

# MANAGING THROUGH COVID-19

## SINGAPORE GOVERNMENT'S ECONOMIC RESPONSE

### SUMMARY OF THE SINGAPORE GOVERNMENT'S ECONOMIC RESPONSES TO COVID-19

On 17 August 2020, Deputy Prime Minister and Finance Minister Heng Swee Keat [announced](#) enhancements to the government's economic response to COVID-19. This S\$8 billion package brings total government support in response to COVID-19 to S\$92.9 billion or 19.2 per cent of gross domestic product (GDP).

Acknowledging that the measures in the previous budgets will be ending soon yet businesses and the people continue to require support to rebuild from the crisis, Mr. Heng announced that the government will continue to:

- continue to support jobs and create new ones; and
- provide further support for sectors hit the hardest.

Unlike the Fortitude Budget, the announcements in this ministerial statement will not be funded from the nation's Past Reserves but by reallocating monies from other areas of government spending (e.g. development expenditures) that were delayed due to COVID-19.

## SUPPORT FOR BUSINESS

### Helping workers stay employed

- The [Job Support Scheme \(JSS\)](#) offers a wage subsidy to employers until March 2021, with the level of subsidy reduced from September 2020.

Under the JSS, the Government co-funds between 25 per cent to 75 per cent of the first S\$4,600 of gross monthly wages paid to each local employee in the 10-month period to August 2020. For the period from September 2020 to March 2021, the subsidy will be reduced to between 10 per cent to 50 per cent of the same. The level and duration of support each employer receives depends on the sector in which they operate.

The JSS offered all employers a 75 per cent wage subsidy for the first S\$4,600 of wages paid to each local employee in April and May 2020.

From June to August 2020, the subsidy is 25 per cent of the first S\$4,600 of gross monthly wages paid to each local employee. Employers in the food services sector, qualifying retail outlets and cinema operators will receive a higher subsidy of 50 per cent of wages. Employers in the aviation, aerospace, built environment contractors and tourism sectors will be subsidised at 75 per cent of wages. Refer [here](#) for a list of sectors eligible for higher tiers of the JSS.

Businesses that are not allowed to resume operations in the first phase of the post-circuit breaker period will continue to receive the subsidy at the 75 per cent rate until August 2020 or when they can re-open, whichever is earlier. Pro-ration will apply if operations resume in the middle of the month.

For the period from September 2020 to March 2021 the wage subsidy will be as follows:

Sector	Level of Support
Aerospace, aviation and tourism	<ul style="list-style-type: none"> <li>50 per cent – September 2020 to March 2021</li> </ul>
Built environment sector	<ul style="list-style-type: none"> <li>50 per cent – September 2020 to October 2020</li> <li>30 per cent – November 2020 to March 2021</li> </ul>
Employers that are not allowed to resume on-site operations	<ul style="list-style-type: none"> <li>50 per cent – September 2020 to March 2021, or until such time when they are allowed to resume operations on-site (whichever is earlier).</li> </ul>
Arts and entertainment, Food services, Land Transport, Marine and Offshore and Retail	<ul style="list-style-type: none"> <li>30 per cent – September 2020 to March 2021</li> </ul>
Others	<ul style="list-style-type: none"> <li>10 per cent – September 2020 to March 2021</li> </ul>
Biomedical services, precision engineering, electronics, financial services, ICT, supermarkets, convenience stores and online retail	<ul style="list-style-type: none"> <li>10 per cent – September 2020 to December 2020</li> <li>No subsidy thereafter</li> </ul>

The JSS also covers the wages of employees of a company who are also shareholders and directors of the company. To be eligible, the company must have been registered on or before 20 April 2020 and will only cover the wages of such shareholders and directors where their Assessable Income is S\$100,000 or less for the Year of Assessment 2019.

The payments will be made to eligible employers in five tranches in April, July, October, March 2021 and June 2021, with a special payout in May 2020.

- An expansion of the [Wage Credit Scheme \(WCS\)](#). To encourage continued wages growth, the government will assist employers by co-funding 20 per cent of wage increases for Singaporean employees in 2019 and 15 per cent in 2020. This will be available for local employees with a gross monthly salary of up to S\$5000 for the 2019 and 2020 years. Supplementary payouts for 2019 will be received after June 2020.

### Supporting businesses with cash flow

- Companies will receive a Corporate Income Tax Rebate for the 2020 Year of Assessment at a rate of 25 per cent of tax payable, capped at S\$15,000 per company.
- Companies can defer income tax payments due in April, May and June 2020 to July 2020 onwards.
- The payment cycle for personal income tax for self-employed persons for the 2020 Year of Assessment will be deferred to start from August 2020 (usually starts May 2020).
- The maximum loan amount available under the [Enterprise Financing Scheme – SME Working Capital Loan \(EFS – WCL\)](#) will be increased from S\$300,000 to S\$1 million, with the government’s risk-share on these loans increasing to 90 per cent effective 8

April 2020. This enhancement will be in place until 31 March 2021. Further, enterprises under the Enhanced EFS-WCL may apply for up to one-year deferral of principal repayment.

- The [Temporary Bridging Loan Programme](#) (TBLP) will be expanded to all sectors and the maximum supported loan increased from S\$1 million to S\$5 million. The Government will provide 90 per cent risk-share on these loans initiated from 8 April 2020 to 31 March 2021 (80 per cent to 7 April 2020).

## Reducing business costs

- For 2020, qualifying commercial properties badly affected by COVID-19 will pay no Property Tax
- Businesses in other non-residential properties affected by the COVID-19 will be given a Property Tax Rebate of 30 per cent for 2020.
- The Government will provide a [cash grant to commercial property owners](#) to offset the rental cost of their SME tenants:
  - for qualifying SME tenants of qualifying commercial properties (e.g. shops), a government cash grant of about 0.8 month's rent will be automatically disbursed by IRAS to property owners from the end of July 2020
  - for qualifying SME tenants of other non-residential properties (e.g. industrial and office properties), a cash grant of about 0.64 month's rent will be automatically disbursed by IRAS to property owners from end of July 2020
  - SME property owners who run a trade or business on their own property will also be eligible for the grant
  - property owners whose properties are only partially let out to SME tenants will not automatically receive the grant. They will need to submit an application to IRAS instead
  - vacant property and land under development will not be eligible.

The amount of grant will be calculated based on the Annual Values of properties for 2020, as determined by IRAS at 13 April 2020.

Landlords are required to pass on the benefit to their SME tenants.

- [SME tenants](#) of qualifying commercial properties (e.g. shops) who have suffered a significant revenue drop will benefit from a total of four months of rental relief shared equally between the Government and landlords. SME tenants of industrial and office properties will also be given two months rental relief, also shared equally between the Government and landlords.
- Businesses located in Government-owned/managed non-residential premises will qualify for rental waivers of:
  - five months for stallholders in hawker centres and markets
  - four months for commercial tenants
  - two months for industrial and office tenants.
- All fees and charges for government services will be frozen from 1 April 2020 to 31 March 2021
- Monthly Foreign Worker Levy due in April and May 2020 was waived and a rebate of S\$750 per month in April and May 2020 was given for each work permit or S pass holder, based on previous levies paid in 2020. For businesses that are not allowed to resume operations on-site after the circuit breaker is lifted, the levy will continue to be waived and rebate provided as follows:
  - 100 per cent waiver in June 2020 and 50 per cent in July 2020
  - S\$750 rebated in June 2020 and S\$375 rebate in July 2020.

The Government states that firms should use the assistance for their workers' wages and subsistence needs.

- Planned increase in CPF contribution rates for senior workers will be deferred from 1 January 2021 to 1 January 2022.
- [The Scale-up SG scheme](#)<sup>1</sup> is enhanced with the level of government support increased to up to 80 per cent of the programme participating costs (previously 70 per cent) from 14 September 2020 to 30 September 2021. updated 15 Sept 2020

## Supporting businesses with trade credit

- Under the Enterprise Financing Scheme (EFS) [Trade Loan](#), the maximum loan amount will be raised from S\$5 million to S\$10 million, and the Government's risk-share will be 90 per cent for new applications initiated from 8 April 2020 to 31 March 2021 (80 per cent up to 7 April 2020).

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<sup>1</sup> A 2.5 year programme launched in July 2019 that helps selected high-growth local companies scale rapidly, become leaders in their fields and be groomed into future global champions. The programme aims to accelerate the companies' growth so that they are able to contribute significantly to Singapore's economy and create good jobs for Singaporeans.

- Subsidies to businesses for loan insurance premiums under the [Loan Insurance Scheme](#) will be increased from 50 per cent to 80 per cent until 31 March 2021.
- S\$285 million of additional financing support for promising startups by co-investing with the private sector. This is in addition to the S\$300 million set aside for deep tech startups.

### Supporting startups

- The startup capital grant for first-time entrepreneurs with innovative business ideas under the [Startup SG Founder programme](#) will be increased from S\$30,000 to S\$50,000, with co-matched funding of S\$10,000 from the grant recipient.

### Supporting businesses build their capability and resilience

- The [SG Together Enhancing Enterprise Resilience \(STEER\) Programme](#) will support industry led initiatives to tide over the immediate impacts of the crisis and help build longer term capabilities. Government will match S\$1 for every S\$2 raised by Trade Associations and Chambers or business groups for qualifying initiatives, up to S\$1 million per fund. Grants from the fund can be used for business sustenance, business growth and capability upgrading.
- The maximum support available under the [Enterprise Development Grant](#) will be raised to 80 per cent of third party consultancy fees, software and equipment and internal labour costs for qualifying projects from 1 April 2020 to 31 December 2020. Enterprises most severely impacted by COVID-19 may apply for 90 per cent support.
- The maximum support available under the [Productivity Solutions Grant](#) will be raised to 80 per cent, and the Grant will cover business continuity measures including:
  - Online collaboration tools
  - Virtual meeting and telephony tools
  - Queue management systems
  - Temperature screening solutions
- Business that adopt advanced digital solutions from 1 May 2020 to 31 December 2020 will be entitled to up to 80 per cent funding support. Examples of advanced digital solutions include 'Advanced security and facilities management systems for buildings and 'integrated Business-to-Business (B2B) systems'.
- A bonus of up to S\$1500 (S\$300 per month over five months) will be provided to stallholders in hawker centres, wet markets, coffee shops and industrial canteens to encourage the adoption of e-payment solutions. The bonus is contingent on sustained use of the solution with a minimum number of e-payment transactions per month. Government will also bear the transaction fees until 31 December 2023.
- A [Digital Resilience Bonus](#) programme will provide eligible food and beverage and retail businesses a payout up to S\$5000 if they adopt PayNow Corporate and e-invoicing, as well as business process or e-commerce. An additional payout of S\$5000 will be given to food and beverage and retail businesses that use advanced solutions for data driven operations.

### Other support for business

- A [Self-Employed Person Income Relief Scheme \(SIRS\)](#) gives eligible self-employed persons (including those who earn a small income from employment work) three quarterly cash payouts of S\$3000 each in May, July and October 2020.
- Self-Employed Person Training Support Scheme will be extended to December 2020 and the hourly training allowance will increase from S\$7.50 to S\$10. Additionally, trainees will be able use their SkillsFuture Credit to further offset course fees.
- Several tax treatments under the corporate tax system will be enhanced for one year (for example, accelerated write down of plant and machinery investments, and renovation and refurbishment costs).
- SMEs may opt to defer principal payments on their secured term loans up to 31 December 2020, subject to banks' and finance companies' assessment of the quality of the SMEs' security. SMEs will also be able to extend the tenure of their loans by up to the corresponding principal deferment period if they wish. To qualify for this relief, the SME must continue to pay interest and be in good standing with their bank or finance company.
- Corporates, including SMEs, holding general insurance policies that protect their business and property risks may apply to their insurer for instalment payment plans.

## SUPPORT FOR SPECIFIC SECTORS

- The Government has defined the aviation and tourism sectors as the most badly affected by COVID-19. Consumer-facing sectors such as food services, retail trade and land transport have been defined as significantly affected. Export-orientated sectors such as manufacturing and wholesale trade have also been defined as affected.
- For those sectors, Skills Future Singapore (SSG) is providing enhanced course fee subsidies of up to 90 per cent and Absentee Payroll rates capped at S\$10 per hour for those business when they sponsor their workers for eligible courses.

### Tourism sector

- The Government will offer employers in the tourism sector a 75 per cent wage subsidy for every local worker employed in the sector, with the wage ceiling being S\$4600 until August 2020. From September to March 2021, the subsidy will be 50 per cent.
- S\$90 million will be set aside to support the industry's recovery.
- Offsetting the audit and certification fees for tourism businesses participating in SG Clean
- S\$320 million will be set aside for tourism credits (SingaporeRediscovered Vouchers) that Singaporean can use.

### Aviation sector

- The Government will offer employers in the aviation sector a 75 per cent wage subsidy for every local worker employed in the sector, with the wage ceiling being S\$4600 until August 2020. From September to March 2021, the subsidy will be 50 per cent.
- A S\$537 million enhanced aviation support package has been introduced to fund measures such as rebates on landing and parking charges, and rental relief for airlines, ground handlers, cargo agents and airport tenants. Support is also available to local carriers to regain Singapore's air connectivity to the world. For further details of the extended cost relief measures, [refer here](#).

### Food services and retail sectors

- The Government will offer employers in the food services sector a 50 per cent wage subsidy for every local worker employed in the sector, with the wage ceiling being S\$4600 until August 2020. From September to March 2021, the subsidy will be 30 per cent.
- The Government has developed an [E-Commerce Booster Package](#) to support SMEs in the retail sector with the cost and expertise required to move their business online to reach the domestic market. Under the programme, four online providers will support SMEs sell their products online through content development, product listing, channel management, fulfilment, advertising and promotion as well as training workshops. Eligible local retailers will receive support to cover 90 per cent of eligible costs (up to S\$9,000) for up to six months. Retailers seeking to expand overseas can apply for the [Multichannel E-Commerce Platform Programme](#). This programme is designed to assist retailers with little or no prior experience in exporting to do so using digital channels.
- The National Environment Agency will give stallholders a three months rental waiver. An additional two-month rental waiver will be provided post-circuit breaker.
- The Housing Development Board (HDB) and the National Arts Council will provide two months waiver to eligible tenants.
- Offsetting the audit and certification fees for food services and retail businesses participating in SG Clean.

### Land transport Sector

- A Point-to-Point Support Package, which includes giving full-time taxi and private hire car drivers S\$20 per vehicle per day for three months.
- Private bus owners will be given a one-year road tax rebate and six-month waiver of parking charges at government managed parking facilities.

### Arts and culture sector

- A S\$55 million support package for the arts and culture sector has been announced to save job, support upskilling and digitisation of the sector.

## Built Environment Sector

- Higher tier of JSS support - 75 per cent of wages paid between June and August 2020 - for locals employed in this sector including project managers, engineers, architects, draughts people and quantity surveyors.
- Foreign Worker Levy waiver and rebate as mentioned above
- Government will co-share additional costs that will be incurred by businesses which will need to meet additional requirements to resume existing projects (post-circuit breaker) safely. More details to be announced later by the Minister of National Development and Building and Construction Authority (BCA).

# SUPPORT FOR INDIVIDUALS

## Support payments direct to individuals

- All Singaporeans aged 21 years and above in 2020 will receive a one-off Care and Support cash payout of S\$1,200, S\$900 or S\$600, depending on their income. Singaporeans aged 50 years and above in 2020 will also receive their S\$100 PASSion Card top-up in cash.
- All Singaporean employees and self-employed persons who received Workfare Income Supplement (WIS) payments in Work Year 2019 will receive a [Workfare Special Payment \(WSP\)](#) in 2020 of S\$3,000. It will be paid in two equal payments of S\$1,500 each in July and October 2020. From 1 September 2020, the eligibility criteria are widened to include those who received WIS for work done in 2020, and who are not already receiving the Special Payment. A one-off payment of S\$3,000 will be made from October 2020 onwards. Refer [here](#) for additional details.
- All Singaporeans aged 21 years and above, who live in one-room and two-room HDB flats and do not own more than one property, will receive an additional S\$300 of Grocery Vouchers in 2020 and S\$100 in 2021.
- All eligible HDB households will receive double their regular GST Voucher (GSTV) U-Save in the April 2020 to March 2021 period.
- A [COVID-19 Support Grant](#) will be introduced to support citizens and permanent residents aged 16 and over who lost their jobs, are placed on no-pay leave or face significantly reduced salaries due to COVID-19. Eligible recipients will receive S\$800 per month until December 2020. From 1 October 2020, the extension will be open to both existing CSG recipients and new applicants. To qualify, unemployed applicants must demonstrate job search or training efforts. For more details, refer [here](#).
- Payout of S\$3,000 for self employed persons. Those that marginally miss the criteria can appeal to NTUC.

## Supporting jobseekers

- [SGUnited Traineeships Programme](#) will be introduced to provide new graduates from the Institute of Technical Education (ITE), polytechnics, universities and other educational institutions with traineeship opportunities across various sectors. Workforce Singapore (WSG) will assist employers by co-funding the training allowance for trainees.
- **SGUnited Jobs and Skills Package**, which is designed to create more than 40,000 jobs, including the public sector creating 15,000 jobs by bringing forward its hiring in areas like early childhood education, health and long-term care, as well as filling short-term needs related to COVID-19.
- The **SGUnited Jobs and Skills Package** will also expand training capacity for about 30,000 job seekers in 2020 to upgrade their skills while looking for a job with a training allowance of up to S\$1200 per month for the duration of the course (6 to 12 months).
- 24 [SGUnited Jobs and Skills Centres](#) are set up to better flow workers to new opportunities.
- A **hiring incentive** for employers which hire local workers who have completed eligible traineeship and training programmes:

Eligible Worker	Incentive Amount
Under 40	20 per cent of monthly salary for six months, capped at S\$6,000
40 and above	40 per cent of monthly salary for six months, capped at S\$12,000

- **Jobs Growth Incentive (JGI)** is introduced to support hiring of local workers in growing areas such as biomedical sciences, financial services, ICT sectors, public healthcare and long term care sectors. Under this initiative, Government will co-pay:

Eligible Worker	Co-payment Incentive Amount
All new local hires for one year	Up to 25 per cent of salaries of all new local hires for a year (subject to a cap)
Local hires aged 40 and above	Up to 50 per cent of salaries of all new local hires for a year (subject to a cap)

### Support for individuals from banks and insurers

- Individuals with residential property loans may apply to their respective bank or finance company to defer either the principal payment or both principal and interest payments up to 31 December 2020.
- Individuals with unsecured credit facilities from banks or other credit card issuers may apply to their respective lender to convert their outstanding balances to term loans at a reduced rate of interest, capped at 8 per cent.
- Individuals with life and health insurance policies may apply to their insurer to defer premium payments for up to six months while maintaining insurance coverage during this period. This is available to all individual life and health insurance policies with a policy renewal or premium due date between 1 April and 30 September 2020.
- Individuals holding general insurance policies may apply to their general insurance company for instalment payment plans while maintaining insurance protection.

### Other support for individuals

- Employees may approach the Inland Revenue Authority of Singapore (IRAS) if they need help with their income tax payments
- All fees and charges for government services will be frozen from 1 April 2020 to 31 March 2021
- All student loan repayment and interest charges will be suspended for one year from 1 June 2020 to 31 May 2021
- All late payment charges on HDB mortgage arrears will be suspended for three months. HDB will exercise flexibility through existing measures, for example deferring payment of loan instalments for six months.
- The use of the S\$500 [SkillsFuture Credit Top-up](#) will be brought forward to 1 April 2020 from the initial implementation date in October.
- Singaporean HDB households can expect to receive the [Service and Conservancy Charges Rebate](#) for the April 2019 to March 2020 financial year.
- Additional cash payout of S\$300 to each Singaporean parent with at least one young Singaporean child under 21 years of age.
- Additional U-Save utilities rebate (up to 2.5 times or S\$1000 of their regular U-Save rebates) for households with five or more members, this year.
- A one-off S\$100 Solidarity Utilities Credit for each household with at least one Singapore citizen will be credited in households' July or August 2020 utilities bill
- A Temporary Relief Fund to provide families with immediate financial assistance (one-off cash assistance of S\$500 through Social Service Offices and Community Centres).
- Financial support for lower income seniors to own digital devices and Seniors Go Digital movement to build digital literacy through one-to-one coaching and small group learning.
- Accelerated timeline for all secondary school students to own a digital learning device.

## OTHER IMPORTANT ANNOUNCEMENTS

- The Government has set aside S\$20 billion of loan capital. This measure is designed to assist support good companies with strong capabilities and provide a catalyst for private sector loan capital. This will allow the Government to respond where credit needs become more acute.
- The proposed GST rate increase from 7 per cent to 9 per cent will not be introduced in 2021.
- Businesses registered on the Singapore's e-invoicing network on or before 31 December 2020 will receive a one-time grant of S\$200.
- Enhanced Fund-Raising (EFR) Programme: The Government will match all eligible donations raised between 1 April 2020 to 31 March 2021, capped at S\$250,000, per charity, as well as providing an additional S\$100 million top up to strengthen support for charities.
- S\$18 million will be added to the Invictus Fund to help social service agencies maintain services, retain staff and adapt technology.

*Current as at 15 September 2020*