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## PwC's response to Budget 2020

*Against the backdrop of COVID-19, this year's Budget helps to address near-term concerns of affected businesses and households without losing focus on Singapore's long-term goals of upskilling, innovation, enterprise growth and sustainability.*

**Singapore, 18 February 2020** – The following comments are responses from PwC Singapore to Singapore Budget 2020, organised into several categories – (1) Responding to challenges in a new decade; (2) Growing our economy, creating opportunities for our people; (3) Caring for Singaporeans, building an inclusive home; (4) Sustaining Singapore's success for our future generations.

## **(1) Responding to challenges in a new decade**

“Just like in Goldilocks and the Three Bears, DPM is trying to find a 'not too hot not too cold' Budget that finds balance between short term needs and necessary longer term measures. It addresses the COVID-19 impact to preserve jobs and sustain businesses through cash relief, tax rebates and the like. The bulk of the measures announced are to prepare Singapore for longer term transformation: new skills, deepening capabilities across a broad spectrum of the Singapore workforce and helping local enterprises.”

**- Chris Woo, Tax Leader, Tax Leader, PwC Singapore**

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“It was clear that we need more support beyond masks and sanitizers to fight the current crisis. Finance Minister unveiled solid measures including corporate tax and property tax rebates, faster write down of plant and machinery, temporary bridging loans. All these will help our local businesses to weather the storm and stay stronger to enjoy better days in future.”

**- Abhijit Ghosh, Tax Markets Leader, Pharmaceutical Leader, PwC Singapore**

**(Abhijit Ghosh, [xxxxxxxxxx](#), [xxxxxxxxxxxxxxxxxx](#),[xxxxxxxx](#))**

“The Stabilisation and Support Package will help employers defray staff costs for local employees and put cash in the hands of Singapore enterprises in these trying times - a decisive response indeed.”

**- Grace Huang, Director, Global Mobility, PwC International Assignment Services**

**(Grace Huang, [xxxxxxxxxx](#), [xxxxxxxxxxxxxxxxxx](#))**

“Singapore's economy grew at 0.7% last year, the slowest since the financial crisis, and with full year growth projected at between -0.5% to 1.5% for next year, we can expect a number of companies to face short term headwinds especially in the hospitality sector. This is a time for companies to seek some stabilizing capital that will help them weather the storm and emerge stronger in the medium term. Some of the measures such as the Stabilisation and Support Package and the working capital bridging loan will definitely help and will hopefully also encourage private sector special situation funds to provide capital to promising companies with good long term potential that

may be facing short term headwinds.”

**- Vishal Thapliyal, Partner (Corporate Finance, Strategic Solutions & Transformation), PwC Singapore**

“While the Minister has announced the GST will not be raised in 2021, he has kept the hike to the original timeline of 2025. Such recurring sources of government revenue are important to fund continued investment in healthcare to ensure that it remains affordable and accessible to all.”

**- Dr. Zubin Daruwalla, MBBCh (Hons), BAO, MRCSI, MCh (Orth), MMed (Orth), Health Industries Leader, PwC Singapore  
(Dr. Zubin Daruwalla, ██████████,██████████)**

“Rental payment support by government landlords would help retailers who are particularly impacted by the COVID-19 outbreak. This should help ease the working capital requirements for these businesses in these challenging times.”

**- Vishal Thapliyal, Partner (Corporate Finance, Strategic Solutions & Transformation), PwC Singapore**

“As mentioned by the Minister, the sectors named as being affected by the COVID-19 and supported in these initiatives are tourism, aviation, retail, food services and point-to-point transport services. There are a number of sectors adjacent to tourism and retail which had not been named but are similarly affected by the reduction in footfall are entertainment, arts and recreation.

Anecdotally, visitor arrivals have reduced by 30% and visitors to these entertainment and arts outlets have taken a reduction of even up to 80% in revenue due to the cancellations of school visits, group outings and events as a precautionary measure. The benefits should be extended to these sectors as well.”

**- Irene Liu, Government & Public Services Co-Lead, PwC Singapore**

“Enhanced corporate tax claims on plant & machinery and renovations to be undertaken this year should provide assurance to for companies that had existing plans to proceed with their investments while encouraging others to

do new business planning given the expected down time and reduction in footfall.”

**- Tan Ching Ne, Digital Tax Leader/ Technology, Media & Telecommunications Leader, PwC Singapore**  
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“The majority of the \$800 million being pledged by Minister Heng going to the Ministry of Health clearly demonstrates the government’s commitment towards the healthcare sector.”

**- Dr. Zubin Daruwalla, MBBCh (Hons), BAO, MRCSI, MCh (Orth), MMed (Orth), Health Industries Leader, PwC Singapore**  
(**Dr. Zubin Daruwalla, XXXXXXXXXXXXX,XXXXXXXXXX**)

“Tourism, aviation, and point to point logistics sectors period for upskilling will be extended from 3 months to 6 months. This is likely to help the affected cruise centres, airlines and others to prepare and keep their workforce ready for the upturn. In addition, property tax rebates for cruise centres, Changi Airport and other tourism related infrastructure will ease the burden felt by these businesses who are already seeing very low tourist numbers.”

**- Mark Rathbone, Asia-Pacific Capital Projects Infrastructure Leader, PwC Singapore**  
(**Mark Rathbone, XXXXXXXXXXXXXXXX XXXXXXXXXXXXX**)

(2) Growing our economy, creating opportunities for our people

“Heartening to note Finance Minister outlining brilliant measures to expose our local talents to visit overseas markets and enhance their global capabilities under the Asia Ready Exposure and Global Ready Talent Programmes. Singapore can and should be the hub for developing future regional/global leaders. Question is whether and how other countries will support us? Does it mean Singapore needs to similarly open up to give access to foreign students/talents in a similar manner?”

**- Abhijit Ghosh, Tax Markets Leader, Pharmaceutical Leader, PwC Singapore**

**(Abhijit Ghosh, ██████████, ████████████████████,██████████)**

“Given the successes we are seeing globally in what PwC calls the New Health Economy where the most impactful success stories are those involving partnerships between new entrants and larger organisations, the first thrust in the transformation and growth strategy announced by Minister Heng in enabling stronger partnerships will undoubtedly benefit our local health industries ecosystem as it will all other industries, too.”

**- Dr. Zubin Daruwalla, MBBCh (Hons), BAO, MRCSI, MCh (Orth), MMed (Orth), Health Industries Leader, PwC Singapore  
(Dr. Zubin Daruwalla, ██████████,██████████)**

“Grants to help companies utilise FTAs better will be very welcome to SMEs. They lack the resources internally to plan for and implement efficient and effective FTA use. But at the same time, they often do not know where to look for support, and are concerned about the cost of such support, even though the potential benefits easily outweigh such costs.”

**- Frank Debets, Managing Partner, Customs & International Trade, PwC Worldtrade Management Services  
(Frank Debets, ████████, ████████████████████)**

“The Enterprise Growth package facilitates the development of capabilities for market expansion, enabling Singaporean companies to become new entrants into pan ASEAN value chains.”

**- David Wijeratne, PwC’s Growth Markets Centre Leader**

“The point on globalisation and technology (and its potential failure) was well articulated. In order to avoid the failure mentioned by Minister Heng, it will be imperative for all healthcare organisations to (1) identify new technologies through regular horizon scanning, (2) see the long term benefit of upskilling and/or re-skilling employees as opposed to short term measures such as retrenchment, and (3) work towards using the identified technologies to complement people and processes rather than replace them.”

**- Dr. Zubin Daruwalla, MBBCh (Hons), BAO, MRCSI, MCh (Orth), MMed (Orth), Health Industries Leader, PwC Singapore**

**(Dr. Zubin Daruwalla, ██████████,██████████)**

“While an additional \$300 million has been set aside for investing in Deep Tech startups (including MedTech) with requirements for larger investments and longer gestational periods, success will also require not only committed investment but also an integrated ecosystem that allows startups to navigate in a timely and efficient manner.”

**- Dr. Zubin Daruwalla, MBBCh (Hons), BAO, MRCSI, MCh (Orth), MMed (Orth), Health Industries Leader, PwC Singapore**

**(Dr. Zubin Daruwalla, ██████████,██████████)**

“Linking the Networked Trade Platform to equivalent platforms of Singapore's key trading partners is an excellent first step to enhance the automation of international trade compliance. But there is a long way to go to get both multinationals and Singapore SMEs on board, given that they often either have their own systems for data exchange, or lack the technology and resources to manage such electronic exchange properly.”

**- Frank Debets, Managing Partner, Customs & International Trade, PwC Worldtrade Management Services**

**(Frank Debets, ████████, ████████████████████)**

“The fact that our healthcare spend has tripled over the last decade from \$4B to \$12B not only reiterates the government’s unwavering support to ensuring care for all but also highlights the challenge of rising costs. The latter is not sustainable. It is therefore important for all stakeholders across the Health Industries to work towards lowering the rising cost of healthcare via solutions such as Intelligent Automation and Data Monetisation which lower their costs and generate new revenue streams, respectively for example.”

**- Dr. Zubin Daruwalla, MBBCh (Hons), BAO, MRCSI, MCh (Orth), MMed (Orth), Health Industries Leader, PwC Singapore**

**(Dr. Zubin Daruwalla, ██████████,██████████)**

:There is something for everyone in relation to reskilling and upskilling in this year’s Budget. By enhancing key established talent-development initiatives such as SkillsFuture and Adapt and Grow, the Singapore Government

continues to encourage continuous learning across all age groups. These include young individuals (such as students through the Asia-Ready Exposure Programme), to the more mature individuals (through the Mid-Career support package) and companies (e.g. SkillsFuture Enterprise Credit).

I believe that this is especially helpful in ensuring employment for the more vulnerable segments such as the mid-career and mature workforce.

We're seeing a continued focus on leadership development such as the Enterprise Leadership for Transformation Programme which aims to support business leaders of 900 enterprises over the next three years. Through this, I hope that more promising SMEs can be identified on a continuing basis beyond the current parameters.

While these initiatives are “bearing fruit” as mentioned by DPM Heng, in order for the Singapore workforce to truly “flourish” and reap rewards from these initiatives, Singapore SMEs and individuals across all age groups need to expeditiously take up these opportunities provided.”

**- Fang Eu-Lin, PwC Singapore’s Academy Leader/Sustainability Leader , PwC Singapore**

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### **(3) Caring for Singaporeans, building an inclusive home**

“Education is the greater leveller and providing good quality education regardless of one’s background is consistent with a meritocratic society like Singapore. The enhanced plethora of help in the MOE Financial Assistance Scheme continues the journey to ensure no one gets left behind.”

**- Chris Woo, Tax Leader, Tax Leader, PwC Singapore**

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“No longer debated, the social determinants of health (SDOH) have the largest impact on an individual’s health outcomes. It is no longer about your genetic code but rather your postal code, so to speak. Very promising to note that the majority of measures announced during this Budget directly or indirectly relate to addressing the SDOH and thus will positively impact health outcomes of our population as a whole.”

**- Dr. Zubin Daruwalla, MBBCh (Hons), BAO, MRCSI, MCh (Orth), MMed (Orth), Health Industries Leader, PwC Singapore**

**(Dr. Zubin Daruwalla, ██████████,██████████)**

#### **(4) Sustaining Singapore's success for our future generations**

:Addressing climate change, security and fiscal sustainability to build a clean,green and liveable environment. Climate change is fundamental, Singapore needs to continue to support global efforts combating global problems. One way would be to update its commitment of the Paris Agreement for a low carbon sustainable future which is likely to affect how Singapore generates power in the future, while possibly affecting the long term economic sustainability of key Singapore industries that are dependent on the oil and gas market.

Circular Economy - a focus area to reduce carbon footprint - for example, use of NEWSand for road construction. Circular Economy is a very relevant development considering shortage of land for landfill. These innovative solutions can then be commercialised and Singapore has an excellent track record in harnessing new innovations and commercialising them, for example desalination and NEWater solutions to resolve water challenges.

Energy efficiency driven through tax incentives; vehicles with combustion engines - Singapore is looking to stay ahead of development of Electric Vehicles, hybrids and the development of new fuel sources like hydrogen fuel cells . The key challenge here is the limited number of charging stations which will require significant investment to become user friendly. Although the introduction of new public electric buses is a good start, it is not necessarily the easiest solution to implement, as the number of charging stations within bus depots remain limited, and the grid does not necessarily support large scale introduction of charging stations islandwide.

Cooling HDBs could become possible through new district cooling solutions. New solutions to air conditioning and the introduction of renewable energy solutions like HDB rooftop solar goes some way to addressing Singapore's sustainability challenge.

The Coastal and Flood Protection Fund of S\$5 billion is a significant





them from [here](#).

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