

UNITY BUDGET: COVID-19 RELIEF PROGRAMMES

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The Singapore Government announced as part of Budget 2020 a slew of measures that are expected to enhance existing schemes to stabilise the economy amid uncertainties caused by Covid-19. Local businesses and their employees have been particularly affected by the slowdown. Sectors identified to have been worst hit are those in tourism, aviation, retail and food services. While the first stimulus package announced in February 2020 comprised of S\$4 billion, additional support measures are currently being contemplated by the Ministry of Finance and could be agreed on and rolled out by 26 March 2020 in Parliament.

The Stabilisation and Support Package

The first stimulus package, the special Stabilisation and Support Package is aimed at aiding companies with their cash flow and helping workers remain employed.

This is done through the Jobs Support Scheme valued at S\$1.8 billion, a temporary scheme unveiled in

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2020 amidst the uncertainties brought about by Covid-19. Employers will receive an 8 per cent cash grant on the gross monthly wages of each local employee (Singapore citizens and Permanent Residents only) for the months of October 2019 to December 2019, subject to a monthly wage cap of S\$3,600 per employee. Wages paid to business owners (i.e. sole proprietors of a sole proprietorship, or a partner of a partnership, or both a shareholder and director of a company) will not be eligible for the payout.

The Scheme will be administered by the Inland Revenue Authority of Singapore, and employers need not apply for the Scheme. IRAS will notify eligible employers by post, and these employers can expect to receive the payments under the scheme from IRAS at any time from end-May to end-July.

All employers who have made contributions to their resident employees' Central Provident Fund accounts will qualify. Exceptions to the Scheme include local Government agencies, Government and Government-aided schools and unregistered local and foreign entities.

Direct aid to impacted sectors

Tourism, aviation, retail, food services and point-to-point transport services have been identified as crucial areas of the economy that will require direct aid.

Within the tourism sector, a property tax rebate of up to 30 per cent for the year of 2020 will be granted to the accommodation and function room components of licensed hotels and serviced apartments, and Meetings, Incentives, Conventions and Exhibitions venues like the Suntec Singapore Convention and Exhibition Centre, Singapore Expo and the Changi Exhibition Centre. International cruise and regional ferry terminals can receive up to a 15 per cent property tax rebate, while the integrated resorts will receive up to a 10 per cent rebate. Hotels and travel agents will also receive assistance in the form of licence fee waivers. The Hotels Licensing Board will waive licence fees for hotels for the rest of 2020. (Applicants can email HLB_Secretariat@hlb.gov.sg.) Similarly, travel agents and tourist guides whose licenses are due for renewal in 2020 will not need to pay to renew their licence fees.

Measures to aid the aviation sector took the form of the Aviation Sector Assistance Package, co-funded by the Government, the Civil Aviation Authority of Singapore and the Changi Airport Group, which aims to help defray business costs and protect jobs, as well as safeguard Changi's air connectivity. The assistance will be provided for a 6-month period. The package will provide immediate relief to affected companies during the Covid-19 outbreak period.

To support firms in the food services and retail business, the National Environment Agency will provide a full month's rental waiver to stallholders in NEA-managed hawker centres and markets. Other Government agencies, like the HDB, will provide half a month of rental waiver to its commercial tenants.

For the transport sector, a S\$77 million Point-to-Point Support Package for taxi and private hire car drivers was announced in the first week of February 2020. S\$45 million will be contributed towards the package by

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the Government, with the remaining provided by taxi and private-hire car operators.

Tax rebates

To help companies with their cash flow, a Corporate Income Tax Rebate of 25% of tax payable, capped at \$15,000, will be granted for Year of Assessment (YA) 2020. While the Corporate Income Tax Rebate does not appear to be a Covid-19 specific response, it is timely rolled out to aid entities in this hour of need.

Concessions with lenders and Government-backed loans

A new Temporary Bridging Loan Programme will be introduced to provide additional cash flow support for tourism sector enterprises. Under the TBLP, eligible tourism sector enterprises can borrow up to S\$1 million, with the interest rate capped at 5 per cent p.a., from Participating Financial Institutions, with a maximum repayment period of 5 years. The Government will provide 80 per cent risk-share on these loans. The TBLP starts in March 2020 and is available for one year till March 2021. The tourism sector is defined to include, *inter alia*, licensed hotel operators, attraction operators, licensed travel agents, and tour bus operators and river boat operators. The TBLP is available to both Small and Medium Enterprises and non-SMEs who are business entities registered and physically present in Singapore, with a minimum of 30% local equity. The Participating FIs include DBS, OCBC, UOB, and more. (Specific application instructions can be found at <https://www.ifscapital.com.sg/government-assistance-schemes/#gov-temp-bridge-loan>.)

An economy wide financing measure available is the Enhancements to Enterprise Financing Scheme – SME Working Capital Loan, which will be available to SMEs across all industries. Under this Scheme, the EFS-WCL will be enhanced for one year to help SMEs with their working capital needs. The Government will raise the maximum loan quantum from S\$300,000 to S\$600,000 and enhance the Government's risk-share to up to 80 per cent. This Scheme starts in March 2020 and is available for one year till March 2021. Similar to the TBLP, interested enterprises are to apply directly to the Participating FIs. This Scheme is available to SMEs registered and physically present in Singapore, with a minimum of 30 per cent local equity. SMEs are defined as having a group revenue of up to S\$100 million or a maximum employment of 200 employees in Singapore. (Specific application instructions can be found at <https://www.ifscapital.com.sg/government-assistance-schemes/#gov-enhanced-sme-wc>.)

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