

CPA Australia Ltd
ABN 64 008 392 452
Incorporated in Australia
Singapore 1 Raffles Place
#31-01 One Raffles Place
Singapore 048616
T +65 3105 1522
E sg@cpaustralia.com.au
cpaustralia.com.au

BY EMAIL

CPA Australia's submission to the Singapore Government's 2026 Budget consultation

CPA Australia represents the diverse interests of more than 175,000 accounting and finance professionals in over 100 countries and regions around the world, including more than 8500 members in Singapore. With a presence in Singapore of over 70 years, we are committed to contributing to the nation's long-term prosperity and growth.

Based on the themes published for the 2026 Budget, we offer the following high-level policy suggestions for consideration, on behalf of our members and in the broader public interest. These recommendations are drawn from input from our members in Singapore, our own surveys of local business conditions, relevant research and insights from other markets.

Our high-level suggestions for inclusion in this year's Budget are:

- **Increasing economic growth:** strengthen existing initiatives to help small to medium-sized enterprises (SMEs), provide incentives for Artificial Intelligence (AI) adoption, and support cybersecurity protections
- **Ease cost of living pressures:** continue aiding households and business to manage rising costs
- **Increasing Environmental, Social and Governance (ESG) support:** support more businesses to implement ESG initiatives
- **Boosting international competitiveness:** introduce measures to sustain and improve Singapore's competitive advantages.
- **Improving capital markets:** provide incentives to attract technology and high-growth listings

Details supporting these recommendations, and other suggestions are attached for your consideration.

If you have any queries, please contact Mr Azfar Asa'ad at CPA Australia on azfar.asaad@cpaustralia.com.au .

Yours sincerely,

Azfar Asa'ad
Senior Advisor, Business Investment and International

Nicklaus Wee
Country Head - Singapore

Encl.

Summary

INCREASING ECONOMIC GROWTH

- Enhancing existing digital support programs to increase digital and e-commerce adoption by SMEs
- Providing targeted incentives to support AI adoption and workforce upskilling on AI usage
- Supporting SMEs to adopt AI
- Ensuring businesses have the tools required to protect themselves from cybersecurity intrusions

COST OF LIVING ISSUES

- Increase the amount and provide automatic adjustments to the GST Voucher scheme
- Enhance subsidies for elder care costs and community care services
- Tailor skilled training programs for the needs of an ageing population

ESG SUPPORT

- Enhance support for ESG data infrastructure
- Increase capacity building efforts
- Promote greater regional harmonisation of ESG frameworks

IMPROVE INTERNATIONAL COMPETITIVENESS

- Simplify regulatory frameworks
- Enhance trade diversification to overcome tariffs
- Enhance tax policies to complement sustainable finance

CAPITAL MARKET ENHANCEMENT

- Expand existing initiatives to align capital market development with climate goals
- Provide incentives for technology and high-growth companies to list in SGX
- Enhance retail investor education

CPA Australia’s policy suggestions for Budget 2026

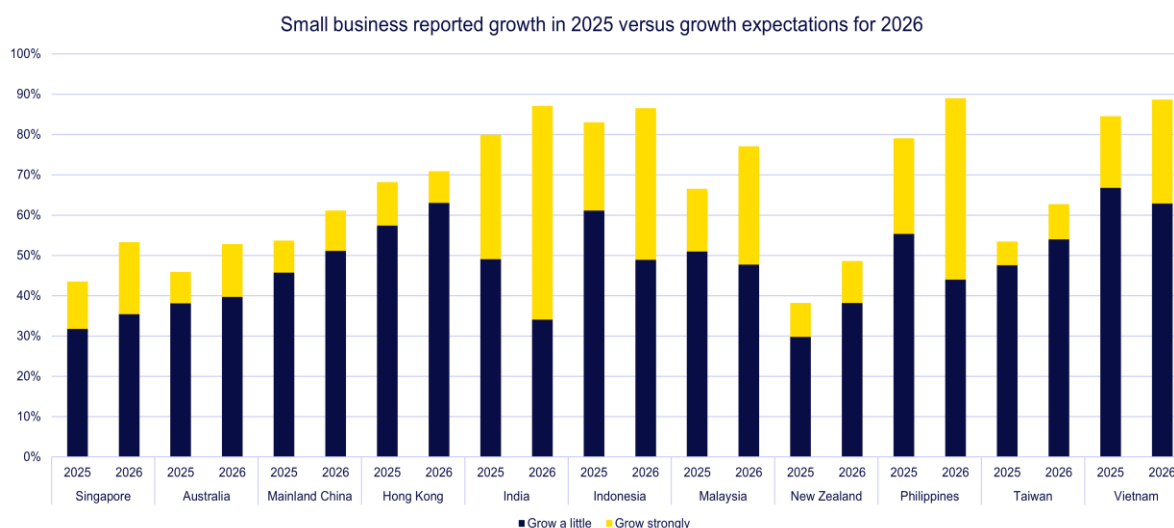
We make the following suggestions for the Government to consider when developing its 2026 Budget:

Increasing economic growth

1. Supporting SME growth

The chart below shows data based on [CPA Australia’s 2024-25 annual survey of small businesses across the Asia-Pacific region](#)¹. Of the Singaporean small businesses that responded to our survey, 44 per cent said they experienced growth in 2025, with most reporting only moderate improvement rather than strong gains.

Expectations for 2026 are marginally higher but are well below the optimism seen in high-growth markets such as India, Indonesia and Vietnam, where 80 to 90 per cent of small businesses anticipate growing. This data suggests many local small businesses are operating in a challenging environment characterised by rising costs, talent shortages and global uncertainty.

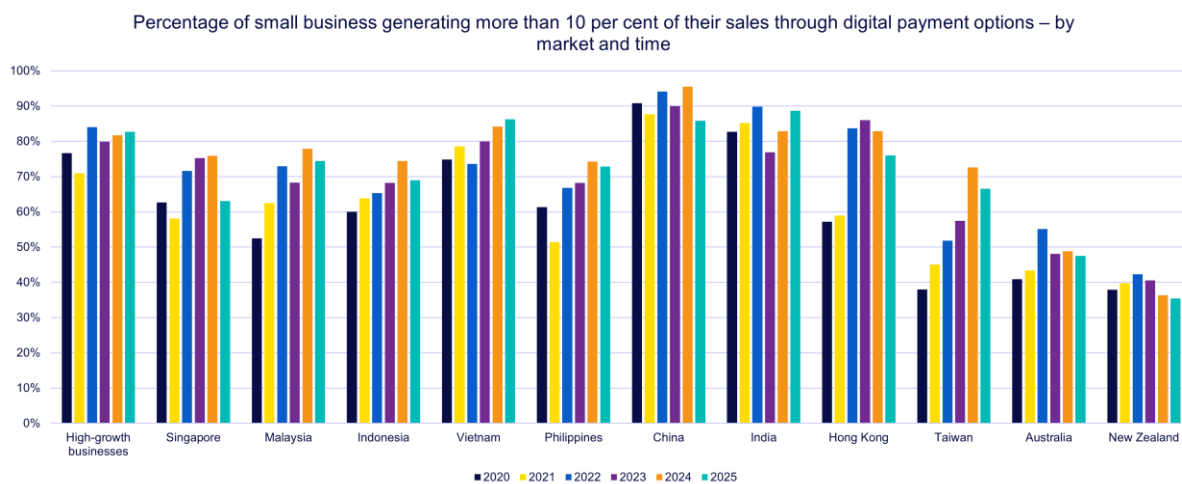
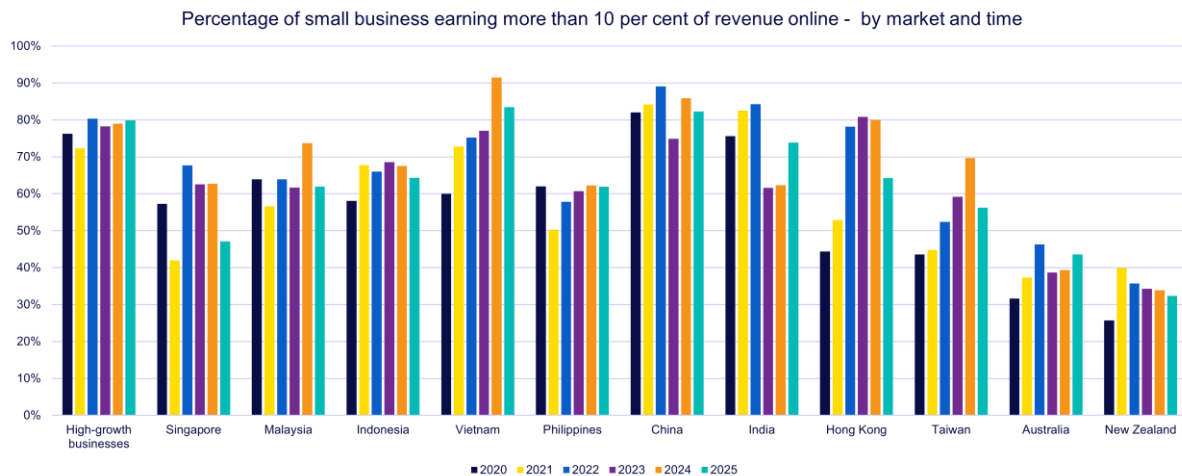


Our latest data reveals a slowdown in technology adoption among Singaporean small businesses. The proportion of businesses earning a significant share of revenue through digital channels has declined compared with previous years, reversing earlier gains. Similarly, the share of businesses generating sales through digital payment options has softened. This may be troubling because our research shows a strong correlation between digital technology adoption and business performance.

High-growth markets such as Vietnam and Indonesia maintain digital adoption rates above 80 per cent, while small businesses in markets with lower uptake such as Australia and New Zealand are far more likely to exhibit stagnant growth. This is also partly due to ageing demographics. Various factors noted below, along with Singapore’s own demographic trajectory towards an older population reinforces the urgency of addressing this decline.

¹ Please note that the 2025 data presented here has not been published. The full Asia-Pacific Small Business report is expected to be published in March 2026.

Several factors may explain the decline in adoption. First, there has been a post-pandemic shift back to physical retail, reducing the urgency for small business to invest further in digital channels. Second, competition from global low-cost platforms has intensified, raising customer acquisition costs and compressing margins for local businesses. Third, macroeconomic headwinds, including slower GDP growth forecasts, tariffs, rising operating costs and cautious consumer spending, have constrained investment in technology.



To improve the performance of Singapore’s small businesses, we suggest the following targeted package of measures:

1. Expand technology adoption incentives by broadening the Productivity Solutions Grant to include advanced technologies such as AI, automation and robotics, and reintroducing a Digital Acceleration Grant tied to measurable outcomes like increased digital revenue share and export growth.
2. Streamline digital payment systems by partnering with providers to develop integrated solutions and introducing time-limited fee waivers for small-value transactions to encourage uptake.
3. Invest further in building workforce capability, with digital training tailored for mature workers and business owners, ensuring demographic ageing becomes a strength rather than a constraint.
4. Support regional expansion through grants for marketplace onboarding, cross-border logistics credits and cybersecurity assistance, enabling SMEs to tap into high-growth regional markets.
5. Monitor and report outcomes regularly to allow rapid policy adjustments if adoption stalls.

2. Enhancing AI uptake by business

The findings from CPA Australia's [2025 Business Technology Survey](#) show that AI adoption in Singapore is already high with 92 per cent of businesses using some form of AI in the past year, slightly above the global average of 89 per cent. Tools like ChatGPT and Microsoft's AI Copilot have quickly become familiar to office workers. However, only around 18 per cent of Singapore businesses have embedded AI across their entire organisation, with most using AI occasionally via off-the-shelf tools. Firms that have been using AI have reported increased productivity, automation of repetitive tasks, better accuracy, and improved employee and customer experiences.

Yet it seems, many businesses struggle to move beyond the basics of AI due to limited expertise, unclear use cases, integration challenges with legacy systems, and concerns about cost and data privacy. To close this gap and help businesses capitalise on AI's potential, we propose the following ideas for consideration:

I. Targeted incentives for AI adoption and skills development

- Budget 2026 could introduce grants or subsidy vouchers to help businesses run small, fast-track proof-of-concept AI projects. These vouchers would fund simple use cases such as automating a workflow or adding an AI-enabled feature, with simple reporting requirements and quick approval timelines. This approach complements existing advisory tools like CTO-as-a-Service, by providing funding for experimentation.
- Alongside financial support noted above, skills vouchers should be offered to non-technical teams for practical AI training. These programmes would focus on developing hands-on skills such as prompt engineering, safe data handling, and integrating AI into marketing or operations. Partnerships with tech firms and institutes of higher learning could deliver sector-specific courses with mini-projects, ensuring businesses gain both technical and operational confidence.

II. SME-friendly solutions and guidance

- To help SMEs, Budget 2026 could launch an AI mentorship scheme. This initiative would pair SMEs with experienced AI adopters such as local businesses or successful businesses from previous pilots for 8 to 12 weeks of real-time mentorship. Mentors would guide SMEs through selecting use cases, setting success metrics, and managing organisational change, complementing existing advisory platforms by focusing on implementation support.
- Fund the development of an AI adoption diagnostic tool to assess readiness across data hygiene, workflow fit, and staff skill. This tool would help SMEs understand their current state and identify the most suitable AI solutions for their business needs. By providing a clear roadmap and highlighting gaps, the tool reduces the cost and complexity of figuring out what tools are necessary. It prevents businesses from buying random or ill-fitting AI products, ensuring investments are targeted and aligned with actual operational priorities. Coupled with targeted micro-learning resources, this approach supports informed decision-making and smooth implementation, making AI adoption more cost-effective and less risky for SMEs.

3. Improving cybersecurity protections

Based on the findings from our 2025 Business Technology Survey, cybersecurity remains a significant concern for Singaporean businesses despite strong digital and AI adoption. Currently, 69 per cent of organisations use cybersecurity software, which is notably below the survey average of 81 per cent. Only 23 per cent of Singapore businesses have fully integrated cybersecurity into their strategy, and most remain reactive or uncertain about their cybersecurity management. The report highlights that 5 per cent of businesses experienced significant losses from cyber incidents in 2025, and 22 per cent faced minor losses, underscoring the ongoing threat landscape.

To strengthen cyber resilience, we suggest the following three ideas be considered:

- Expand hands-on cybersecurity training and expert diagnostics for SMEs, including practical workshops and subsidised “cyber health checks” to help businesses identify vulnerabilities and implement essential protections.
- Strengthen sector-focused cybersecurity training and peer learning networks, enabling industry associations to share timely alerts and real-world experiences, making guidance more relevant and actionable.
- Facilitate collective procurement of cybersecurity tools through bulk licensing deals, reducing cost barriers and encouraging SMEs to replace outdated or pirated software with reliable protection.

Addressing cost of living issues

Rising costs are expected to continue in 2026 with core inflation, which averaged 0.6 per cent in 2025, forecast to rise to 1.0 to 1.2 per cent in 2026. Electricity tariffs rose by 0.3 per cent in late 2025, and further upward pressure is expected as global fuel prices remain volatile. Rising childcare and healthcare costs, despite recent fee cap reductions, continue to strain family budgets. These trends justify targeted measures that go beyond one-off payouts and focus on structural affordability and resilience.

To address these pressures, Budget 2026 could introduce:

- a tiered GST Voucher system linked to inflation, ensuring automatic adjustments during periods of rising prices.
- given the projected rise in elder care costs, subsidies for home-based and community care services could be expanded, ensuring affordability as demand grows.

Singapore’s ageing population and rising retirement age mean older workers must remain employable longer. However, traditional training programs often do not meet their needs for flexibility and relevance. To address this, Budget 2026 could expand SkillsFuture by offering funding for short, stackable micro-credentials tailored for seniors. These courses could focus on digital literacy, caregiving, and other high-demand skills, enabling older workers to adapt to changing job requirements and supplement retirement income. This initiative supports lifelong learning, reduces vulnerability to job displacement, and aligns with national goals for workforce resilience in an ageing society.

More support for environmental, social and governance (ESG) adoption by business

Recent findings from [CPA Australia and EY Singapore](#) highlights that while Singapore-listed companies have made notable progress in climate-related disclosures, many remain insufficiently prepared for the mandatory sustainability reporting requirements under the International Sustainability Standards Board (ISSB) standards, effective from financial year 2025. Nearly all SGX-listed firms have begun climate-related disclosures under voluntary frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD), but only a minority have achieved comprehensive alignment with TCFD recommendations. This gap underscores the challenge of transitioning to ISSB standards, which require more granular data and structured governance.

Larger companies tend to be more advanced, but mid- and small-cap firms often lack detailed transition plans and robust data management systems. External assurance of sustainability reports while currently uncommon, will become mandatory for listed issuers from FY2027 under SGX's phased ISSB implementation, reinforcing the need for companies to invest in governance, data systems, and assurance capabilities now.

A joint report by [CPA Australia and the Asean Federation of Accountants \(AFA\)](#) further underscores these challenges. The report notes that Singapore is leading the region in ESG infrastructure and regulatory clarity, with phased adoption of ISSB standards and mandatory climate-related disclosures for listed companies. However, it also identifies persistent gaps in data collection (especially for Scope 3 emissions), fragmented reporting platforms, and a shortage of professionals with the skills needed to interpret, implement, and assure ESG disclosures. The report recommends accelerating alignment with global standards, investing in capacity building, and facilitating access to external assurance to strengthen the credibility of ESG reporting.

Suggestions to enhance support for businesses:

- **Enhance support for data infrastructure:** Expand existing grants and technical assistance to help companies develop integrated ESG data management systems, with a focus on Scope 3 emissions and interoperability across reporting platforms.
- **Accelerate capacity building for assurance:** Build on current training programmes by partnering with professional bodies and universities to develop specialised curricula and certification pathways for ESG assurance professionals.
- **Facilitate industry collaboration on transition planning:** Encourage sector-specific working groups to share best practices and develop detailed transition roadmaps, leveraging the experience of larger firms to support mid- and small-cap companies.
- **Promote regional harmonisation and comparability:** Support ongoing efforts to align Singapore's ESG frameworks with regional and international standards, reducing compliance costs for companies operating across multiple jurisdictions and enhancing Singapore's attractiveness to global investors.

Improving international competitiveness

As global economic and political dynamics evolve, it is critical for Singapore to continue to invest in initiatives and implement reforms that maintain and enhance the country's position as a highly competitive global hub. The [2025 CPA – AFA ASEAN Business Sentiment Report](#) highlights significant risks: rising US tariffs, supply chain disruptions, and demographic challenges such as ageing populations and labour shortages. For Singapore, imported inflation, sustainability compliance costs, and new governance rules introduced in 2025 add complexity to maintaining competitiveness. To address these challenges, Budget 2026 could focus on the following:

1. Regulatory simplification and greater digital integration

Recent updates to the *Corporate Service Providers Act* and *Companies Act* amendments, have strengthened transparency but increased administrative burdens. To ease this, the Government could provide RegTech adoption grants to help SMEs automate compliance, expand the Regulatory Review Program to eliminate redundant filings, and accelerate regional digital integration through interoperable payment systems, cross-border data standards, and robust cybersecurity frameworks.

2. Trade diversification

Trade diversification and supply chain resilience are essential as tariffs imposed by the United States present a serious challenge to ASEAN's export competitiveness.

To mitigate these risks, Budget 2026 could help businesses reduce dependence on the US by incentivising them to fully leverage regional trade agreements such as the Regional Comprehensive Economic Partnership (RCEP) and the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP). These agreements offer preferential tariffs, harmonised rules of origin, and access to integrated value chains. Budget 2026 could fund advisory programs and digital tools to help firms identify new customers and suppliers under these frameworks, recalibrate sourcing strategies, and claim tariff preferences effectively.

To strengthen cross border collaboration, Budget 2026 could accelerate projects such as the Johor–Singapore Special Economic Zone (SEZ), offering grants for joint warehousing, integrated customs clearance, and cross-border logistics IT systems to enhance existing linkages. Expanding the ASEAN Single Window for customs interoperability and upgrading port-to-port protocols will further reduce friction at the last mile. These measures, combined with enhanced physical infrastructure can create a resilient trade ecosystem capable of absorbing external shocks.

3. Tax strategy and sustainable finance

The implementation of OECD BEPS 2.0 Pillar Two rules in 2025 introduced a 15 per cent minimum tax for large multinationals, reducing the effectiveness of traditional tax incentives. At the same time the scheduled increase in Singapore's carbon tax from \$25 to \$45 per tonne in 2026 are increasing costs for businesses.

To maintain competitiveness, Budget 2026 could:

- broaden the Refundable Investment Credit (RIC) to cover sustainability-linked projects, advanced manufacturing, and digital innovation. This expansion should include tiered credit rates for projects delivering measurable carbon reduction or digital transformation outcomes, ensuring alignment with Singapore's Green Plan 2030 and digital economy ambitions.

- enhance the Enterprise Development Grant (EDG) to support prototype development for green technologies and regional digitalisation initiatives. Introducing co-funding for ESG reporting systems would help businesses meet rising disclosure requirements under global sustainability standards, while fast-track approvals for sustainability-linked projects would accelerate adoption among SMEs.
- introduce performance-based tax credits for green transition investments, rewarding businesses that achieve energy efficiency improvements or carbon reduction milestones. These credits would offset compliance costs from carbon pricing while accelerating decarbonisation across industries.

Capital markets and outlook

Singapore's equity market enters 2026 with renewed momentum following a strong rebound in 2025, when IPO activity surged to its highest level since 2019, raising more than \$2b from nine deals. This reflects the positive impact of measures announced in Budget 2025 and implemented by the Monetary Authority of Singapore (MAS) to strengthen market liquidity and attract quality listings.

Central to these reforms is the S\$5 billion Equity Market Development Programme (EQDP), launched by MAS to invest in Singapore-listed equities through partnerships with fund managers. The EQDP aims to deepen liquidity, broaden investor participation, and enhance the attractiveness of Singapore's capital markets. Complementary tax incentives for fund managers investing substantially in Singapore equities were also introduced, alongside regulatory changes to streamline listing processes and transition toward a more disclosure-based regime. These measures have already boosted trading activity: SGX reported an 18 per cent year-on-year increase in securities turnover in November 2025, with daily average trading value rising to S\$1.8 billion. SGX now has over 30 companies actively preparing to list in 2026, spanning technology, sustainability, industrials, and consumer sectors, the strongest IPO pipeline in years.

Geopolitical risks pose significant challenges for Singapore's trade-dependent economy. A vibrant capital market provides an alternative growth engine by attracting global and regional companies to raise funds in Singapore, reinforcing its role as a financial hub. Robust IPO activity signals confidence in Singapore's stability and governance, helping offset external shocks and capital outflows. It also deepens liquidity, supports valuations, and strengthens the ecosystem for asset managers, research coverage, and retail participation.

To build on this momentum, Budget 2026 could:

- Expand the EQDP to include green and sustainability-linked equity mandates, aligning capital market development with Singapore's climate goals.
- Introduce incentives for technology and high-growth companies to list locally, such as tax credits for IPO-related costs or grants for compliance technology adoption.
- Support market-making programs to improve depth in small and mid-cap counters, ensuring liquidity extends beyond blue-chip stocks.
- Fund investor education and equity research initiatives to boost retail participation and informed decision-making.
- Accelerate digitalisation of listing and disclosure processes, leveraging RegTech to reduce compliance costs for issuers.

These measures can help Singapore sustain its equity market revival, attract regional and global issuers, and maintain SGX's position as Southeast Asia's most international exchange.