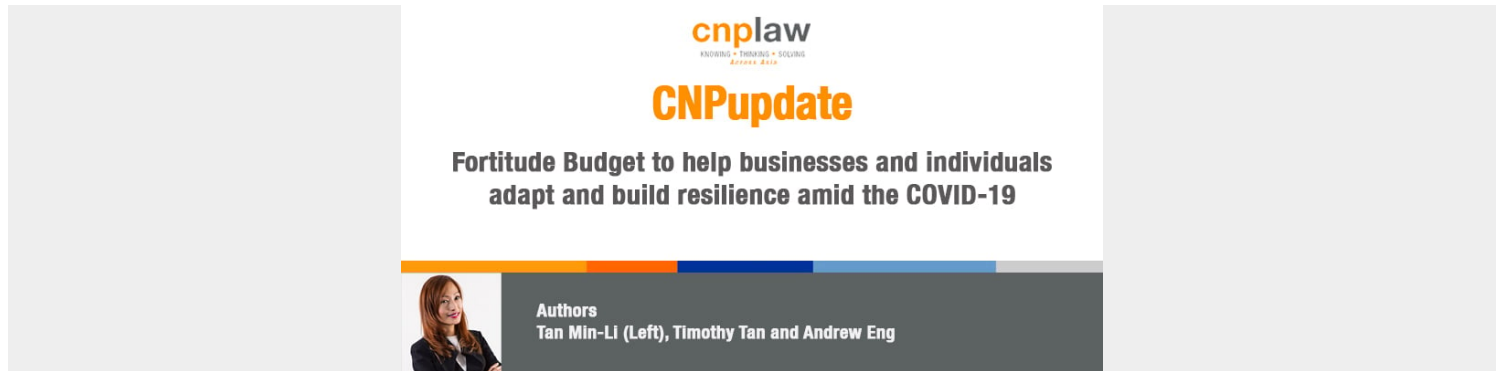


FORTITUDE BUDGET TO HELP BUSINESSES AND INDIVIDUALS ADAPT AND BUILD RESILIENCE AMID THE COVID-19 PANDEMIC

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Categories: [CNPupdates](#), [Covid-19 Resource](#)

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Singapore's [Fortitude Budget](#) was presented on 26 May 2020 and complements the [Unity, Resilience and Solidarity Budgets](#) to help businesses and individuals adapt and build resilience amid the [COVID-19](#) pandemic.

The following is a summary of the various measures introduced by the Fortitude Budget.

1. Jobs Support Scheme

- The [Jobs Support Scheme](#) ("[JSS](#)"), under which the Government co-funds the first \$4,600 of gross monthly wages paid to each local employee ("**Qualifying Wages**"), has been extended by one month to August 2020.
- There will also be increased support for firms in more affected sectors:
 - Qualifying firms in the aerospace, retail, marine and offshore sectors will be eligible for support of either 50% or 75% of the Qualifying Wages, which has been increased from 25%;
 - For the built environment sector, the Government will be co-funding 75% of the Qualifying Wages for June 2020 to August 2020 and for other months, that amount will be 25%; and
 - For firms unable to resume operations immediately after the circuit breaker period, the Government will continue to co-fund 75% of the Qualifying Wages until August 2020 or until they are allowed to reopen, whichever is earlier.

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2. SGUnited Jobs & Skills Package

The SGUnited Jobs and Skills Package aims to create close to 100,000 jobs, traineeships, and skills training opportunities. This package consists of the following:

- **SGUnited Jobs:** Through this programme, the Government aims to create 40,000 jobs by end-2020, with the public sector offering 15,000 jobs and the private sector offering 25,000 jobs.
- **SGUnited Traineeships:** The number of traineeships that the Government aims to create has increased from 8,000 to 21,000 traineeship positions.
- **SGUnited Mid-Career Traineeships:** This is a new traineeship programme which aims to create 4,000 traineeships for unemployed mid-career locals looking to gain meaningful industry-relevant experience and boost their employability.
- **SGUnited Skills:** This consists of creating training courses for about 30,000 jobseekers to upgrade their skills while looking for a job. To cover basic subsistence expenses, the Government will be providing a training allowance of up to \$1,200 per month for the duration of the course. Furthermore, individuals may use their SkillsFuture Credit to offset the course fees.

3. Rental relief for tenants

The COVID-19 (Temporary Measures) (Amendment) Act 2020 (the “**Act**”) was passed on 5 June 2020 to provide further relief for businesses, particularly Small and Medium Enterprises (“**SMEs**”). One key amendment brought by this Act is to provide relief for SMEs’ rental obligations. There are 6 different forms of relief afforded to SME tenants:

- **Rental waiver:** Eligible SMEs can receive up to 4 months’ waiver of base rental for commercial properties, and up to 2 months’ waiver of base rental for industrial and office properties. These waivers include the property tax rebate previously announced in the Resilience Budget, as well as additional reliefs that would be borne by landlords for eligible SMEs;
- **Moratorium on rent recovery:** A moratorium on rent recovery can be made by qualifying SMEs, where the taking of certain actions by landlords against their SME tenants in relation to non-payment of rent will be prohibited. Such actions include:
 - the commencement or continuation of an action in court and/or arbitral proceedings against the tenant of the tenant’s guarantor or surety;
 - the termination of the lease agreement;
 - the exercise of a right of re-entry or forfeiture under the lease agreement; and
 - the withholding of utility services or other services from the tenant;

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- **Repayment scheme for rental arrears:** Eligible SMEs may also take up a prescribed rental repayment scheme for a specified portion of rental arrears accumulated from 1 February 2020 up till 19 October 2020. The maximum arrears that can be accumulated are:
 - For commercial properties, 5 months' base rent; and
 - For industrial/office properties, 4 months' base rent,

with the interest capped at 3% p.a. by law;

- **Restrictions against deduction of rental security:** Landlords of qualifying SMEs will be restricted from drawing down the security deposit furnished by such tenants;
- **Relief for inability to vacate business premises:** Qualifying SMEs may apply for a relief against having to pay the landlord any sums that such tenant would otherwise be liable to pay double rent under the law for failing to vacate the property after the termination or expiry of the lease. This is in addition the reliefs already available under the COVID-19 (Temporary Measures) Act, such as relief from the landlord's right of re-entry or forfeiture; and
- **Relief from late payment interest:** Where a non-paying party has served a notification of relief of its inability to pay any money at the time it becomes due and payable, there will be a cap on the late payment interest and charges up to 19 October 2020, regardless of what is provided in the contract.

The Act has not yet come into force and more details will be announced at a later date.

4. Financial support for promising startups

To sustain innovation and entrepreneurship, the Government has set up the Special Situation Fund for Startups. This is a \$285 million fund administered by EDBI, the corporate investment arm of Economic Development Board, and SEEDS Capital, the investment arm of Enterprise Singapore. Under this scheme, the Government will be investing in selected [startups](#) with private sector co-investors on a 1:1 basis via convertible note. The scheme will end when the funds are fully committed or by 31 October 2021, whichever is earlier.

Companies would need meet the following criteria to be eligible for funding:

- Company is a private company incorporated in Singapore for not more than 10 years;
- Company is developing / producing / and commercializing innovative technologies or services designed for scale and high growth;
- Company has secured paying customers and partners and demonstrated a commercially scalable business model of at least 20% annual revenue growth pre-COVID-19. For pre revenue companies, Company possesses either strong pre-clinical data (biotech companies), intellectual property, or technological know-how that cannot be replicated; and
- Investors (existing/new) are committed and prepared to fund 50% of the convertible note.

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5. Support for businesses in their digital transformation

- A bonus of \$300 per month over 5 months was announced to encourage the adoption of e-payments by stallholders in hawker centres, wet markets, coffee shops and industrial canteens. The bonus is contingent on sustained use of the e-payment solution, with a minimum number of e-payment transactions per month. The Government will also bear the transaction fees (i.e. merchant discount rate payable by merchants) until 31 December 2023.
- The Government also announced the Digital Resilience Bonus which would provide additional support to enterprises seeking to uplift their digital capabilities to adapt to safe management practices after the circuit breaker period. Piloting the Digital Resilience Bonus with the food services and retail sectors, businesses that adopt pre-defined categories of digital solutions can receive bonus payouts of up to \$10,000. These solutions fall into three categories:
 - Business process solutions, which comprises of accounting, HR/payroll, and digital ordering;
 - Digital presence, which comprises of food delivery or e-procurement; and
 - Data-driven operations, such as data mining and analytics.

6. Foreign Worker Levy Waiver and Rebate

The [foreign worker levy](#) waivers will be extended by up to 2 months for businesses that are not allowed to resume on-site operations after the circuit breaker and additional rebates. There will be a 100% waiver of levies and \$750 rebate in June 2020, and a 50% waiver of levies and \$375 rebate in July 2020.

7. Higher Central Provident Fund (“CPF”) contribution rates will be deferred

The increase in CPF contribution rates for senior workers will be deferred by 1 year, from 1 Jan 2021 to 1 Jan 2022.

8. COVID-19 support grant

An additional \$800 million will be set aside for the COVID-19 support grant to support Singaporeans and Singapore Permanent Residents who need help:

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- Those who have experienced involuntary job loss, or presently on involuntary no-pay leave for at least three consecutive months will receive \$800 per month for 3 months.
- Those presently experiencing reduced monthly salary of at least 30% for at least three consecutive months as a result of the economic impact of COVID-19 will receive \$500 per month for 3 months.

9. Support for charities and social services agencies

- An Enhanced Fund-Raising Programme will provide dollar-for-dollar matching on eligible donations raised between 1 April 2020 to 31 March 2021, capped at \$250,000 matching per charity.
- The Invictus Fund will provide an \$18 million top-up to help social service agencies maintain services, retain staff and adopt technology.

For more information

Please refer to the following links to find out more:

- Ministry of Finance Fortitude Budget Statement:
https://www.singaporebudget.gov.sg/budget_2020/fortitude-budget/fortitude-budget-statement#t1
- Ministry of Law on the COVID-19 (Temporary Measures) Act 2020:
<https://www.mlaw.gov.sg/covid19-relief/>
- Joint statement by EDBI and SEEDS Capital on the Special Situation Fund for Startups:
<https://www.edbi.com/news-room/latest-news/edbi-and-seeds-capital-to-provide-s285-million-in-financing-to-promising-startups-to-tide-through-covid-19-period>

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