

A circular logo with a magnifying glass effect. The outer ring contains the text 'SINGAPORE BUDGET' in blue. The inner circle contains the text 'SYNOPSIS 2009' in large, bold, black letters.

SINGAPORE BUDGET SYNOPSIS 2009

INFINITY

Accountants & Business Advisors

The Minister of Finance delivered the Singapore Budget 2009 on 22 January 2009.

Set against a backdrop of an economic crisis, the Budget speech was brought forward by a month demonstrated the urgency of addressing issues to help Singapore see through this current period of exceptional difficulty.

In a time that Singapore is undergoing its worst recession since independence, the Minister had taken a bold and unprecedented move of unveiling a groundbreaking Budget that will dip into the nation past reserves for the first time in history. It scores on superlatives the biggest bonanza of S\$20.5 billion to help businesses and individuals during this downturn, which is expected to be both long and deep. With the expected GDP deficit of 6%, this is indeed the largest amount the government has undertaken in response to an economic downturn.

A resilience package as it is called; the Minister has put together a package that outlined 5 key components. It aims to preserve jobs to the maximum extent possible, helping viable businesses stay afloat, unlocking the credit crunch and stimulating bank lending, enhancing business cash flows and competitiveness, supporting families through various grants and tax measures and investing in physical infrastructure, healthcare and education that will prepare Singapore for recovery.

In all, it was a generous Budget, which will have the government dip into its reserves in a meaningful way. It was well thought-out. The government has demonstrated its ability to listen to industry feedback from the ground. The Budget seeks to provide stability in time of crisis by reducing business cost and at the same time does not ignore the prospect of a brighter future when it recovers.

At Infinity, we are pleased to provide clients and business associates with this exclusive synopsis as a general guide to the changes, implications and impact that will affect your businesses and our economy. Readers are therefore advised that they should not be use or relied upon as a basis for formulating business decisions.

If any assistance is required in connection with the information provided herein, please do not hesitate to contact us.

Finally, may we also take this opportunity in Wishing you a Happy, Prosperous and Successful Year of the Ox.

22 January 2009

CONTENTS

	Page
 CORPORATE TAX	
1. Tax Rate	1
2. Enhancement of Loss Carry-Back Relief Scheme	3
3. Expansion of Foreign-Sourced Income Exemption	5
4. Enhancement of Existing Capital Allowance Regime	6
5. Enhancement of Tax Deduction for Capital Expenditure Incurred on Renovation & Refurbishments (R&R) Works	7
6. Enhancement of Start-Up Enterprise Scheme	8
7. Enhancement of Tax Deduction on Donations	9
8. Accelerated Writing-Down Allowance (WDA) for Acquiring Intellectual Property (IP) Rights for Media and Digital Entertainment (MDE) Content	10
9. Extension and Enhancement of Withholding Tax Exemption for the Maritime Industry	11
10. New Tax Framework to Facilitate Corporate Amalgamation	12
11. Enhancement of Fund Management Incentive Scheme	13
12. Extension and Enhancement of Commodity Derivatives Traders (CDT) Scheme	14
13. Enhancement of Financial Sector Incentives-HQ Services Scheme	15
14. Enhancement of Specified Income and Designated Investments List	17
 INDIVIDUAL TAX	
1. Personal Income Tax Rebate	19
2. Removal of Tax on Net Annual Value (NAV)	20

CONTENTS

	Page
GOOD AND SERVICES TAX	
1. Exemption of GST and Duty for Wines Used at Wine Exhibition and Conferences	21
2. GST Zero-Rating for the Aerospace Industry	22
3. Suspension of GST and Duty on Goods Temporarily Removed from Zero-GST or Licensed Warehouse for Auctions and Exhibitions	23
OTHER BENEFITS	
1. Special Risk-Sharing Initiative	24
2. Workfare Income Supplement (WIS) Special Payment	26
3. Jobs Credit Scheme	26
4. GST Credits	26
5. Service & Conservancy Charges (S&CC) and Rental Rebates	26
6. Property Tax Rebates	27
7. Road Tax Rebate	27
8. Green Vehicle Rebate Scheme	27
9. Concession on Port Dues	27
10. Deferral of Increase in Assessment Rate for Hotel Rooms	27

CORPORATE TAX**1. Tax Rate***Present Position*

- ❖ The current corporate tax rate is 18% with partial exemption of up to \$300,000 of a company's normal chargeable income as follows:

Chargeable Income	Exemption
	\$
1 st \$ 10,000 @ 75%	7,500
Bal. \$290,000 @ 50%	145,000
Total Exemption	152,500

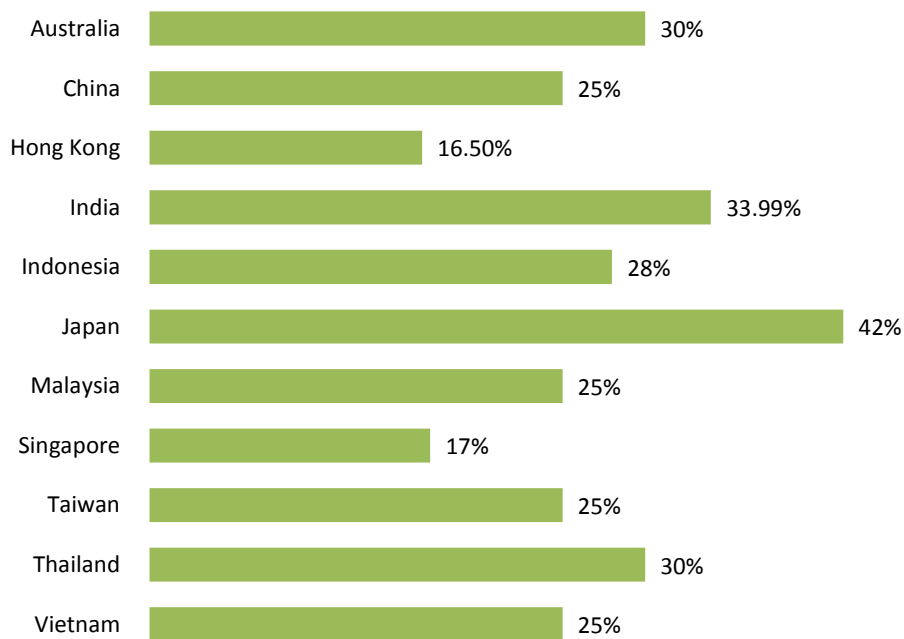
Proposed

- ❖ With effect from the Year of Assessment (YA) 2010, the corporate tax rate will be reduced to 17%.
- ❖ Companies will continue to enjoy the partial tax exemption scheme and tax exemption scheme for new start-up companies as provided in the Years of Assessment 2008 and 2009.
- ❖ With effect from the Year of Assessment 2010, the tax exemption scheme for new start-up companies will be extended to include companies limited by guarantee subject to the same conditions.

1. Tax Rate (continued)*Comments*

- ❖ A tax cut in difficult times may not have an immediate impact on businesses, as it will only kick off next year. It is more to position Singapore favourably when the economy recovers.
- ❖ The change would narrow the gap to those of Hong Kong whose tax rate is 16.5%.

Comparison of corporate tax rates of selected countries:



2. Enhancement of Loss Carry-Back Relief Scheme

Present Position

- ❖ Since YA 2006, a one-year carry-back of current year unutilised capital allowances (CAS) and trade losses were introduced and its main features are:
 - i. Only current year unutilised CAS and trade losses are allowed to be carried back for one YA immediately preceding that YA in which the CAS are granted or the trade losses are incurred.
 - ii. An aggregate amount of \$100,000 of current year unutilised CAS or trade losses can be carried back.
 - iii. This scheme is available to sole proprietor and partnerships.
 - iv. A company has to meet the substantial shareholding test in order to qualify for this scheme.

Proposed

- ❖ This scheme will temporarily be enhanced for YAs 2009 and 2010 as follows:
 - i. Current year qualifying deductions will be allowed to be carried back for up to 3 YAs immediately preceding that YA in which the CAS is granted or trade losses incurred.
 - ii. Qualifying deductions are to be set-off firstly against the taxable profits in the 3rd YA, followed by the 2nd YA and then the YA immediately preceding the YA in which the CAS were granted or trade losses are incurred.
 - iii. The limit on the aggregate amount of current year qualifying deductions that can be carried back will be increased from \$100,000 to \$200,000.
 - iv. Refund will be made by Inland Revenue Authority of Singapore (IRAS) based on provisional claims on the estimated losses submitted.

2. Enhancement of Loss Carry-Back Relief Scheme (continued)

Comments

- ❖ The increase in amount for qualifying deductions from \$100,000 to \$200,000 will effectively give a maximum refund of \$40,000 when applying the YA 2006 corporate tax rate of 20%.
- ❖ The increase in quantum of qualifying deductions and the number of YAs such qualifying deductions may be carried back will indeed benefit businesses that are sustaining losses during the recession. Loss making companies are now able to get back some of the tax paid in earlier profitable years.

3. Expansion of Foreign-Sourced Income Exemption

Present Position

- ❖ Singapore tax resident company are exempted from tax on all foreign-sourced dividends, foreign branch profits, and foreign-sourced service income that is remitted into Singapore on or after 1 June 2003 if the following conditions are met:
 - i. The headline tax rate of the foreign jurisdiction from which the income was received is at least 15%, and
 - ii. The foreign-sourced income must have been subjected to tax in the foreign jurisdiction from which it is received.

Proposed

- ❖ A one-year moratorium to allow foreign-sourced income earned or accrued outside Singapore on or before 21 January 2009 to be remitted back to Singapore, tax exemption will be granted if the company remits these foreign-sourced income into Singapore during the period from 22 January 2009 to 21 January 2010.
- ❖ Conditions that is currently required for foreign-sourced income to be exempted from tax when it is remitted into Singapore will be temporarily lifted.

Comments

- ❖ This benefit is temporary. It is to assist companies to tap on financing from their overseas investments and operations to cater for the business financing needs in Singapore.
- ❖ IRAS will be releasing further information by April 2009.

4. Enhancement of Existing Capital Allowance Regime

Present Position

- ❖ Currently, expenditure incurred on the purchase of plant and machinery for the purpose of trade or business is eligible to claim for accelerated capital allowances over 3 years.

Proposed

- ❖ Capital expenditure incurred on newly acquired plant and machinery during the basis periods for YAs 2010 and 2011 will be allowed to be claimed over 2 years instead of 3 years.
- ❖ 75% of the costs can be claimed in the first YA and the remaining 25% in the next YA.

Comments

- ❖ The tax savings will complement the corporate tax cut and benefit businesses.
- ❖ It is also intended to stimulate spending in times of an economic slowdown.
- ❖ Businesses planning to acquire new plant and machinery should consider taking advantage of this benefit by acquiring their assets before the end of their next financial year.

5. Enhancement of Tax Deduction for Capital Expenditure Incurred on Renovation & Refurbishments (R&R) Works

Present Position

- ❖ Businesses that incurred qualifying R&R expenses during the period from 16 February 2008 to 15 February 2013 can deduct such expenses over 3 years. This special deduction is subject to a maximum cap of \$150,000 every 3 years.

Proposed

- ❖ Qualifying expenses incurred in YAs 2010 and 2011 will be deductible within 1 year instead of 3 years.
- ❖ The capping of \$150,000 for every 3 years remains unchanged.

Comments

- ❖ This is aimed to provide help to establishments in the service sector.

6. Enhancement of Start-Up Enterprise Scheme

Present Position

- ❖ Newly start-up companies are eligible to claim full tax exemption on its first \$100,000 of normal chargeable income for the first 3 YAs upon incorporation.
- ❖ This is subject to the following criteria:
 - i. It is incorporated in Singapore;
 - ii. It is a Singapore tax resident in the relevant YA; and
 - iii. Throughout the basis period relating to the YA of claim, its total share capital is beneficially held directly by no more than 20 shareholders all of whom are individuals or at least one is an individual holding at least 10% of the total numbers of issued ordinary shares in the company.

Proposed

- ❖ With effect from the YA 2010, this scheme will be extend to companies limited by guarantee, subject to the same conditions imposed on companies limited by shares.

Comments

- ❖ This is aimed to promote social entrepreneurship and growth within the social sector.

7. Enhancement of Tax Deduction on Donations

Present Position

- ❖ All donations to Institutions of Public Character (IPCs) and other approved recipients such as approved museums, prescribed schools, etc. qualify for double tax deduction.

Proposed

- ❖ Tax deduction for these donations made during the period from 1 January 2009 to 31 December 2009 will be increased from 200% to 250%.

Comments

- ❖ This is aimed to encourage community initiatives during a recession and at the same time promote Singapore as a philanthropy hub.
- ❖ All existing rules to qualify for the tax deduction remain unchanged.

8. Accelerated Writing-Down Allowance (WDA) for Acquiring Intellectual Property (IP) Rights for Media and Digital Entertainment (MDE) Content

Present Position

- ❖ A company or partnership who incurs capital expenditure in acquiring IP rights will be granted accelerated WDA over 5 years, computed on a straight-line basis.
- ❖ The acquisition of IP rights must encumber the transfer of both the legal and economic ownership of the IP rights. In instances where only the economic ownership is acquired, but not the legal ownership, the company or partnership has to seek specific approval from the EDB in order to claim for WDA.

Proposed

- ❖ The writing-down period for claiming WDA in respect of capital expenditure on acquiring IP rights for MDE content will be reduced from 5 years to 2 years.
- ❖ The accelerated WDA will be granted subject to obtaining approval from the EDB.
- ❖ To qualify, the IP rights must be acquired during the period from 22 January 2009 to 31 October 2013.

Comments

- ❖ This is aimed to enhance Singapore as a centre for IP hub for the media and digital entertainment industry.

9. Extension and Enhancement of Withholding Tax Exemption for the Maritime Industry

Present Position

- ❖ Under the Block Transfer Scheme (BTS), shipping enterprise can enjoy withholding tax exemption on interest paid on overseas loan taken to finance the acquisition of Singapore flagged vessels which are registered with the Singapore Registry of Ships (SRS).
- ❖ This exemption is applicable for ships registered with the SRS from 1 November 2003 to 31 December 2008.

Proposed

- ❖ This exemption will be further extended for a further period of 5 years to 31 December 2013.
- ❖ The exemption has also been extended to interest payable on offshore loan secured to finance the acquisition of 100% of the shares in a Special Purpose Company that owns 100% of a ship, which is a new entrant to the SRS and registered between 1 January 2009 to 31 December 2013.

Comments

- ❖ This is aimed to provide support to the maritime industry where businesses will now have a wider choice of sourcing their funds from overseas to acquire vessels.
- ❖ The extension of withholding tax exemption will also help to reduce business cost.

10. New Tax Framework to Facilitate Corporate Amalgamation

Present Position

- ❖ Currently, in a corporate amalgamation, two or more companies may amalgamate and continue as one amalgamated company. The amalgamated company often known as the “new company” will generally take over all assets and liabilities of the amalgamating companies and the amalgamating companies will thereafter ceased to exist.
- ❖ Under the existing tax framework, there exist certain administrative issues that will increase the tax burden for companies undergoing an amalgamation. The consequences arising out of the transfer of assets and liabilities from the amalgamating companies to the amalgamated company often triggered issues such as:
 - i. The amalgamated company is unable to utilise the unabsorbed tax losses and capital allowances that is available in the amalgamated company for tax off-set;
 - ii. The inability of the amalgamated company to claim for tax deduction in respect of specific bad debts acquired through an amalgamation;
 - iii. The transfer of shares and immovable properties under an amalgamation will be subject to stamp duty; and
 - iv. The need to make balancing adjustments on assets for which capital allowances are claimed.

Proposed

- ❖ The government will introduce a tax framework for qualifying corporate amalgamation.

Comments

- ❖ This is aimed to provide greater clarity and minimise the tax consequences arising from an amalgamation.
- ❖ IRAS will release the new tax framework for public consultation by February 2009.

11. Enhancement of Fund Management Incentive Scheme

Present Position

- ❖ Currently, under the fund management incentive scheme, there exist conditions such as the funds cannot be 100% beneficially owned by Singapore resident investors and there are limits placed on the holding by resident corporate investors in these funds.

Proposed

- ❖ With effect from 1 April 2009, the government will remove all these limits on qualifying funds so that fund managers can accept investments freely from resident individuals as well as resident corporate.
- ❖ The enhancement of the fund management incentives will also apply to qualifying funds that constitutes in the form of a Limited Partnership.
- ❖ A qualifying fund, amongst other conditions must have at least \$50 million under management at the time of application for the tax incentives.
- ❖ Both the existing and enhance incentives will be subject to review after 5 years.

Comments

- ❖ The liberisation will allow our resident corporate investors to enjoy the full benefits of tax exemption on qualifying income derived by the funds, thus encouraging more funds to be managed through Singapore.
- ❖ To allow investment through Limited Partnerships will also allow offshore fund managers to operate from Singapore without the need to restructure their funds.
- ❖ From 22 January 2009 to 31 March 2014, qualifying funds managed by prescribed fund managers will be allowed to claim a substantial portion of their input GST on prescribed expenses incurred.
- ❖ MAS will release details of the scheme by April 2009.

12. Extension and Enhancement of Commodity Derivatives Traders (CDT) Scheme

Present Position

- ❖ Currently, under the CDT scheme, a 5% concessionary tax rate is granted to approved company on income derived from the following sources:
 - i. Qualifying trades in commodity derivatives carried out over-the-counter (OTC) and on exchanges;
 - ii. Services carried out as an intermediary in connection with qualifying transactions relating to commodity derivatives; and
 - iii. Forward freight agreements.
- ❖ “Qualifying Trade” shall refer to transactions that are carried out with specific counter parties.
- ❖ The CDT scheme is due to expire on 26 February 2009.

Proposed

- ❖ The CDT scheme will be extended and subsumed under the Financial Sector Incentive-Derivatives Market (FSI-DM) scheme for a period of 5 years from 27 February 2009 to 31 December 2013. A new FSI-DM (CDT) award will be created in replacement of the old CDT scheme.
- ❖ The definition of commodity derivatives will be expanded to include emission under the FSI-DM (CDT) award.
- ❖ The counter-party restrictions under FSI-DM (CDT) award will be removed for qualifying trades carried out on exchanges.
- ❖ This enhancement will also apply to qualifying trades carried out under the Global Trader Programme (GTP) that are entered during the period from 27 February 2009 to 31 December 2013.

Comments

- ❖ This is aimed in enhancing Singapore’s position as major hub for international commodities trading.
- ❖ MAS will release further details by April 2009.

13. Enhancement of Financial Sector Incentives-HQ Services Scheme

Present Position

- ❖ Currently, a 10% concessionary tax rate is granted to a FSI-HQ company on qualifying income derived from the provision of qualifying services to qualifying network companies. This tax concession will not apply to income derived from qualifying services provided to Local Network companies.
- ❖ To qualify, a FSI company is required to seek the necessary approval and licensing from MAS and a qualifying FSI company is not permitted to provide treasury, investment or financial services in Singapore to any of its offices or associated companies.
- ❖ A 5% concessionary tax rate is also granted to a company under the Qualifying Processing Services Company (QPC) scheme on income derived from the provision of prescribed processing services in Singapore to financial institutions or another QPC. This scheme will be expiring on 27 February 2009.

Proposed

- ❖ The FSI-HQ scheme will be extended for a further period of 5 years from 22 January 2009 to 31 December 2013.
- ❖ The following enhancements will be made:
 - i. The FSI-HQ scheme will be extended to admit a company that is:
 - a. Wholly-owned, directly or indirectly by, or wholly owns directly or indirectly, a company that is licensed or approved by MAS or by the financial supervisory authority in its home country; and
 - b. Provides treasury, investment or financial services in Singapore for any of its offices or its associated companies.
 - ii. Withholding tax exemption will be granted on interest payment made by a FSI-HQ company to qualifying persons on qualifying loans entered into during the period from 22 January 2009 to 31 December 2013 to perform qualifying activities.
 - iii. Subject to certain conditions, a Local Network company can be approved as a qualifying network company of a FSI-HQ company.

13. Enhancement of Financial Sector Incentives-HQ Services Scheme (continued)

Proposed

- ❖ The activities incentivised under the QPC scheme will be subsumed under the FSI-HQ scheme and income derived from the provision of prescribed processing services in Singapore to financial institutions or other QPCs will be taxed at a concessionary rate of 10%.
- ❖ There will be no other changes to the scope of the QPC scheme and companies that have been awarded QPC status prior to 27 February 2009 will continue to enjoy the concessionary rate of 5% until the end of their respective awards.

Comments

- ❖ This enhancement is intended to encourage financial institutions to locate to Singapore and use Singapore as a base to manage their regional and global business.
- ❖ MAS will release further details by April 2009.

14. Enhancement of Specified Income and Designated Investments List

Present Position

- ❖ Currently, not all income derived by qualifying funds and approved Singapore-resident funds are exempted from tax. There is a list of specified income and designated investments under the following financial sector tax incentives schemes:
 - i. Foreign trust scheme;
 - ii. Fund management incentives;
 - iii. Approved Trustee Company (ATC) scheme;
 - iv. Financial Sector Incentives – Standard Tier scheme; and
 - v. Financial Sector Incentives – Fund Management scheme.

Proposed

- ❖ With effect from 22 January 2009, both the specified income and designated investments list will be enhanced as follows:
 - 1. Specified income list will be expanded to include:
 - a. Income realised (other than through sale) on or after 22 January 2009 from designated investments in other forms (held to maturity, redemption, or where the realisation leads to a transfer of both economic and legal ownership); and
 - b. Income derived from debt securities under the Qualifying Debt Securities (QDS) scheme, specifically:
 - Prescribed income directly attributable to QDS issued on or after such date as may be prescribed by regulations.
 - Amount payable on any Islamic debt securities which are QDS issued on or after 22 January 2009.

14. Enhancement of Specified Income and Designated Investments List (continued)

Proposed

2. Designated investments list will also be expanded to include:
 - i. Investments in structured products;
 - ii. Units in business trusts;
 - iii. Qualifying Islamic investments involving the Murabaha, Mudaraba, Ijara wa Igtina, Musharaka, Istisna and Salam concepts;
 - iv. Emissions derivatives;
 - v. Stocks and shares of unlisted companies, whether resident or non-resident in Singapore and denominated in any currency; and
 - vi. Adjudicated and non-adjudicated liquidation claims.

Comments

- ❖ The expansion of the list is a welcome move to cover Islamic investments products and environmental related products. Both of which hold promise in this otherwise bleak investment climate.
- ❖ MAS will release further details by April 2009.

INDIVIDUAL TAX

1. Personal Income Tax Rebate

Present Position

- ❖ Singapore tax resident are taxed on their income earned or accrued from Singapore based on progressive rates ranging from 0% to 20%.

Proposed

- ❖ There will be a tax rebate of 20% for all tax resident individuals for the YA 2009, capped at \$2,000. The progressive tax rates however, will remain unchanged.
- ❖ Tax residents who have lost their jobs in 2008 or do so in 2009 will be allowed to pay their personal income tax for YA 2009 in monthly instalments over 24 months.

Comments

- ❖ This is intended to ease the burden of the middle-income group of tax residents from having to set aside sufficient cash flow to meet their individual tax obligations.
- ❖ The 20% tax rebate will be computed based on the tax payable after double taxation relief and other credits but before Parenthood Tax Rebates.
- ❖ With the reduction in the corporate tax rate for the YA 2010, the gap between the top marginal personal income tax rate and that of the corporate tax has widened by 3%.

2. Removal of Tax on Net Annual Value (NAV)

Present Position

- ❖ An annual tax exemption of up to \$150,000 is allowed on the NAV of one owner occupied property and any excess of NAV above \$150,000 will be taxable.
- ❖ The exemption does not apply in the case if the property is occupied by a third party “rent free” on the owner’s behalf for resident purposes.

Proposed

- ❖ Income tax on NAV of all residence properties will be removed with effect from YA 2010.

Comments

- ❖ This will benefit property owners who have been paying income tax on NAV while not collecting rental from such occupancy.

GOOD AND SERVICES TAX

1. Exemption of GST and Duty for Wines Used at Wine Exhibition and Conferences

Present Position

- ❖ There is no concession for the importation of wines to be used at exhibitions or conference events.

Proposed

- ❖ With effect from 1 April 2009, GST and duty will be suspended on approved wine exhibitions and conferences.
- ❖ However, the GST and duty exemption is restricted to 3 bottles of wine per label per day for each exhibitor and conference organiser.

Comments

- ❖ This will reduce the cost of importation for events. It is however noted that the exemption is not extended to beer and other alcoholic products.
- ❖ The Singapore Customs will release further details by March 2009.

2. GST Zero-Rating for the Aerospace Industry

Present Position

- ❖ Currently, GST zero-rating treatment is only applicable to the sale and lease of qualifying aircraft as well as the export of aircraft components and repairs, maintenance and overhauls work performed on an aircraft.
- ❖ The definition of “qualifying aircraft” does not apply to those used for the recreational or pleasure purposes.

Proposed

- ❖ With effect from 1 April 2009, the scope of “qualifying aircraft” will be expanded to include all aircraft including private aircraft that are used or intended to be wholly used for international transportation of passengers or goods.
- ❖ Zero-rating has been extended to include the sale, maintenance, repairs and services of aircraft components or systems as long as they form part of a qualifying aircraft.
- ❖ A new GST relief scheme will be introduced to facilitate the importation of aircraft components and systems into Singapore.

Comments

- ❖ This measure is aimed to boost the growth of the aerospace industry in Singapore.
- ❖ IRAS will release further details by March 2009.

3. Suspension of GST and Duty on Goods Temporarily Removed from Zero-GST or Licensed Warehouse for Auctions and Exhibitions

Present Position

- ❖ Payment of GST and duty is required when goods are received from a zero-GST or licensed warehouse.

Proposed

- ❖ With effect from 1 April 2009, GST and duty will be suspended on the temporary removal of goods, including wines from zero-GST and licensed warehouse for auction and exhibition purposes.

Comments

- ❖ This is a step taken to encourage the growth in the auction and exhibition sector and the change will also ease the cash flow position of traders and hence, provides greater flexibility.
- ❖ The Singapore Customs will release further details by March 2009.

OTHER BENEFITS**1. Special Risk-Sharing Initiative**

The Government will launch a Special Risk-Sharing Initiative (SRI) to ensure that viable companies will continue to have access to credit in order to sustain their operations and keep jobs. The SRI will help extend government support to a broader segment of the credit market, especially the mid-sized companies and share in the risks of trade financing.

This initiative will have two components as follows:

i. The New Bridging Loan Programme (BLP)

With effect from 1 February 2009, the new BLP will focus on the needs of all companies, and especially the mid-sized companies by improving their access to working capital.

Details of the BLP are as follows:

Structure	Details
Use of Funds	Working capital, including unsecured credit
Interest Rate	Minimum of 5%. The Participating Financing Institutions (PFIs) have the flexibility to charge interest rates above 5%, and interest spreads above 5% accrue fully to the PFIs
Maximum Loan Quantum	\$5 million per borrower group
Eligible Companies	All locally-owned companies, and foreign-owned SMEs
Risk Share	Government: 80% Participating Financial Institution (PFI): 20%

ii. The Trade Finance Schemes

To address constraints of limited private insurance capacity and a reduced risk appetite, the Government will take over a significant proportion of the risks in trade financing.

OTHER BENEFITS**1. Special Risk-Sharing Initiative (continued)**

The two schemes, which address the trade finance components, are:

a. Loan Insurance Scheme-Plus (LIS+)

- With effect from 1 February 2009, LIS+ will help Singapore-based companies to secure working capital and trade financing facilities by providing private insurance to banks against default by borrowers.

Details of the Scheme are as follows:

Structure	Details
Use of Funds	Secured working capital (e.g. against receivables)
Maximum Loan Quantum	\$15 million per borrower group
Eligible Companies	All companies (at least 30% local shareholding)
Risk Share (for qualifying loans)	Government: 75% PFI: 25%

b. New Trade Credit Insurance Programme (TCIP)

- To protect Singapore-based companies against non-payment by buyers, a new TCIP will be launched in March 2009.
- The Government is examining ways to increase the insurance coverage capacity. Also, to ameliorate the rising insurance premium costs, the Government will be subsidising part of the insurance premiums.
- More details will be announced in MTT's COS.

2. Workfare Income Supplement (WIS) Special Payment

The Government will give low-income workers a temporary WIS Special Payment to supplement their pay and encourage them to stay on at work.

This WIS Special Payment will provide low-income workers with an additional 50% of the WIS payments that they may receive over the course of this year.

The Government will also relax the eligibility criteria of the WIS Special Payments so that those with less regular employment will qualify.

3. Jobs Credit Scheme

The Government will introduce a Jobs Credit Scheme to encourage businesses to preserve jobs. This is a temporary one-year scheme for 2009 only.

Under this scheme, employers will receive a 12% cash grant on the first \$2,500 of each month's wages for each employee on their CPF payroll.

The Jobs Credit will be given in four quarters and the first payment is expected in March 2009 and thereafter in June, September and December 2009.

4. GST Credits

To help households cope with their cash flow problems arising out of unemployment and reduced income, GST credits for households will be doubled in 2009.

Each household will receive an additional payout of GST credits on top of the one they will receive in July 2009. This payment will be made in March 2009.

More GST credits will be given to low-income households and senior citizens.

5. Service & Conservancy Charges (S&CC) and Rental Rebates

The Government will provide an additional one month of S&CC rebates to households living in Housing Development Board (HDB) flats with one to three rooms. Those living in larger HDB flats will receive an additional half-month of S&CC rebates.

Eligible households in public rental flats will receive an additional one month of rental rebates in 2009.

6. Property Tax Rebates

The Government is providing a 40% property tax rebate for owner-occupied residential properties for the calendar year 2009.

Commercial and industrial properties are also granted with a property tax rebate of 40% and owners are encourage to pass these on to their tenants.

7. Road Tax Rebate

With effect from 1 July 2009, the Government will grant a 30% road tax rebate for goods vehicles (including goods cum passenger vehicles), buses and taxis for a period of one year.

8. Green Vehicle Rebate Scheme

The Green Vehicle Rebate Scheme on the Additional Registration Fee will be extended for a period of two years until 31 December 2011 as follows:

- i. In the case of hybrid, electric and compressed natural gas (CNG) passenger vehicles, 40% of the Open Market Value (OMV) of the vehicle at registration.
- ii. In the case of hybrid, electric and CNG buses and commercial vehicles, 5% of the OMV of the vehicle at registration.

9. Concession on Port Dues

To lower the cost of port service providers, the Government will grant a 20% concession to all harbour crafts engaged in commercial activities within Singapore's port waters.

10. Deferral of Increase in Assessment Rate for Hotel Rooms

The increase in the property tax assessment rate for hotel rooms, which was due to increase from 20% to 25%, will be deferred for one year.