



Solidarity Budget 2020

3rd Round of Strong Support Measures

April 2020

Solidarity Budget 2020 (3rd Round of Strong Support Measures)

On 6 April 2020, the Singapore Deputy Prime Minister and Minister for Finance, Heng Swee Keat unveiled in Parliament, a 3rd round of a strong enhanced support measures to help tide business, workers and households through the COVID-19 outbreak which had taken a sharp turn both globally and locally. The 1st Budget (Unity Budget) was unveiled on 18 February 2020 and the 2nd Budget (Resilience Budget) on 26 March 2020.

This Solidarity Budget came after the Prime Minister, Lee Hsien Loong made a “decisive move” to protect both lives and livelihoods by closing most workplaces (except those running essential services) from 7 April 2020; imposed full home-based learning for schools from 8 April 2020; waived mid-year school examinations; defers all in-camp training, IPPT for NSmen and many other activities for a month to 4 May 2020 and may be extended depending on situation.

These support measures are:-

1. ENHANCED SUPPORT FOR BUSINESSES & SELF-EMPLOYED

BROADENED SUPPORT FOR SELF-EMPLOYED

The Self-Employed Person Income Scheme (SIRS) will be extended to automatically include self-employed persons who also earn a small income from employment work.

Current annual value threshold will be raised from up to S\$13,000/- to up to S\$21,000/-, to include those who live in some condominiums and other private properties.

Eligible self-employed persons will automatically receive three quarterly cash payout of S\$3,000/- each in May, July and Oct 2020.

ENHANCED JOBS SUPPORT SCHEME

The Government will raise its wage subsidy for all firms to 75% (instead of 25%, 50% & 75% depending on business sectors) of gross monthly wages, for the first S\$4,600/- of wages paid in April 2020 (for GIRO/PayNow next week, by cheques subsequent week), for each employee.

The Ministry expects all employers to make use of this JSS support to continue paying your workers and refrain from putting workers on no-pay leave during this period, or worse, retrenching them. Hence, employers who do not pay their employees' wages for the month of April 2020 will not benefit from this payout. The additional subsidy from the temporary enhancement will first be calculated based on wages paid in October 2019, and later adjusted based on wages paid this month (April 2020).

This higher support for April is temporary, and this scheme will revert to normal levels beyond that. In other words, this support scheme for payments made by end of July & Oct

2020 will be based on business sectors at rates of 25%, 50% and 75% as announced in the 2nd budget (Resilience Budget).

RENTAL WAIVER FOR TENANTS OF GOVERNMENT AGENCIES

The rental waiver for industrial, office and agricultural tenants of Government agencies will be increased from 0.5 months to one month.

Stall-owners in NEA hawker centres will continue to enjoy three months of rental waivers, while commercial tenants will continue to receive two months of rental waivers.

ENSURE PASS-THROUGH COMMERCIAL PROPERTY TAX REBATE TO TENANTS BY OWNERS

As announced under the Resilience Budget, Property Tax Rebate of 30 to 100 per cent will be granted for non-residential properties. To be effective, the Minister for Law will introduce a Bill in Parliament on 6 April 2020 to enforce property owners to pass on the full rebate entitlement to their tenants.

The Bill will also allow businesses and individuals to defer certain contractual obligations such as paying rent, repaying loans or completing work, for a period.

WAIVER & REBATE FOR FOREIGN WORKER LEVY (FWL)

To help firms that hire foreign workers on work permits and S-passes, the monthly FWL due in April 2020 will be waived.

In addition, to help ease labour costs and keep their workers during these four weeks due to workplace closure, employers will receive a FWL rebate of S\$750/- for each work permit or S pass holder, on or before 21 April 2020.

Details will be provided by the Minister of Manpower in due course.

MORE FINANCE SUPPORT FOR ENTERPRISES

Government's risk share of loans made under the Temporary Bridging Loan Programme, Enterprise Financing Scheme - SME Working Capital Loan and Enterprise Financing Scheme - Trade Loan from 80 per cent to 90 per cent for loans initiated from 8 April 2020 to 31 March 2021.

SUPPORT FOR HOUSEHOLDS

ONE-OFF SOLIDARITY CASH PAYOUT

Government will bring forward the S\$300/- Care and Support - Cash payout announced earlier and provide an additional S\$300/-, a total of S\$600/- for every Singaporean adult above the age of 21. This payment will be either automatically credited into their bank accounts by 14 April 2020 or by cheque issued starting from 30 April 2020.

Those who qualify for higher tiers under the Care and Support – Cash payout announced earlier will receive the further S\$300/- or S\$600/- in June 2020.

In addition, the S\$300/- payout for each parent with at least one child aged 20 and below, and the cash to replace S\$100/- PAssion Card top-up for Singaporeans aged 50 and above this year had also brought forward to June 2020.

TEMPORARY RELIEF FUND

Application is now open for a one-time cash grant of S\$500/- to those who have lost their jobs or income due to COVID-19.

CONCLUSION

Overall, these three budgets will draw total S\$59.9 billion or about 12 per cent of the GDP. Deficit for FY2020 will increase to S\$44.3 billion (8.9 per cent of GDP) out of which an additional S\$4 billion will be drawn from Singapore's past reserves.

Remain strong, good health, stay safe, stay at home during this partial lockdown!