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Singapore Budget 2026 Digest
Leading through change

Common abbreviations

AI	Artificial Intelligence
BEPS	Base Erosion and Profit Shifting
CDC	Community Development Council
CIT	Corporate Income Tax
CPF	Central Provident Fund
CTR	Concessionary Tax Rate
EDB	Economic Development Board
ESG	Enterprise Singapore
GDP	Gross Domestic Product
GST	Goods and Services Tax
IRAS	Inland Revenue Authority of Singapore
ITA	Income Tax Act 1947
MAS	Monetary Authority of Singapore
M&A	Mergers & Acquisitions
MNE	Multinational Enterprise
MPA	Maritime and Port Authority of Singapore
OECD	Organisation for Economic Co-operation and Development
%	Percent
PIT	Personal Income Tax
R&D	Research and Development
RIC	Refundable Investment Credit
\$	Singapore Dollar
SG	Singapore
SME	Small and Medium-Sized Enterprise
SPR	Singapore Permanent Resident
STB	Singapore Tourism Board
WHT	Withholding Tax
YA	Year of Assessment

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Foreword



Rohan Solapurkar
Tax & Legal Leader
Deloitte Singapore

By pairing AI enablement with skills development, short-term business relief with long-term research investment, and economic transformation with social support, Budget 2026 reinforces the principle that resilience and reinvention must advance in tandem.

Leading through change has become more than a guiding theme—in an uncertain world where the multilateral system is weakening and the guardrails which helped manage disputes and tensions are eroding, the Budget 2026 announcements are aimed at securing our future in this changed world order. The Budget aims to further strengthen the economic foundations of Singapore and give it a tangible competitive advantage so that all of Singapore - including businesses and our people can move forward and progress together, collectively with the objective of “Securing Our Future Together”.

Singapore enters this phase from a position of relative economic strength. The economy grew by 5% in 2025, supported by resilient domestic activity and sustained external demand. However, given the global uncertainties, the growth rate for 2026 has been moderated and is projected to be between 2 to 4%. The formation of new alliances and new forms of cooperation would enable our businesses to take better advantage of such emerging opportunities.

For open and highly connected economies like Singapore, navigating this environment requires both agility and foresight. The recognition that technology is the critical enabler underpinning our strategy and the continued investment into research and innovation demonstrates the forward thinking of the Government. Another example of such foresight on part of the Government is investment into harnessing of new technologies, notably AI. The establishment of a new National AI Council, which will be chaired by the Prime Minister, to provide strategic direction and drive Singapore’s AI agenda demonstrates the commitment of the Government to invest into new technologies to ensure that AI could be used as a strategic advantage for Singapore and overcome structural constraints. Enterprise support measures, skilled initiatives as well as tax deductions contribute to building a vibrant AI-enabled economy.

Over the past decade, Singapore has steadily increased structural spending in healthcare, social support and infrastructure, even as it safeguarded fiscal sustainability. Budget 2026 builds on this trajectory, continuing targeted investments in productivity enhancement, technology adoption and skills development. The emphasis on AI and digital capability building signals recognition that competitiveness in the coming decade will be increasingly shaped by innovation intensity and human capital depth.

Economic transformation must also remain inclusive. Sustained investment in skills, lifelong learning and mobility ensures that structural change broadens opportunity rather than narrows it. Leading through change therefore requires not only enterprise agility, but shared progress and social cohesion.

Although there are no changes introduced to the personal tax rates this year, the distribution of CDC vouchers for households, strengthened CPF top-ups and higher contribution rates for senior workers would cushion cost-of-living pressures and strengthen support across both the workforce and ageing population.

Together, these measures signal a clear direction. Competitiveness will increasingly be shaped by innovation intensity, human capital depth and the ability to integrate technology at scale. By pairing AI enablement with skills development, short-term business relief with long-term research investment, and economic transformation with social support, Budget 2026 reinforces the principle that resilience and reinvention must advance in tandem.

Singapore's long-standing strengths—sound fiscal management, regulatory stability, openness to trade and capital, and sustained investment in human capital—continue to underpin confidence in its economic proposition. Budget 2026 builds on these foundations while signalling readiness to compete in a more complex and technology-driven global economy.

In this Digest, we examine the key measures announced in Budget 2026 and consider their implications for businesses, investors and individuals. Through the lens of leading through change, we explore how organisations can navigate uncertainty with confidence and contribute meaningfully to securing Singapore's future in a more complex global landscape.

We hope this Digest provides timely insights as you assess the opportunities and challenges that lie ahead.



Major
developments



Major developments



Shariq Barmaky
Country Managing Partner
Deloitte Singapore

AI has already begun to reshape the work of accountancy professionals. At Deloitte, we have been investing early and deliberately in AI—both in technology and in upskilling our people—so that we can focus on delivering higher-value audit and advisory work anchored in judgement and human insights.

The Government's support in building practical AI capabilities across the professional services sector is a strategic move that will further strengthen Singapore's position as a leading global hub for professional services. This will enable us to continue fostering a vibrant ecosystem for innovation and talent development, positioning Singapore to serve Asia and the world.



Chan Wenjie
Tax Partner

Globally, we continue to see developments under Pillar Two, including the proposed Side-by-Side package, reflecting an evolving implementation landscape across jurisdictions. Against this backdrop, Prime Minister Wong has confirmed that Singapore will stay the course in its commitment to the global minimum tax framework, and tax revenues for Singapore are expected to increase from 2027 as the rules take effect.

That said, many countries are looking at introducing targeted and Pillar Two compliant incentives to retain and attract investment. Going forward, competitiveness will increasingly hinge on policy design, certainty and broader economic fundamentals.



Duleesha Kulasooriya
Innovation Leader
Deloitte Asia Pacific

Budget 2026 signals Singapore's intent to lead, not just participate, in the next wave of frontier technologies, with quantum emerging as a clear strategic priority. The Government's continued commitment to research, innovation and enterprise under RIE2030 reflects a long-term view that capabilities such as quantum computing, communications and security will underpin future competitiveness, resilience and trust in critical digital infrastructure.



Liew Li Mei
International Tax Leader

Since the OECD Side-by-Side Package was released in early Jan 2026, in-scope MNE groups have been watching the space wondering what it could mean for Singapore. Prime Minister Wong's Budget 2026 announcement reaffirmed Singapore's implementation of the top-up tax regime under the OECD's BEPS Pillar Two project, enabling in-scope MNE Groups to now focus on their compliance obligations. With the global minimum tax framework already in place, the focus is now squarely on effective implementation and administration in Singapore.

Notwithstanding a global minimum tax regime would mean that incentives may be less relevant for in-scope MNE Groups, they remain a consideration given that 15% is the new baseline in the global tax environment. Recognising that competitiveness remains Singapore's priority despite a complex and evolving global tax environment, Singapore will work on sharpening its investment toolkit to continue to attract strategic investments and build a robust growth ecosystem.



Richard Mackender
Asia Pacific Indirect Tax Leader
Deloitte Singapore

Singapore is moving decisively towards an AI-powered economy. The Government has sent a strong signal that AI is not here to replace professionals such as accountants and legal practitioners, but to empower them to move up the value chain. Through continued investment in AI training and upskilling — including free courses and access to premium AI tools — our workforce will be equipped to take on higher-value roles. AI should be seen as a companion that enhances human expertise as Singapore strengthens its position in a competitive global economy.



Michelle Khoo
Centre for the Edge Leader
Deloitte Singapore

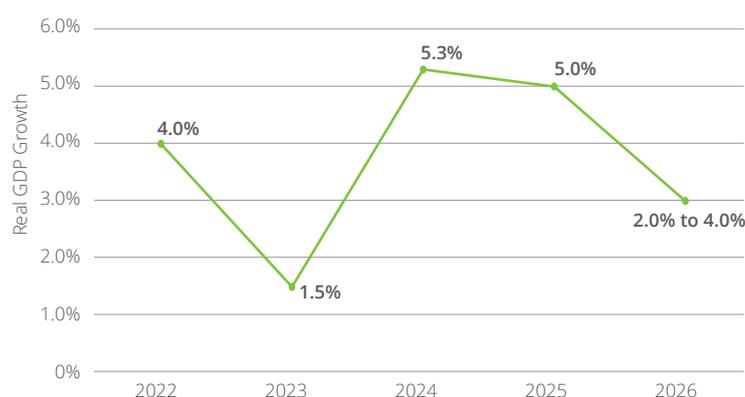
Singapore's decision to raise security related expenditure in response to a more complex and contested threat environment is timely and necessary. As Prime Minister Wong rightly highlighted, today's security challenges extend beyond traditional defence and increasingly span cyber, unmanned and digital domains.

In this context, it is important that Singapore's cybersecurity strategy also explicitly encompasses satellites and space based systems, particularly as the Government prepares to launch the National Space Agency of Singapore on 1 Apr 2026. Satellites underpin critical national functions—from communications and navigation to climate monitoring, maritime awareness and disaster response—and should therefore be treated as core national digital infrastructure.

Key financials at a glance

GDP growth

Singapore's growth moderated to 4.0% in 2022, before slowing more sharply to 1.5% in 2023 amid weaker external demand and global headwinds. The economy rebounded strongly in 2024, expanding by 5.3%, supported by improved manufacturing performance and resilient services activity. Growth remained firm in 2025 at 5.0%, reflecting sustained momentum across key sectors. Looking ahead, the Ministry of Trade and Industry has moderated Singapore's 2026 GDP growth forecast to 2.0%–4.0%, suggesting continued expansion, albeit at a more measured pace as uncertainties. Overall, while growth has fluctuated across the period, the recent economic outcomes have demonstrated the economy's resilience and capacity.



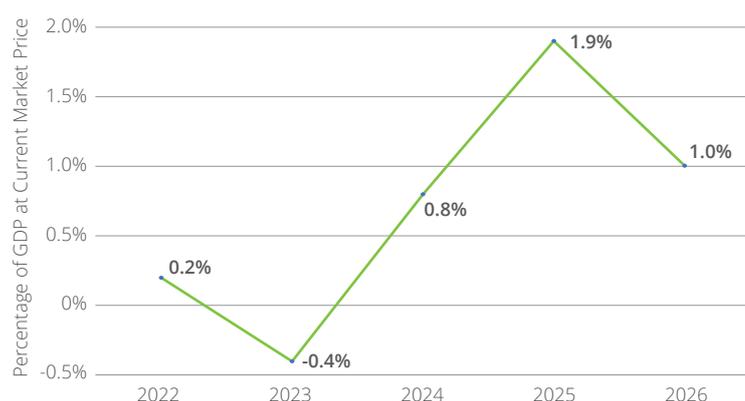
GDP

Year	GDP at current market price \$ (bil)	% change
2022*	709.0	4.0%
2023*	686.4	1.5%
2024*	765.5	5.3%
2025*	789.5	5.0%
2026	854.3	2.0%-4.0%

*GDP Growth figures are based on data provided by Department of Statistics Singapore.

Overall fiscal position

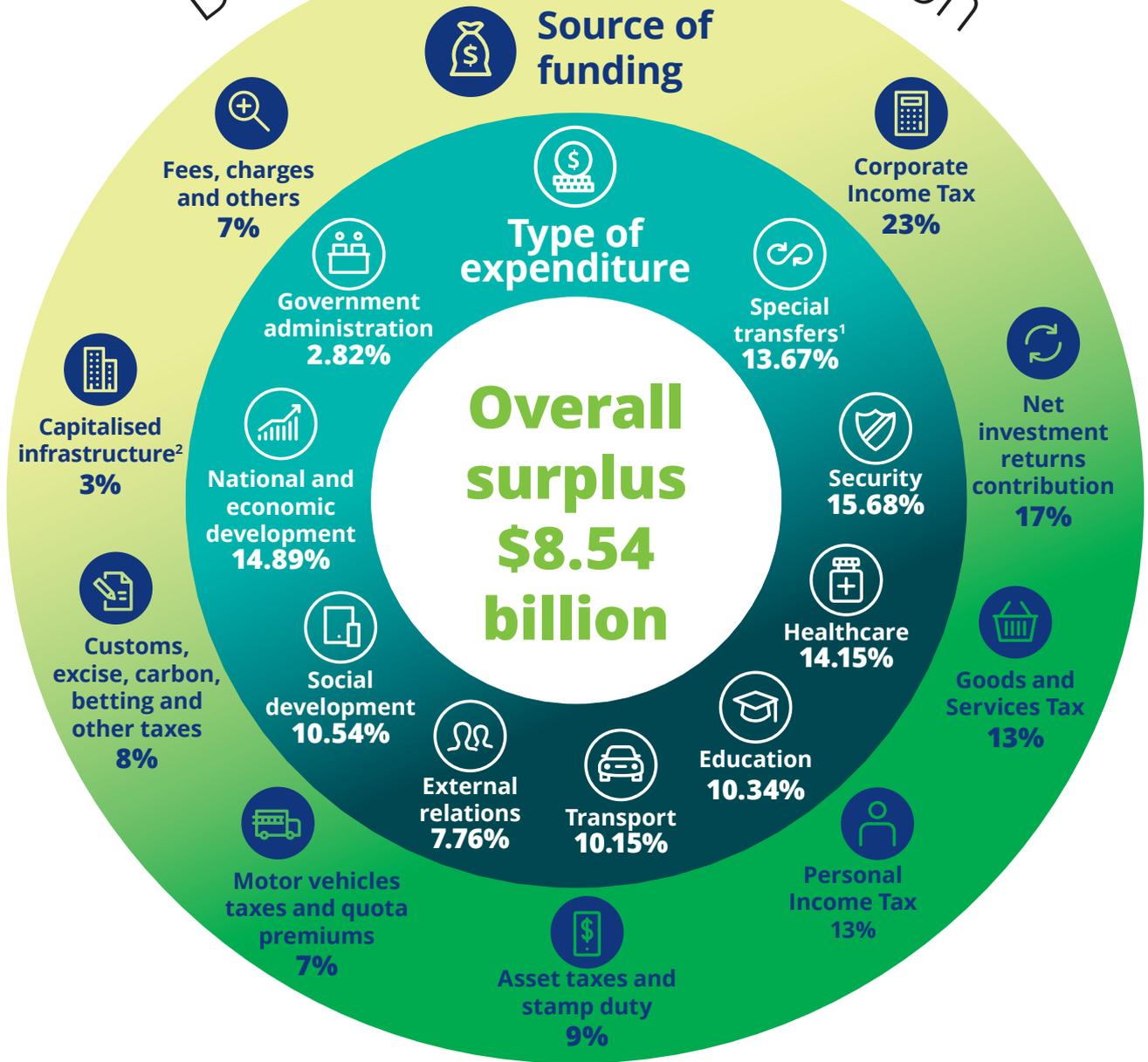
In 2022, Singapore recorded a modest fiscal surplus of 0.2% of GDP, reflecting continued normalisation following the pandemic period. In 2023, the fiscal position slipped into a 0.4% deficit amid higher expenditure and economic headwinds. The fiscal position strengthened in 2024 to a 0.8% surplus and improved further in 2025 to 1.9% surplus. In 2026, the surplus is projected to moderate to 1.0% of GDP.



Overall fiscal surplus/(deficit)

Year	Overall fiscal surplus/(deficit) \$ (bil)	% of GDP
2022	1.716	0.2%
2023	(2.548)	-0.4%
2024	6.131	0.8%
2025	15.103	1.9%
2026	8.543	1.0%

Budget 2026 Fiscal position



- Expenditure and usage of funds
- Sources of funds and capitalised infrastructure

¹ Special Transfers include Top-ups to Statutory and Trust Funds.
² Capitalised infrastructure refers to investments in long-term physical projects like roads and public transit systems, which costs are spread over their useful lives.



Business Tax



Business Tax

CIT Rebate for YA 2026 and CIT Rebate Cash Grant

To provide support for companies to manage cost pressures, a CIT Rebate of 40% of tax payable will be granted in YA 2026.

Active companies that employed at least 1 local employee in Calendar Year (CY) 2025 (referred to as the “local employee condition”) will receive a minimum benefit of \$1,500 in the form of a CIT Rebate Cash Grant.

The total maximum benefits (i.e., sum of CIT Rebate and CIT Rebate Cash Grant) that a company can receive is \$30,000. Eligible companies will automatically receive the benefits from second quarter of 2026 onwards.

A company is considered to have met the local employee condition if it has made CPF contributions to at least 1 local (i.e., Singapore Citizen or Permanent Resident) employee, excluding shareholders who are also directors of the company, in CY 2025.

For example, Company A has tax payable of \$30,000 for YA 2026 and will receive a total CIT Rebate benefit of \$12,000 (i.e., 40% * \$30,000). If Company A employed at least 1 local employee in CY 2025, it will receive a \$1,500 CIT Rebate Cash Grant, with the remaining \$10,500 as CIT Rebate.

Enhance the Double Tax Deduction for Internationalisation (DTD_i) scheme

Under the DTD_i scheme, businesses are allowed a double tax deduction on eligible expenses incurred on 16 qualifying market expansion and investment development activities. Businesses can automatically claim such tax deduction on the first \$150,000 of eligible expenses for 9 activities per YA without prior approval.



Chai Sook Peng
Tax Partner

Although the CIT rebate rate is moderated from 50% to 40% and the overall cap reduced from \$40,000 to \$30,000, it continues to alleviate the high cost of business by providing the much needed cash flow support to businesses.

Pre-approval is required from ESG or STB for expenses exceeding \$150,000 on these 9 activities or expenses incurred on the remaining 7 qualifying activities.

Pre-approval is also required for certain expenses incurred on overseas market development trips and overseas investment study trips.

To further support businesses in their internationalisation efforts, the expenditure cap for claims that may be filed without pre-approval will be raised from \$150,000 to \$400,000 per YA.

The scope of claims which do not require pre-approval will also be expanded to cover all eligible expenses incurred on overseas market development trips and overseas investment study trips, and the following qualifying activities:

- (a) Investment feasibility/due diligence studies;
- (b) Master licensing and franchising;
- (c) Market surveys/feasibility studies;
- (d) Overseas business development; and
- (e) Production of corporate brochures for overseas distribution.

Further, businesses can continue to apply to ESG or STB for expenses exceeding \$400,000 per YA or expenses incurred on overseas trade office and e-commerce campaigns.

The above changes will apply to expenses incurred from YA 2027, with the ESG set to provide further details by second quarter of 2026.



Extend the 250% tax deduction for qualifying donations to Institutions of a Public Character (IPCs) and eligible institutions

Donors are eligible for a 250% tax deduction for qualifying donations made to IPCs and eligible institutions. Donations in this context are not confined to those made in the form of cash. In respect of cash donations, the eligible recipients are IPCs and the Singapore Government. The types of eligible recipients may differ, depending on the form of donations and in some cases, the type of donors involved.

To encourage giving, the tax deduction, originally meant to lapse for donations made after 31 Dec 2026, will be extended to qualifying local donations made from 1 Jan 2027 to 31 Dec 2029.

Enhance the Enterprise Innovation Scheme (EIS)

Currently, under the EIS, qualifying businesses can claim 400% tax deduction/allowance on qualifying expenditure incurred on the following 5 qualifying activities:

- (a) Qualifying Research and Development activities undertaken in Singapore;
- (b) Registration of Intellectual Property (IP);
- (c) Acquisition and licensing of IP rights;
- (d) Training courses that are eligible for SkillsFuture Singapore funding and aligned with the Skills Framework; and
- (e) Innovation projects carried out with polytechnics, the Institute of Technical Education, or other qualified partners (collectively known as partner institutions).

The qualifying expenditure cap under each of activities (a) to (d) is \$400,000 for each YA. The qualifying expenditure cap under (e) is \$50,000 for each YA.

For optionality, businesses can convert up to \$100,000 of total qualifying expenditure into a 20% non-taxable cash payout, in lieu of tax deduction/allowance.

To support businesses in adopting AI, the following enhancement will be made to the EIS for YA 2027 and YA 2028:

- (a) The list of partner institutions will be expanded to include the Sectoral AI Centre of Excellence for Manufacturing.
- (b) An additional qualifying activity will be introduced for qualifying AI expenditures. Businesses can claim tax deduction/allowance of 400% on up to \$50,000 of qualifying AI expenditures incurred for each YA. The option to convert the qualifying expenditure into a cash payout will however not be available for this new qualifying activity.

The IRAS is set to provide more details by mid-2026.



Yvaine Gan
SG Global Investment &
Innovation Incentives Leader

Adoption of AI is no longer optional and is considered a strategic necessity. This enhancement of the EIS should materially lower the cost of experimenting, building and deploying AI – not just for large enterprises but crucially, for SMEs as well. Larger MNCs that are investing beyond \$50,000 should consider other incentives in the Singapore government’s toolkit such as the RIC and the Research and Innovation Scheme for Companies (RISC). We look forward to further details from the IRAS on what activities and expenditure would qualify.

Extend and enhance the Finance and Treasury Centre (FTC) incentive

To encourage companies to conduct treasury management activities in Singapore, the FTC incentive, originally meant to lapse at the end of this year, will be extended until 31 Dec 2031.

Under the FTC incentive, approved FTCs are eligible for a concessionary tax rate of 8% or 10% on qualifying income. Approved FTCs are also eligible for a WHT exemption on interest payments on loans used for qualifying activities or services.

The scope of the WHT exemption for approved FTCs will be expanded to include “interest-like” borrowing costs that are subject to WHT, for loans used for qualifying activities or services. The expanded scope of exemption applies to payments made on or after 13 Feb 2026.

The EDB will provide more details by 13 Feb 2026.



Loh Eng Kiat
Tax Partner

The extension of the FTC scheme is a welcome move. While the introduction of Singapore’s Qualified Domestic Minimum Top-up Tax (QDMTT) may limit the direct tax benefits that some companies derive from the FTC’s concessionary tax rate on qualifying income, businesses continue to value the scheme for the withholding tax exemptions available on qualifying FTC-related transactions. Given the political uncertainty and volatility in currencies, companies may want to explore the possibility of establishing treasury centres in Singapore and availing themselves of the incentive.

Extend and enhance the Global Trader Programme (GTP)

Under the GTP, approved global trading companies are eligible for a concessionary tax rate of 5%, 10%, or 15% on income from qualifying transactions in qualifying commodities.

To further strengthen Singapore’s position as a global trading hub, the following changes will be made to the GTP:

- (a) The scheme will be extended until 31 Dec 2031 (otherwise meant to lapse after 31 Dec 2026).
- (b) The list of qualifying commodities will be expanded to include Environmental Attribute Certificates from 13 Feb 2026.

ESG will provide more details by second quarter of 2026.



Daniel Ho
SEA Mergers and Acquisitions and SG Business Tax Leader

With the extension of the GTP incentive, we are heartened to see that Singapore intends to remain a strategic location for companies to anchor their trading hubs. The expansion of qualifying commodities to include Environmental Attribute Certificates (EACs) reinforces Singapore’s position as a sustainability-aligned trading hub—not only for traditional commodities, but also for environmental commodities related to decarbonisation. This would encourage global trading firms that specialise in energy transition solutions (e.g. EACs, carbon credits) to anchor principal trading operations in Singapore.

This incentive also remains relevant for businesses with annual revenue below €750 million which are not in scope for Pillar Two.



Extend the Not-for-Profit Organisation (NPO) Tax Incentive

The NPO Tax Incentive, which provides tax exemption on the income derived by an approved NPO, was originally scheduled to lapse after 31 Dec 2027. To ensure that Singapore remains an attractive location for NPOs, the NPO Tax Incentive will be extended until 31 Dec 2032.

Allow tax deduction for CPF cash top-ups made by platform operators on behalf of their platform workers under the Voluntary Contributions to MediSave Account scheme (VC-MA)

To encourage platform operators to make CPF cash top-ups on behalf of their platform workers (who are eligible for the Matched MediSave Scheme), platform operators will be allowed to claim tax deduction for CPF cash top-ups made on behalf of their platform workers under the VC-MA.

This addresses the current situation where employers can claim tax deduction for CPF cash top-ups made on behalf of employees under the VC-MA, but platform operators cannot do likewise for CPF cash top-ups made on behalf of platform workers under the VC-MA. With this change, the tax treatment is aligned for platform operators and should encourage them to make similar voluntary contributions for their platform workers, thereby boosting their Medisave accounts for future healthcare needs amidst rising medical costs.

The change will apply from YA 2027 for CPF cash top-ups made from 1 Jan 2026.

Allow the Investment Allowance for Emissions Reduction (IA-ER) scheme to lapse

To ensure that our tax schemes remain relevant, the IA-ER scheme will be allowed to lapse after 31 Dec 2026.

The IA-ER scheme was first introduced in 2021. Under the IA-ER scheme, investment allowance can be granted to companies for capital expenditure incurred for approved projects that improve efficiency or reduce greenhouse gas emissions.

With the IA-ER scheme ending on 31 Dec 2026, companies may continue to tap into other schemes available in Singapore such as Resource Efficiency Grant for Emissions or RIC for Decarbonisation.





Larry Low
Tax Partner

The extension of tax deduction for qualifying donations and CVS until end 2029 is heartening. This encourages the spirit of philanthropy and companies to continue serving and supporting the community through the physical acts of giving and contributing.

Extend the Corporate Volunteer Scheme (CVS)

All businesses carrying on a trade or business in Singapore can claim 250% tax deduction on qualifying expenditure (such as wages) incurred in respect of (a) sending their qualifying employees to volunteer at or to provide services to IPCs, or (b) seconding their qualifying employees to IPCs. Capping parameters apply in relation to the 250% tax deduction.

To support corporate volunteering, the tax deduction under the CVS, originally meant to lapse for expenditure incurred after 31 Dec 2026, will be extended to qualifying expenditure incurred from 1 Jan 2027 to 31 Dec 2029.

Allow the double tax deduction for qualifying upfront costs attributable to rated retail bonds to lapse

Bond issuers that are carrying on a trade or business in Singapore can claim a 200% tax deduction on qualifying upfront costs incurred on or after 19 May 2021 that are attributable to rated retail bonds issued from 19 May 2021 to 31 Dec 2026 (both dates inclusive) under the Seasoning Framework and Exempt Bond Issuer Framework. The double tax deduction scheme is scheduled to lapse after 31 Dec 2026.

As part of recalibrating Singapore’s tax incentives, the double tax deduction scheme for rated retail bonds will be allowed to lapse after 31 Dec 2026.

Other schemes such as the Qualifying Debt Securities scheme and the Global-Asia Bond Grant scheme continue to be available to bond issuers.

Extend the WHT exemptions for the financial sector

Generally, interest payments made to non-resident persons are subject to WHT at a rate of 15%.

A range of WHT exemptions is available to financial institutions for payments made under specific types of financial transactions. The WHT exemptions for the following types of payments made to non-resident persons (excluding PEs in Singapore) are scheduled to lapse after 31 Dec 2026:

- (a) All Section 12(6) payments made by specified entities for the purpose of their trade or business;
- (b) Payments on structured products offered by financial institutions in Singapore;
- (c) Payments on over-the-counter financial derivatives made by qualifying financial institutions;
- (d) Payments made under cross currency swap transactions by Singapore swap counterparties to issuers of Singapore dollar debt securities;
- (e) Interest payments on margin deposits made under all derivatives contracts by approved exchanges, approved clearing houses, members of approved exchanges and members of approved clearing houses;
- (f) Specified payments made under securities lending or repurchase agreements by specified institutions; and
- (g) Payments made under interest rate or currency swap transactions by the MAS.

To maintain the competitiveness of Singapore’s financial sector, WHT exemptions for the above types of payments will be extended until 31 Dec 2031.

The MAS will provide further details by the second quarter of 2026.





\$1 billion set aside to enhance the Startup SG Equity scheme

The Startup SG Equity scheme aims to stimulate private sector investments into innovative, Singapore-based technology startups with intellectual property and global market potential. To catalyse more growth capital, Prime Minister Wong announced that \$1 billion will be set aside to enhance the Startup SG Equity scheme, which provides initial capital to catalyse and crowd in private funding for promising start-ups.



Lee Tiong Heng
SEA Global Investment &
Innovation Incentives Leader

The boost for growth-stage tech companies is closely aligned with Singapore's broader strategy of building an innovation-driven economy and a more robust startup incubation-to-scale ecosystem. By strengthening support across the full lifecycle of startups, from incubation to growth, Singapore is reinforcing its position not just as a launchpad for new ventures, but as a hub where technology companies can anchor substantive activities, develop intellectual property and build long-term regional operations.



Yvaine Gan
SG Global Investment &
Innovation Incentives Leader

Singapore's strategy is clear: leadership, not just participation, in the industries that matter most. Underscoring the intent to anchor critical segments of the global value chain, Singapore is focusing on industries with high knowledge content and strong spillover effects. Singapore's ambition goes beyond just hosting activity—it's about shaping how industries evolve and where value is created.

Backing this strategy is the \$37 billion RIE2030 investment, a 32% increase from RIE2025, which signals consistency, credibility and confidence in research and innovation as engines of growth.

For business leaders, the message is simple: Singapore is doubling down on deep capabilities long term bets and value creation at the frontier— and inviting companies to build the future together.

\$37 billion commitment to RIE2030

Singapore will invest \$37 billion under its Research, Innovation and Enterprise (RIE) 2030 plan to strengthen leadership in key industries such as advanced packaging for semiconductors, quantum technology and decarbonisation solutions, as part of a refreshed economic strategy to anchor critical global supply chain segments.



Personal
Tax



Personal Tax

PIT rates and rebates

There are no changes to the PIT rates.

No PIT rebate was announced for YA 2026.

Increase in Senior Workers' CPF Contribution Rates

To further strengthen the retirement support for senior workers, CPF contribution rates for Singaporean and SPR workers aged above 55 to 65 will be raised. The further increase in contribution rates will be fully allocated to the Retirement Account. For members who have set aside the Full Retirement Sum, these contributions will be channelled to the CPF Ordinary Account.

The change will take effect from 1 Jan 2027.

A 1-year CPF Transition Offset will be automatically provided for the 2027 increases and employers are not required to apply for the same. The offset will be equivalent to half of the 2027 increase in employer CPF contributions for every Singaporean and SPR worker employed aged above 55 to 65.

CPF Contribution Rates for Senior Workers from 1 Jan 2027

Worker age (Years)	CPF Contribution Rates			CPF Transition Offset for 2027
	Total	Employer	Employee	
55 and below	No change	No change	No change	No change
Above 55 to 60	35.5%	16.5%	19.0%	0.25% - pt
Above 60 to 65	26%	13.0%	13.0%	0.25% - pt
Above 65 to 70	No change	No change	No change	No change
Above 70	No change	No change	No change	No change



Sabrina Sia
Global Employer Services Leader

After the grant of a personal income tax rebate of 60% for YA 2025 to celebrate SG60, it was expected that no personal income tax rebate would be announced for YA2026. Nevertheless, CDC vouchers of \$500 were announced to be given to Singaporean households in Jan 2027, which is a nice gesture given that Singapore had stronger than expected growth last year. Measures to ensure that there is sufficient retirement adequacy for senior workers continue, and this is demonstrated by the announcement of further increase in CPF contribution rates for Singaporean and SPR workers aged above 55 to 65.

Increase in Minimum Qualifying Salaries for Employment Pass and S Pass Eligibility

The minimum qualifying salaries for both Employment Pass (EP) and S Pass are being raised effective Jan 2027 for initial applications, and Jan 2028 for renewals.

The EP qualifying salary will be increased from \$5,600 to \$6,000 (for Financial Sector, the increase is from \$6,200 to \$6,600).

As for S Pass, the qualifying salary will be increased from \$3,300 to \$3,600 (for Financial Sector, the increase is from \$3,800 to \$4,000).

Corresponding adjustments according to the age of the applicants will also be implemented accordingly.

Increase in Local Qualifying Salary (LQS) for Local Workers

The Government has raised the Local Qualifying Salary (LQS) for local workers from \$1,600 to \$1,800. The LQS refers to the minimum wage level that a local employee must earn in order to be counted towards a company's local workforce for foreign worker quota purposes. The increase will take effect on Jul 2026.

Following the changes, firms will earn 1 local workforce count for each local worker who is paid at least \$1,800 per month, while each local worker who is paid at least \$900 but less than \$1,800 per month will be counted as 0.5 only.





Indirect
Tax



Indirect Tax

Increase in tobacco excise duties

As part of the Government's efforts to discourage the consumption of tobacco products, excise duties on all tobacco products will be increased by 20% with immediate effect from 12 Feb 2026. The last time that the Government introduced an excise duty hike on tobacco products was in 2023 by 15%.

For reference, the amount of excise duties collected by Singapore Customs in 2025 on tobacco products was about \$1.1 billion (as published by Singapore Customs). With the new adjustment, the revised excise duties on tobacco products will be as follows:

HS code	Product description	Current excise rate	New excise rate
Cigars, cheroots, cigarillos and cigarettes, and other manufactured tobacco			
2402.20.20	Clove cigarettes	49.1 cents for every gram or part thereof of each stick of cigarette	58.9 cents for every gram or part thereof of each stick of cigarette
2402.20.90	Other cigarettes containing tobacco		
2402.90.20	Cigarettes of tobacco substitutes		
2402.10.00	Cigars cheroots & cigarillos containing tobacco	\$491/kgm	\$589/kgm
2402.90.10	Cigars cheroots & cigarillos of tobacco substitutes		
2403.11.10	Water pipe tobacco packed for retail sale		
2403.11.90	Water pipe tobacco not packed for retail sale		
2403.19.19	Other smoking tobacco packed for retail sale		
2403.19.99	Other smoking tobacco not packed for retail sale		
2403.91.10	Homogenised or reconstituted tobacco packed for retail sale		
2403.91.90	Homogenised or reconstituted tobacco not packed for retail sale		
2403.99.30	Manufactured tobacco substitutes		
2403.99.40	Snuff whether or not dry		
2403.99.90	Other manufactured tobacco not for smoking		
2404.11.00	Products containing tobacco or reconstituted tobacco, intended for inhalation without combustion		
2404.19.10	Products containing tobacco substitutes, intended for inhalation without combustion		
Beedies, ang hoon and smokeless tobacco			
2402.20.10	Beedies	\$378/kgm	\$454/kgm
2403.19.11	Ang Hoon packed for retail sale		
2403.19.91	Ang Hoon not packed for retail sale		
2403.99.50	Chewing and sucking tobacco excluding snuff		
Unmanufactured and cut tobacco and other tobacco refuse			
2401.10.10	Tobacco, unmanufactured, not stemmed/ stripped, Virginia type, flue-cured	\$446/kgm	\$535/kgm
2401.10.20	Tobacco, unmanufactured, not stemmed/stripped, Virginia type, other than flue-cured		
2401.10.40	Tobacco, unmanufactured, not stemmed/stripped, Burley type		
2401.10.50	Other tobacco, unmanufactured, not stemmed/stripped, flue-cured		
2401.10.90	Other tobacco, unmanufactured, not stemmed/stripped, other than flue-cured		
2401.20.10	Tobacco, unmanufactured, partly or wholly stemmed/stripped, Virginia type, flue-cured		
2401.20.20	Tobacco, unmanufactured, partly or wholly stemmed/stripped, Virginia type, other than flue-cured		
2401.20.30	Tobacco, unmanufactured, partly or wholly stemmed/stripped, Oriental type		
2401.20.40	Tobacco, unmanufactured, partly or wholly stemmed/stripped, Burley type		
2401.20.50	Other tobacco, unmanufactured, partly or wholly stemmed/stripped, flue-cured		
2401.20.90	Other tobacco, unmanufactured, partly or wholly stemmed/stripped, other than flue-cured		
2401.30.10	Tobacco stems		
2401.30.90	Other tobacco refuse		
2403.19.20	Other manufactured tobacco for the manufacture of cigarettes		

Enhancement of the Market Readiness Assistance (MRA) Grant and Business Adaptation Grant (BizAdapt)

The MRA Grant provides significant financial support for local SMEs looking to expand into overseas markets, helping to defray the costs associated with overseas market promotion, business development and market set-up.

With effect from 1 Apr 2026, the MRA grant will be enhanced as follows:

- (a) Local SMEs will receive support up to 70% of eligible costs (from up to 50% previously), applicable until 31 Mar 2029.
- (b) The enhanced grant cap of up to \$100,000 per company for each new market will be extended.

The MRA support covers activities under 3 pillars:

- (a) Overseas market promotion (capped at \$20,000);
- (b) Overseas business development (capped at \$50,000); and
- (c) Overseas market set-up (capped at \$30,000).

The enhanced MRA Grant will support companies not only in accessing new overseas markets but also in deepening their presence in existing ones, with the “new to target overseas market” criterion scheduled for removal from Jul 2026 to broaden eligibility.

These changes will expand the number of eligible SMEs while allowing them to defray a higher percentage of costs.

ESG will provide further details in second half of 2026.

Enhanced grant support levels for BizAdapt and Global Innovation Alliance (GIA) schemes

As part of the Government’s initiative to support Singapore companies to venture overseas, the overall grant support levels for other internationalisation schemes will be increased from 1 Apr 2026 to 31 Mar 2029. Local SMEs and non-SMEs will receive support up to 70% and 50% of eligible costs respectively. As such, companies who want to utilise BizAdapt and GIA schemes can tap on these enhanced support levels.

The GIA schemes support Singapore-based startups to expand overseas, through participating in market access programmes and connecting with in-market experts, with a focus on technology and innovation.

The BizAdapt grant aims to defray the costs associated with trade advisory and reconfiguration support for companies affected by tariffs, capped at \$100,000 per company. The grant aims to help businesses adapt their operations and strengthen supply chain resilience across 4 areas:

- (a) Free Trade Agreements and Trade Compliance;
- (b) Legal and Contractual Advisory;
- (c) Supply Chain Optimisation and/or Market Diversification; and
- (d) Reconfiguration (for manufacturing relocation & supplier changes to new markets only).

The additional funding would be useful to companies looking to defray the cost of engaging professional support and advice to further their business operations in the current trade environment.



In more practical terms, companies impacted by U.S. tariffs on their products and supply chain shifts due to geo-political tensions can now afford tailored consultancy to understand how schemes like first-sale-for-export (FSFE) and customs value unbundling can help reduce the tariff impact on their goods sold into the U.S. market, coupled with how to utilise new and upcoming Free Trade Agreements (FTAs) to diversify single market risks and to access other markets that Singapore has signed FTAs with.

Conversely, companies who are in trade disputes with suppliers or customers as a result of geo-political tensions and new regulatory measures (e.g., overnight export bans or sanctions) can now turn to the BizAdapt grant to tap on expertise to help alleviate legal and financial burden arising from frustrated contracts.

These grants enable companies to take tangible adaptation steps that would have been much harder to justify financially otherwise.

With BizAdapt funding, companies can undertake pragmatic projects like diversifying suppliers away from tariff-exposed regions, conducting financial impact modelling of tariff exposure, or exploring new end-markets outside traditional ones.

This not only supports resilience in the short term but also underpins more sustainable international expansion and competitiveness for Singapore-based companies in volatile trade environments.



Wong Meng Yew
SEA Global Trade Advisory and Tax
Climate & Sustainability Leader

In today’s environment, trade is no longer just about moving goods efficiently—it is about navigating tariffs, regulatory divergence, supply chain risk and geopolitical fragmentation. By enhancing the Mutual Recognition Arrangements and strengthening the BizAdapt grant, Singapore is not merely offering financial support; it is equipping companies with the legal, compliance and strategic tools to redesign their operating models. These initiatives empower businesses to optimise FTAs, reconfigure supply chains, recalibrate contracts and diversify markets with confidence. In doing so, Singapore reinforces its position not just as a trading hub, but as a sophisticated facilitator of global trade—enabling companies to win in the new arena of trade.

Future trajectory of carbon tax

Implemented in 2019, the carbon tax—Southeast Asia’s first carbon pricing mechanism—aims to encourage both producers and consumers to shift away from carbon-intensive goods and services. With effect from 1 Jan 2026, the carbon tax increased from \$25 in 2025 to \$45 per tonne of carbon dioxide equivalent (tCO₂e) emitted by taxable facilities (i.e., sites emitting ≥ 25,000 tCO₂e per year) for years 2026 and 2027 respectively. In 2025, the amount of carbon taxes collected was approximately \$760 million, on the back of a \$25 per tCO₂e carbon tax rate.

Under the current trajectory, the carbon tax is expected to rise further to between \$50 and \$80 per tCO₂e by 2030 as announced by the Government in previous years’ budgets.

Based on industry feedback, if the existing carbon tax trajectory were to hold at the higher end without recalibration, energy-intensive sectors such as chemicals, petrochemicals, semiconductors, precision engineering, and advanced manufacturing (all of which operate on globally benchmarked margins), would be faced with significant additional annual operating costs and would need to re-assess their operating strategies.

Although no concrete figures for the 2028 rate were announced at this Budget, amid slowing global momentum on climate action, as evidenced by the recent developments at COP30, the Government has acknowledged that the carbon tax may need to be set at the lower end of the planned range beyond 2027. This was to balance the need for Singapore to remain an attractive and competitive destination for businesses, while also providing assurance to carbon intensive manufacturers looking to invest into Singapore, and for existing businesses planning their investments into decarbonisation.



Wong Meng Yew
SEA Global Trade Advisory and Tax
Climate & Sustainability Leader

While Budget 2026 did not provide a concrete number for the carbon tax to be implemented in 2028, the Government has acknowledged concerns that the trajectory of an increase towards a \$50 to \$80 per tonne range by 2030 may have a dampening effect on Singapore’s competitiveness, considering that we already have the highest carbon tax rate in Asia. It is thus a welcome move that there are plans in place to review this range towards the lower end in 2028, to allow companies to ease their tax expenditure while continuing their decarbonisation efforts.





Others



Others

Preferential Additional Registration Fee (PARF) Rebate Adjustment

PARF rebates are granted to car and taxi owners to encourage timely renewal of the vehicle population and support a safer, less polluting vehicle fleet. The rebate is computed as a percentage of the Additional Registration Fee (ARF) paid and is tiered based on the age of the vehicle at deregistration.

As electric and hybrid vehicles become more common and are generally less polluting, the relevance of the current PARF framework is reduced. The Government will therefore reduce PARF rebate rates by 45%-pts across all tiers and lower the rebate cap from \$60,000 to \$30,000.

Comparison of Existing and Revised PARF Rebate Schedule

Age of Vehicle at Deregistration	Existing PARF Rebate (capped at \$60,000)	Revised PARF Rebate (capped at \$30,000)
Age ≤ 5 years	75% of ARF	30% of ARF
5 years < Age ≤ 6 years	70% of ARF	25% of ARF
6 years < Age ≤ 7 years	65% of ARF	20% of ARF
7 years < Age ≤ 8 years	60% of ARF	15% of ARF
8 years < Age ≤ 9 years	55% of ARF	10% of ARF
9 years < Age ≤ 10 years	50% of ARF	5% of ARF
Age > 10 years	n.a.	n.a.

The revised PARF rebate schedule and the \$30,000 cap will apply to cars registered with Certificates of Entitlement (COEs) obtained from the second COE bidding exercise in Feb 2026. For vehicles that do not require COE bidding, such as taxis, the revised schedule and cap will apply to vehicles registered on or after 13 Feb 2026.

The revised PARF rebate schedule and cap do not apply to vehicles that are not eligible for PARF rebates. These include goods-cum-passenger vehicles, classic cars, and vehicles that have been laid-up.

Further details will be announced by the Land Transport Authority.



Lee Tiong Heng
SEA Global Investment & Innovation Incentives Leader

The PARF rebate in Singapore is a financial incentive for owners who deregister their cars before they turn 10 years old, returning 50%–75% of the ARF paid, depending on the car's age. The announcement of a reduction of PARF rebate by 45%-pts and a reduction of the rebate cap from \$60,000 to \$30,000 in this year budget is a significant one that will impact the more luxurious internal combustion engine cars. On the other hand, as the cash benefits for de-registering a car before 10 year is going to be lower compared to the past, it may prompt more car owners to consider renewing their COE when their 10-year COE period expires.



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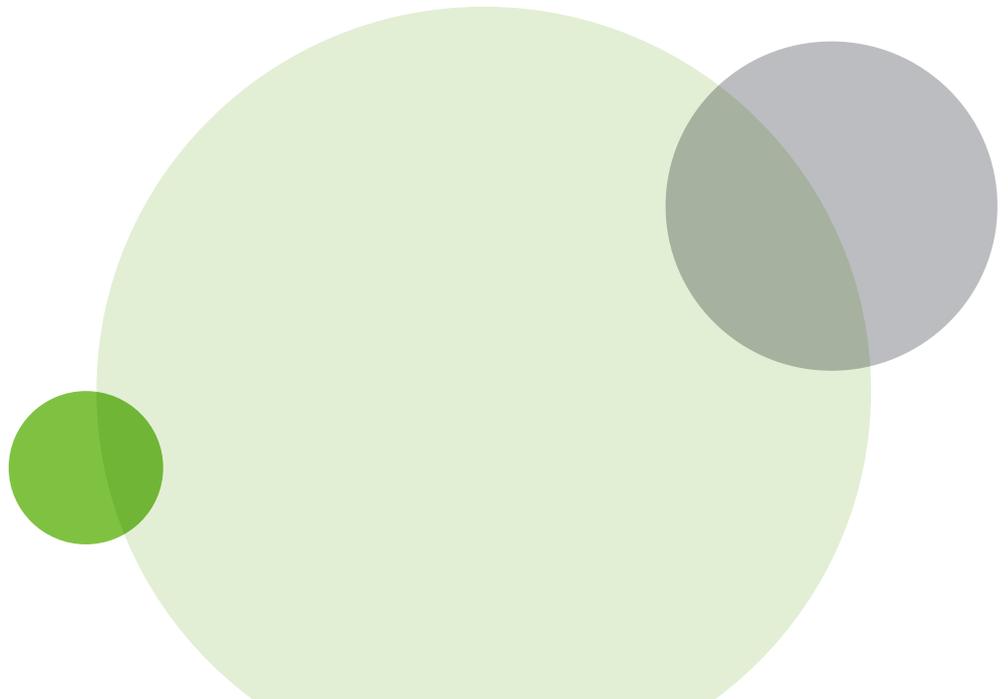
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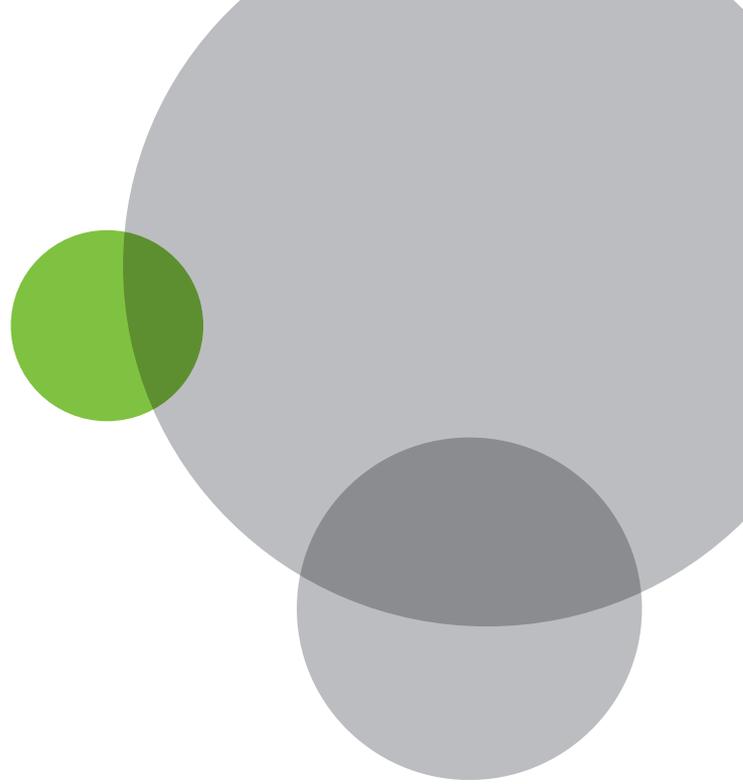
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