insurance cover and taxes to ease cash flow burdens.

For further reading, the links below may be helpful, it should be noted that the information in this briefing is up-to-date as at the time of writing, further announcements are anticipated.

https://www.singaporebudget.gov.sg/budget_2020

<https://www.iras.gov.sg/irashome/COVID-19-Support-Measures-and-Tax-Guidance/COVID-19-Support-Measures-and-Tax-Guidance/>

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