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PwC's response to Singapore Budget 2023

For immediate release - Singapore, 14 Feb 2023 – The following comments are responses from PwC Singapore on the Singapore Budget 2023:

“The Government has not only ‘sweetened’ the GST vouchers and Assurance Package but also showered additional “love” in the form of various one-off support measures such as Cost-of-Living special payments and U-Save rebates to address the concerns over rising inflation. Greater love is always welcomed.” - **Kor Bing Keong (Mr), GST Leader, PwC Singapore (XXX),**

XXXXXXXXXXXX, XXXXXXX)

“With the generous support measures, enhanced baby bonus scheme, doubled paternity leave, tax deduction for donations, Budget 2023 will be remembered as a Valentine’s Day Budget that not only focuses on showing love but also encourages growing and giving love to new families and population building.” - **Kor Bing Keong (Mr), GST Leader, PwC Singapore** (XXX, XXXXXXXXXXXXXXX, XXXXXXX)

“GST rate is expected to increase from 8% to 9% on 1 January 2024 as planned. From an operational standpoint, businesses can capitalise on the work undertaken and the lessons learned from their preparation for the most recent GST rate hike on 1 January 2023.” - **Kor Bing Keong (Mr), GST Leader, PwC Singapore** (XXX, XXXXXXXXXXXXXXXXXXXXXXX)

“Given the fast-evolving interest rate environment, the prudent extension of the existing Enterprise Financing Scheme by a year to March 2024 allows SMEs continued access and certainty of an affordable alternative funding source while retaining flexibility for the Government to introduce enhancements in future Budgets. To help SMEs plan ahead, it would be helpful for the Government to announce any changes or further extensions early, or ahead of the 2024 Budget, when the Scheme expires.” - **Lim Kexin (Ms), Partner, Tax, PwC Singapore** (XXX, XXXXX, XXXXXXX)

“The best long term defence for our SMEs against the rise in energy costs is to adopt more energy efficient options. Given the recent volatility in energy prices, the extension of the Enterprise Efficiency Grant to March 2024 for SMEs in the energy intensive F&B, Food Manufacturing and Retail industries, is welcomed. That said, there’s also a need for the Government to continue monitoring whether a one-year extension is sufficient time for SMEs to complete this transition while tackling other challenges in the current business environment.” - **Lim Kexin (Ms), Partner, Tax, PwC Singapore** (XXX, XXXXX, XXXXXXX)

“For our tech ecosystem to thrive, our innovative tech companies need to scale regionally and even globally. Hence, it is good news for growth stage tech firms to be able to continue tapping on the Enterprise Financing Scheme to address their rising costs and short term funding gaps.” - **Patrick Yeo (Mr), Venture Hub Leader, PwC Singapore** (XXX, XXXXXXXXXXXXXXX, XXXXXXX)

"Our government recognises the critical need for our tech companies to scale up regionally and even globally given our relatively small domestic market. The Singapore Global Enterprises initiative is timely to take advantage of the changing market dynamics and geopolitical environment. This scheme will be useful to create more global winners headquartered in Singapore so that our tech ecosystem can thrive in the face of increasing competition." - **Patrick Yeo (Mr), Venture Hub Leader, PwC Singapore** (xxx, xxxxxxxxxx, xxxxxxxx)

"The increase in property and vehicle taxes does not come as a surprise. It is recognised that increasing taxes on the more well-to-do is the need of the hour to finance higher Government expenditure going forward. Currently, these increases seem reasonable but the Government at some stage may need to consider whether these will impact Singapore's competitiveness in attracting globally mobile talent. Now, with a top personal tax rate of 24%, a soon-to-be GST rate of 9%, higher taxes on cars and properties, this may affect Singapore's attractiveness to these people." - **Anuj Kagalwala (Mr), Asset & Wealth Management Tax Leader, PwC Singapore** (xxxxxxxxxxxxxxxx, xxxxxxxx)

"With the option to convert 20% of the total qualifying expenditure into a cash payout of up to \$20,000 under the Enterprise Innovation Scheme, we should see more SMEs willing to take risks by conducting R&D and innovation activities in Singapore partially funded by the cash subsidies." - **Lennon Lee (Mr), Partner, Tax, PwC Singapore** (xxx, xxxxx, xxxxxxxx)

"The Singapore Government has redoubled its efforts in the global R&D race to attract innovation and R&D activities to be conducted in Singapore through the introduction of Enterprise Innovation Scheme by additional tax deductions on qualifying expenses for qualifying activities. In particular, on local R&D activities, I hope the Singapore Government can also relax the definition of R&D to include innovation and development projects that may not have a novelty factor so that more Singapore enterprises would benefit under the new Scheme." - **Lennon Lee (Mr), Partner, Tax, PwC Singapore** (xxx, xxxxx, xxxxxxxx)

"DPM announced 'PIC 2.0' Enterprise Innovation Scheme to take effect from Years of assessment (YA) 2024 to 2028. This reminds me of the previously well-received Productivity & Innovation Credit Scheme as businesses were

encouraged to speed up purchases of equipment to improve productivity and undertake activities to anchor intellectual properties (IPs) in Singapore. The 3 pillars of the proposed Enterprise Innovation Scheme will help businesses defray a significant portion of the expenses connected to innovation and the creation of IPs.” - **Tan Ching Ne (Ms), Corporate Tax Leader, PwC Singapore.** (xxx, xxxxxxxxxxxx, xxxxxxxx)

“The new Jobs-Skills Integrators pilot – which aims to help employers enhance training and place workers in suitable roles – is a fantastic means of government support that prioritises reskilling and upskilling as a key workforce strategy. To facilitate job matching, identification of skills gaps and training will not only alleviate enterprises’ talent crunch pressures, but will enhance effectiveness of matching demand and supply of key skills for the future.” - **Martijn Schouten (Mr), People and Organisation - Workforce Transformation Leader, PwC South East Asia Consulting** (xxxxxxxxxxxxxxxxx, xxxxxxxxx)

“The enhancement of employment support is targeted at those at the fringes of employment in the gig economy. With the additional support from the Budget, businesses who engage this workforce will be better supported.” - **Noel Goh (Mr), People and Organisation - Rewards Leader, PwC Singapore** (xxx, xxxxxxxx, xxxxxxxx)

“With the announcement of implementation of Pillar 2 GloBE rules and domestic top up tax of 15%, companies engaging in or planning to engage in tax incentive discussions will be better positioned to refine their estimates of tax benefits against investments required to secure tax incentives. We hope that the government shares details of updates on industry development schemes as soon as possible, so that these can also be considered as part of the companies’ overall evaluation.” - **Irene Tai (Ms), Partner specialising in Corporate Tax, PwC Singapore** (xxxxxxxxxx, xxxxxxxx)

“It seems that Singapore has decided to take a wait and watch approach and observe how and when other countries roll out their BEPS P2 rules. Meanwhile, qualifying MNCs that are already operating in Singapore need to critically assess and review their tax positions keeping in view their existing incentives and future investment strategies. One can expect a post budget announcement to address some of the issues that corporations need to consider with their plans going forward.”- **Abhijit Ghosh (Mr), Partner specialising in Corporate Tax, PwC Singapore** (xxxxxxxxxx, xxxxxxxx)

“While additional tax deduction to promote a pervasive innovative environment is welcome, it needs to be seen if Singapore can quickly build substantial capacity and capability to be innovative and remain relevant as the competition for global talents and innovative funding grows stiffer. We may have to seek opportunities to collaborate with other countries, global businesses and international educational institutions to nurture the innovative ecosystem in Singapore.” - **Abhijit Ghosh (Mr), Partner specialising in Corporate Tax, PwC Singapore (XXXXXXXXXX, XXXXXXXX)**

“This year’s measures continue to strengthen the “S” pillar for Singapore. It is very welcomed. Societal and environmental issues become more exacerbated over time, the question is if Singapore corporations can do more towards impacting social and environmental issues. Singapore companies can leverage the policy measures, but at the same time assess if they can do more in the social environmental area, and in what manner and to what extent, relevant for its context.” - **Fang Eu-Lin (Ms), Sustainability and Climate Change Leader, PwC Singapore (XXX, ESGXXXXXXXXXX, XXXXXXXX)**

“An updated approach to senior care is required as stated by Minister Wong. A successful and sustainable healthcare system requires (1) brick and mortar providers, (2) (remote telehealth) service providers, and (3) home or community care providers as its key building blocks. I hope this updated approach places continued and greater focus on the latter.”-**Dr. Zubin J Daruwalla, Health Industries Leader, PwC Singapore (XXXXXXXXXX, XXXXXXXX)**

“While \$1 billion has been set aside to provide customised support for promising local companies under the Singapore Global Enterprises initiative. In terms of healthcare and HealthTech, it will be imperative that the selection of companies is based on more stringent criteria than in the past. This will ensure that funds are directed to where they’re needed most and that the use of funds caters to the specific and niche gaps that these companies face such as talent acquisition and clinical trials. This should ultimately increase clinical adoption of health technologies and complement more recent initiatives by government agencies such as NHIC’s I2A (initiative to adopt) funding support.” -**Dr. Zubin J Daruwalla, Health Industries Leader, PwC Singapore (XXXXXXXXXX, XXXXXXXX)**

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1. For information relating to Budget 2023, please refer to our [Singapore Budget 2023 campaign page at this link](#).
2. Should you require a picture of our experts, please feel free to [download them from this link](#).

About PwC

At PwC, our purpose is to build trust in society and solve important problems - this is at the core of everything we do from the value we provide to our clients and society to the decisions we make as a firm.

Our services started with audit and assurance over a century ago. As times change and the issues faced by businesses and individuals evolved, we have developed specialised capabilities in tax, advisory and consulting to help you address emerging new challenges across focus areas like ESG, sustainability and climate change, digital transformation, cyber security and privacy, data, mergers and acquisitions, and more.

In Singapore, we have more than 3,500 partners and staff to help resolve complex issues and identify opportunities for public, private and government organisations to progress. As part of the PwC network with nearly 328,000 people in 152 countries, we are among the leading professional services networks in the world focusing on helping organisations and individuals create the value they are looking for.

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