

SOLIDARITY BUDGET: COVID-19 SUPPLEMENTARY RELIEF PROGRAMMES

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Just 11 days after the announcement of the unprecedented supplementary Resilience Budget valued at S\$48 billion, the Singapore Government has drawn down against its reserves to push out a second supplementary budget to combat the Covid-19 crisis on the economic front in light of the circuit breaker measures announced by the Singapore Government on 3 April 2020. The new Solidarity Budget, announced on 6 April 2020, is valued at S\$5.1 billion and comes amid what Deputy Prime Minister Heng Swee Keat described as “a generational crisis with no precedent”. The primary aim of the Solidarity Budget is to take further steps to save jobs and protect the livelihoods of employees during the period of heightened measures. The Solidarity Budget will also aid businesses in preserving their capacity and capabilities to allow them to spring back into business when the circuit breaker is lifted.

Enhanced Jobs Support Scheme

The Jobs Support Scheme (JSS) was launched under the Unity Budget with the aim of helping enterprises retain their local employees (i.e. Singapore citizens and Permanent Residents) during this period of uncertainty. For the month of April, the JSS will be further enhanced to provide wage support to 75 per cent of wages across all sectors. Employers who do not pay wages in April 2020 will not benefit from this enhanced JSS. The wage support for the other months however, will remain unchanged as previously announced. This temporary enhancement will be disbursed together with the first JSS payout. Originally scheduled for end-May, the enhanced JSS will be brought forward to April 2020. This earlier payout will assist businesses with their cash flow obligations, including paying wages to workers. Firms on GIRO and PayNow will start receiving the first JSS payout as early as next week, whereas firms which are

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not on GIRO or PayNow can expect to receive their payouts by cheque, starting about a week after.

Measures to ease labour costs

As many businesses hire foreign workers on work permits and S-passes, these foreign workers form a significant portion of the labour pool in Singapore. Employers are encouraged to take care of these workers who will also face difficulties during this circuit breaker period. The aim is to help businesses resume operations swiftly once these heightened measures are lifted. To ease labour costs of foreign workers, the monthly Foreign Worker Levy due in April will be waived. Furthermore, to aid businesses in preserving their business structure, they will be provided with a Foreign Worker Levy Rebate of S\$750 for each work permit or S pass holder, based on previous levies paid in 2020. Employers can expect to receive the rebate as early as 21 April 2020.

Further support for rental costs

The Resilience Budget announced that non-residential properties will be granted an enhanced rebate for property tax payable for the period of 1 January 2020 to 31 December 2020. Further support for rental costs will take the form of legislation, the COVID-19 (Temporary Measures) Bill, which has since been read twice in Parliament. The Bill will ensure that property owners pass on this property tax rebate in full to tenants.

Tenants will also be granted relief under the Bill which intervenes with private contractual obligations. Obligations such as paying rent, repaying loans and completing work that cannot be met due to the Covid-19 pandemic can be deferred for a period of time.

The Singapore Government continues to take a lead in supporting tenants by increasing the rental waiver for industrial, office and agricultural tenants of Government agencies to 1 month, up from the 0.5 month's waiver announced previously.

Enhanced financing support

The Resilience Budget provided SMEs with support for their working capital needs, through the Temporary Bridging Loan Programme and the Enterprise Financing Scheme – SME Working Capital Loan. The Solidarity Budget will increase the Government's risk share of loans made under these programmes from 80 per cent to 90 per cent for loans taken out from April 2020 to March 2021.

Enhanced self-employed person income relief scheme

Designed to provide direct cash assistance, this is the first time direct cash support to self-employed persons has been provided by the Government at such a large scale. The recipients of the Self-Employed Person Income Relief Scheme (Scheme) span a large and diverse group with different working hours and

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working arrangements. These groups will see a further drop in income as a result of the circuit breaker measures. Two enhancements will be made to the Scheme. Firstly, it will now be available to self-employed persons who are earning a small income from employment work. Next, the Annual Property Value criteria has been raised from S\$13,000 to S\$21,000 to include those who live in private properties. This is expected to raise the number of beneficiaries of the scheme from about 88,000 to 100,000.

More details on the Solidarity Budget and its full transcript can be found [here](#).

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