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PwC response to Budget 2015 - Solving tomorrow's problems today

News release

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<i>Contact</i>	Candy Li Mobile: +65 8613 8820 Email :candy.yt.li@sg.pwc.com Daniel Tan Mobile: 9824 0523 Email:daniel.el.tan@sg.pwc.com

PwC response to Budget 2015

Solving tomorrow's problems today

Singapore, 23 February 2015 – The following comments are responses from PwC Singapore to Singapore Budget 2015, organised into three categories – Competitiveness, Social spending and issues, Innovation.

Overall response:

The 2015 budget should be called the Darwinian Hong Bao Budget. Incentives and grants enhance the skills of the workforce. Companies are encouraged to innovate and internationalise to meet the evolving world economy. Towards a caring, smarter and sustainable society!

- Chris Woo, Tax Leader, PwC Singapore

The Singapore Budget is a recalibration for the prosperity we enjoy. Look at it like a diet to enjoy a better quality of life.

- Chris Woo, Tax Leader, PwC Singapore

Painting with benevolent colours across a broad socio-economic canvas, Finance Minister attempts to support an inclusive society. New jobs. SME innovation. Collaboration. Singaporeans, seize opportunities and witness next 50 years of sustainable growth!

- Abhijit Ghosh, International Tax Partner, PwC Singapore

Probably taxing to live up to its pre-announcement hype of "goodies for all", but Budget 2015 have ticked most of the right boxes.

- Florence Loh, Tax Partner, PwC Singapore

A commendable focus on growth initiatives coupled with a theme of improving our social safety net.

- Florence Loh, Tax Partner, PwC Singapore

The more you give; the more you receive. Strong message about Jubilee move to increase tax deduction to 300%.

- Elaine Ng, Transport & Logistics Tax Leader, PwC Singapore

Competitiveness – Corporate tax, SME issues, labour

SkillsFuture - a well thought-out scheme benefitting all Singaporeans, especially school-going children and mid-career individuals. Less pressure on education spending by parents and Singaporean companies training their employees.

-Lennon Lee, Entrepreneurial & Private Clients Tax, PwC Singapore

SMEs often face challenges of assessing government assistance schemes. The Finance Minister has repeatedly mentioned the easier application process for Capability Development Grants (CDG) for innovative projects that are below \$30K by SMEs. Look forward to more SMEs being able to enjoy CDG to enhance productivity.

-Lennon Lee, Entrepreneurial & Private Clients Tax, PwC Singapore

Applaud the introduction of the SkillsFuture to all Singaporeans. The devil is in the implementation.

-Lennon Lee, Entrepreneurial & Private Clients Tax, PwC Singapore

SMEs' cries heard with temporary deferral of foreign labour levy.

-Lennon Lee, Entrepreneurial & Private Clients Tax, PwC Singapore

Good to see financial support for SMEs in sharing of financial risks. Sharing of 50% risk is a fair proportion.

- Anuj Kagalwala, Financial Services Tax Leader, PwC Singapore

The financial sector in Singapore is robust. We are very competitive and in a good place. Hence, no major announcements. However, some changes could have been made to send a positive signal to this very important sector.

- Anuj Kagalwala, Financial Services Tax Leader, PwC Singapore

Right to focus on start-ups and venture capital firms. Looking for Singapore's very own Alibaba and Facebook.

- Anuj Kagalwala, Financial Services Tax Leader, PwC Singapore

While the 10% tax rate of the International Growth Scheme is attractive, withholding taxes may erode its impact. The need of the hour is to expand our treaty network and/or refresh our old treaties.

- Abhijit Ghosh, International Tax Partner, PwC Singapore

A welcome move for companies making minority-stake overseas acquisitions. The M&A tax allowance scheme is a step in the right direction.

- Lim Hwee Seng, Tax Partner, PwC Singapore

With the cap on qualifying acquisition costs reduced from \$100m to \$20m, the real beneficiaries are companies making smaller deals.

- Lim Hwee Seng, Tax Partner, PwC Singapore

Social spending and issues – Retirement adequacy / CPF / lower income and sandwich classes

Budget 2015's skillset initiatives and Silver Support Scheme will help businesses and senior citizens secure its future today, but there is a cost to this – likely higher GST.

- Koh Soo How, Asia Pacific Indirect Taxes Leader, PwC Singapore

Innovation – Productivity, R&D, Pharmaceutical

The Jubilee Budget lifts Singapore's global competitiveness via continued learning, innovation and social security. Viva SG!

-Lennon Lee, Entrepreneurial & Private Clients Tax, PwC Singapore

Ensure only relevant and quality training courses designed to deepen skills and knowledge of our people are accredited, else tax payers' money wasted.

-Lennon Lee, Entrepreneurial & Private Clients Tax, PwC Singapore

Others

Added substantial investments into the public transport system, Changi Airport, Tuas Sea Port and healthcare system will enhance Singapore's global reputation.

- Mark Rathbone, Asia Pacific Capital Projects & Infrastructure Leader, PwC Singapore

Power to Singapore! Government's energetic and continued investments in Singapore's infrastructure will contribute to its long-term competitiveness as cities fight to retain talent and grow economically.

- Mark Rathbone, Asia Pacific Capital Projects & Infrastructure Leader, PwC

Singapore

The 2% marginal tax rate increase for top earners did come as a "surprise", but consistent with Minister's continued focus on a more progressive tax system. However, will it be perceived to negatively impact our "competitiveness" ?

- Girish Vikas Naik, Personal Tax Director, PwC International Assignment Services (Singapore)

The 2015 budget clearly reflects smart investment into infrastructure, robust technologies and a skilled workforce. S\$20Bn in the coming fiscal year makes good sense.

- Mark Rathbone, Asia Pacific Capital Projects & Infrastructure Leader, PwC Singapore

The broadening of the scope of qualifying income in the Maritime Sector Incentive - Maritime Leasing Award should revive interest in the incentive and attract new players.

- Elaine Ng, Transport & Logistics Tax Leader, PwC Singapore

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Contacts



Siew Ling Ong

Press Contact

Manager, Brand and Communications

siew.ling.ong@pwc.com



Candy Li

Press Contact

Team Lead - Brand & Communications

candy.yt.li@pwc.com



Verlynn Heng

Press Contact

Senior Associate

Brand & Communications

verlynn.wy.heng@pwc.com

81251483