Pioneer Associates
Pioneer Management Services Pte Ltd

CLIENT MEMORANDUM

21 February 2014

SINGAPORE BUDGET 2014

For FY 2013, Singapore achieved an overall Budget surplus of S$3.9 billion (1.1% of GDP) which was higher than the budgeted surplus of S$2.4 billion. This was due to lower expenditure arising from delays in public infrastructure projects and higher revenue from vehicle quota premiums and stamp duty collections which did not fall as much as expected.

The outlook for 2014 is uncertain although the odds are against a sharp downturn in the global economy. The Ministry of Trade and Industry expects the Singapore economy to grow by 2% to 4% in 2014. Businesses in Singapore face the challenges of a labor market that is close to full employment where higher wages together with rising rentals add to the cost of business. However, the Government announced that a very large quantity of industrial and shop space is entering the market and should have a moderating influence on rental costs over the next few years.

With effect from 1 January 2015, there will be a 1% increase in CPF contributions for all employees (who are Singapore citizens or permanent residents) to fund employees' future medical needs. For older workers aged above 50 years, there will be an additional 1% to 0.5% increase in CPF contributions (refer to Appendix 2). To alleviate the impact on businesses in relation to the 1% CPF increase, the Government announced that employers will receive a one-year Temporary Employment Credit to offset 0.5% of wages up to the CPF ceiling of S$5,000. For employees above 50 years old, the Special Employment Credit will be enhanced so that employers will receive an additional 0.5% offset for Singaporean employees earning up to S$4,000 a month.

In recognition of the challenges faced by businesses, the Government will sharpen incentives to support significant efforts in business transformation and upgrading, primarily for SMEs. Broadly, an SME is defined as having a turnover of not more than S$100 million; or its employment size is not more than 200 workers. We understand some schemes also require a minimum local shareholding in addition to other conditions. It is expected that the relevant authorities administrating such scheme will issue further details in due course.

Support for SMEs will be along five thrusts:

1. **Deepen *support for businesses to invest in innovation and skills* so that they can sustain and step up their restructuring efforts.**

   This includes a range of schemes such as PIC, extension of R&D tax deductions, extension of Writing Down Allowance for Intellectual Property Rights and extension and enhancement of the Land Intensification Scheme (refer to Appendix 1). In addition, the Government will top up the Lifelong Learning Endowment Fund by S$500 million, bringing the total fund size to S$4.6 billion. The Fund supports the Continuing Education and Training (CET) system which enables the up-skilling of workers on a continuous basis to transform the economy.

2. **Give a stronger and more specific push to the *piloting and scaling-up of ICT solutions* that can help to transform whole sectors;**

   The Government will contribute S$500 million over 3 years to the ICT for Productivity and Growth (IPG) Programme. The purpose is to accelerate the adoption of ICT solutions among SMEs through the following key initiatives, subject to certain conditions:

   a) <u>Initiative 1 – Scaling up proven ICT solutions</u>

      Promote the adoption of proven ICT-based productivity solutions by subsidizing 70% of the qualifying costs and reimbursing the vendors directly so that SMEs need not apply for the subsidy.

   b) <u>Initiative 2 - Piloting of emerging solutions</u>

      Encourage SMEs to pilot emerging technology solutions, by funding 80% of the qualifying costs, up to a maximum of S$1 million subsidy per firm.

   c) <u>Initiative 3 – Enabling high-speed connectivity for businesses</u>

      Provide SMEs that tap on qualifying ICT-based productivity solutions with a 50% subsidy on their fibre subscription plans of at least 100Mps for up to two years, capped at S$120/month. Support SMEs to implement Wireless@SG services at their premises by providing a one-time subsidy of up to S$2,400 for them to set up the necessary equipment.

      In addition, to overcome installation challenges and ensure that more non-residential buildings have the facilities to bring fibre broadband to their business tenants, building owners can qualify to be subsidized for up to 80% of the costs of new in-building infrastructure, up to a maximum of S$200,000 per qualifying building.

3. *Catalyse investments in growth enterprises* to facilitate their growth and expansion

a) Co-Investment Programme (CIP) Phase II

In 2010, the Government launched the CIP to catalyse patient capital growth for Singapore-based enterprises through co-investment with the private sector. To-date, the Government has committed approximately S$160 million seed capital to two private equity funds and four investee companies. This has catalyzed over S$500 million from the private sector, more than the 1:1 public:private co-investment ratio originally envisaged.

Due to the good progress of Phase I, the Government will launch Phase II and set aside up to S$150 million to two new funds: i) the SME Co-Investment Fund II which supplies equity capital; and ii) the SME Mezzanine Growth Fund which supplies mezzanine capital.

b) Enhancement to the Micro-Loan Programme

To spur further lending to young SMEs, the Government will increase the risk it shares with participating financial institutions for loans to young SMEs (firms which have been registered for less than three years) under the Micro-Loan Programme, from 50% to 70% for two years.

4. *Support companies in their efforts to internationalise* and grow their brands in the global market

a) Enhancement to Internationalisation Finance Scheme (IFS)

The IFS helps Singapore-based companies to secure mid to long tenure capital facilities with Participating Financial Institutions (PFI) for overseas assets acquisitions and projects. IE Singapore shares up to 70% risk under the IFS.

The maximum loan quantum supportable under IFS will increase from S$15 million to S$30 million for two years.

b) Enhancement to the Global Company Partnership (GCP) Programme

The GCP Programme is aimed at providing customized, in-depth approach to groom companies with more established overseas operations to achieve global competitiveness in four key areas i) capability building; ii) market access; iii) manpower development and iv) access to financing eg IFS.

The GCP Programme will be enhanced in the market access area by raising the support level for pilot and test-bedding projects from 50% to 70% for two years. The scope of support for manpower development will also be enhanced through the expansion of scope of support for staff attachments in overseas markets.

5. **For the *Construction sector*, the Government will put in place a series of measures to help players meet the challenge of raising construction productivity.**

   There will be upstream measures to tackle construction productivity and promote an increase in buildability –score and constructability-score for private sector projects. Whilst foreign workers levy will continue to increase, there will be introduction of a market-based skills recognition framework and extension of period of employment for certain skilled workers.

For individuals, the Government announced the Pioneer Generation Package which aims to provide certain medical benefits for life, in honor and recognition of this generation's contribution to the early days of nation building. In addition, there are a range of pay-outs and benefits for older and lower income Singaporeans to assist in defraying the costs of living. Personal reliefs for older and disabled dependents are increased and may be shared between family members.

A summary of the main tax changes are set out below:

Appendix 1 – Highlight of Corporate Tax Changes
Appendix 2 – Highlight of Individual Tax Changes & Other changes

Further information

Should you have any queries as to how these developments may impact your business, please do not hesitate to get in touch with your usual contact at Pioneer Associates or any of the following:

THAM Suit Fun
Director of International Tax
Tel: +65 6632 8439
E-mail: suitfun@pioneerassociates.com.sg

LOH Siew Mei
Tax Manager
Tel: +65 6632 8451
E-mail: siewmei@pioneerassociates.com.sg

HIGHLIGHTS OF CORPORATE TAX CHANGES

Key:

IRAS – Inland Revenue Authority of Singapore
ITA – Income Tax Act
EDB – Economic Development Board
MAS – Monetary Authority of Singapore
PIC Scheme – Productivity and Innovative Credit Scheme
YA – Year of Assessment ie tax year. For companies, income is taxed on a preceding year basis eg income earned in financial year ending 31 December 2014 is subject to tax in YA 2015.

PROPOSED CHANGE	EFFECTIVE DATE /DURATION	CURRENT TREATMENT	NEW TREATMENT
Extending the PIC Scheme	Extended for 3 years till YA 2018.	The PIC scheme applies from YA 2011 to 2015. It provides a 300% tax deduction/ allowance on the first S$400,000 of qualifying expenditure in any of the following 6 categories to enhance productivity: 1. Automation Equipment. 2. Training 3. Research & Development 4. Design 5. Acquisition of Intellectual Properties 6. Registration of Intellectual Properties Businesses can combine the expenditure cap over YA 2013 to 2015 of S$1,200,000 per qualifying activity. Alternatively, for YA 2013 to 2015, businesses may convert up to S$100,000 of qualifying expenditure into a non-taxable cash payout per YA. The maximum cash payout is S$60,000 per YA.	The PIC scheme will be extended for 3 years till YA 2018. Businesses can combine the expenditure cap from YA 2016 to 2018 into a new ceiling of S$1,200,000 per qualifying activity, As with prior YAs, the expenditure cap of S$100,000 for PIC cash payout cannot be combined across YAs 2016 to 2018.

<table>
<tr><th>PROPOSED CHANGE</th><th>EFFECTIVE DATE /DURATION</th><th>CURRENT TREATMENT</th><th>NEW TREATMENT</th></tr>
<tr>
<td>Introducing PIC+ scheme for SMEs*(1)*

Note (1):

An entity is a qualifying SME if:
(a) its turnover is not more than S$100 million; or
(b) its employment size is not more than 200 workers.

The above criterion will be applied at the group level if the entity is part of a group.

It is expected that taxpayers will need to self-assess if they meet the criterion.</td>
<td>YA 2015 to 2018

IRAS to release further details by end March 2014.</td>
<td>Expenditure cap per qualifying activity for enhanced tax deductions / allowances

Currently, the expenditure cap for each qualifying activity is S$400,000 per YA.

Businesses can combine the expenditure cap over YA 2013 to 2015 to S$1,200,000 per qualifying activity.</td>
<td>Increasing the expenditure cap per qualifying activity for enhanced tax deductions / allowances

The expenditure cap for each qualifying activity will be increased from S$400,000 to S$600,000 per YA for *qualifying SMEs* from YAs 2015 to 2018.

The combined expenditure cap will be as follows:

(a) Up to S$1.4 million for YA 2015:
<table>
<tr><th>YA</th><th>Expenditure cap ($)</th></tr>
<tr><td>2013</td><td>400,000</td></tr>
<tr><td>2014</td><td>400,000</td></tr>
<tr><td>2015</td><td>600,000</td></tr>
<tr><td>**Total**</td><td>**1,400,000**</td></tr>
</table>
(b) Up to S$1.8 million for YAs 2016 to 2018:
<table>
<tr><th>YA</th><th>Expenditure cap ($)</th></tr>
<tr><td>2016</td><td>600,000</td></tr>
<tr><td>2017</td><td>600,000</td></tr>
<tr><td>2018</td><td>600,000</td></tr>
<tr><td>**Total**</td><td>**1,800,000**</td></tr>
</table>
</td>
</tr>
</table>

PROPOSED CHANGE	EFFECTIVE DATE /DURATION	CURRENT TREATMENT	NEW TREATMENT
Extending PIC benefits to training of individuals under centralized hiring arrangements	YA 2014 *IRAS to release further details by end March 2014.*	Businesses that incur training expenses on individuals deployed to their organizations under centralized hiring arrangements are not allowed to claim PIC benefits on the training expenses incurred as they are not the legal employers of these individuals.	Businesses will be allowed to claim PIC benefits on training expenses incurred in respect of individuals hired under centralized hiring arrangements.
Refining the three-local-employees condition for PIC cash payout	YA 2016	Businesses must have employed at least 3 local employees to qualify for PIC cash payout. This condition is considered to have been met if it contributes CPF on the payroll of at least 3 local employees in the relevant month.	Businesses will have to meet the three-local-employees condition for a consecutive period of at least 3 months prior to claiming the cash payout.
Allowing the Tax Deferral Option under the PIC Scheme to lapse	To lapse with effect from YA 2015	The PIC Tax Deferral option allows businesses to defer tax payable for YAs 2011 to 2014. A dollar of current YA tax may be deferred, for every dollar of PIC qualifying expenditure incurred in the current financial year (capped at S$100,000 per YA).	The PIC Tax Deferral option will lapse with effect from YA 2015.

PROPOSED CHANGE	EFFECTIVE DATE /DURATION	CURRENT TREATMENT	NEW TREATMENT
Extending and Refining the Section 19B Writing Down Allowance ("WDA")	<u>Section 19B WDA</u> *Extended for 5 years till YA 2020* Accelerated WDA for <u>MDE companies</u> *Extended for 3 years till YA 2018*	Section 19B of the ITA accords 100% WDA to businesses over a period of 5 years on qualifying Intellectual Property Rights ("IPRs") which is defined as: (a) Patents; (b) Trademarks; (c) Registered designs; (d) Copyrights; (e) Geographical indications; (f) Lay-out designs of integrated circuits; (g) Trade secrets or information that has commercial value; and (h) Plant varieties. Subject to EDB's approval, Media and Digital Entertainment ("MDE") companies can accelerate the writing down period from 5 years to 2 years. Both the Section 19B WDA and accelerated WDA for MDE companies will lapse after YA 2015.	<u>Extending Section 19B WDA</u> The Section 19B WDA will be extended for 5 years till YA 2020. The accelerated WDA for MDE companies will be extended for 3 years till YA 2018. <u>Clarity on qualifying IPRs re: information that has commercial value</u> IRAS will publish a negative list on their website by end April 2014 to clarify that "*information that has commercial value*" excludes the following categories of information: (a) customer-based intangibles; and (b) documentation of work-processes. The negative list will be legislated by end December 2014.
Extending the Section 14A Tax Deduction Scheme for Registration Costs of Intellectual Property	Extended for 5 years till YA 2020	Businesses can claim 100% tax deduction on registration costs for qualifying intellectual property under Section 14A of the ITA. The scheme will lapse after YA 2015.	The scheme will be extended for 5 years till YA 2020.

HIGHLIGHTS OF CORPORATE TAX CHANGES

PROPOSED CHANGE	EFFECTIVE DATE /DURATION	CURRENT TREATMENT	NEW TREATMENT
Extending and Enhancing the Land Intensification Allowance ("LIA") Scheme	Extended for another 5 years till 30 June 2020 The enhancements are effective for LIA approvals granted, and capital expenditure incurred on or after 22 February 2014 EDB will release further details by end May 2014.	The LIA scheme is available to businesses in the manufacturing sector that build on industrial Business 1 / Business 2 ("B1/B2") (excluding B1 White and B2 White) land. The scheme will lapse after 30 June 2015. <u>Qualifying conditions</u> The following conditions must be met: a) The relevant building or structure must meet the Gross Plot Ratio ("GPR") benchmark applicable for the qualifying trade or business; and b) At least 80% of the total floor area of the relevant building or structure is utilized by a single user for undertaking the qualifying trade or business.	The LIA scheme will be extended for 5 years till 30 June 2020. <u>Enhancements to the LIA scheme</u> (a) The LIA scheme will be extended to: • Logistics sector; and • Businesses carrying out qualifying activities on airport and port land. (b) A new condition requiring existing buildings that have already met or exceeded the GPR benchmark to meet a minimum incremental GPR criterion of 10% will be introduced.
Waiving the withholding tax requirement for payments made to Singapore branches of non-resident companies	Payment obligations that arise on or after 21 February 2014	Persons making payments to Singapore branches of non-resident companies under Section 12(6) and 12(7) of the ITA (e.g. interest and royalty payments) are required to withhold tax on these payments.	Payers will no longer need to withhold tax on Sections 12(6) and 12(7) payments made to Singapore branches of non-resident companies. These branches will continue to be assessed for income tax on such payments that they receive and will be required to declare such payments in their annual tax returns.

<table>
<tr><th>PROPOSED CHANGE</th><th>EFFECTIVE DATE /DURATION</th><th>CURRENT TREATMENT</th><th>NEW TREATMENT</th></tr>
<tr>
<td>Extending and Refining Tax Incentive Schemes for Qualifying Funds</td>
<td>Sections 13CA, 13R <u>and 13X schemes</u>

<i>Extended for 5 years till 31 March 2019</i>

<u>Enhancements</u>

Items (a) and (b) will be effective from 1 April 2014.

Item (c) will apply to income derived on or after 21 February 2014 from the designated investments.

<i>MAS to release further details by end May 2014</i></td>
<td>Funds managed by Singapore-based fund managers (“Qualifying funds”) enjoy the following tax concessions, subject to conditions:

(a) Tax exemption on specified income from designated investments; and

(b) Withholding tax exemption on interest and other qualifying payments made to all non-residents (excluding permanent establishments in Singapore).

Qualifying funds comprise the following:

<table>
<tr><th>Scheme</th><th>Qualifying funds</th></tr>
<tr><td>Section 13C</td><td>Trust funds with resident trustee</td></tr>
<tr><td>Section 13CA</td><td>Trust funds with non-resident trustee and non-resident corporate funds*</td></tr>
<tr><td>Section 13R</td><td>Resident corporate funds*</td></tr>
<tr><td>Section 13X</td><td>Enhanced-tier funds</td></tr>
</table>

* <i>imposes conditions on investor ownership levels based on the historical value of the funds</i>

The above schemes will lapse after 31 March 2014.</td>
<td>The Sections 13CA, 13R and 13X schemes will be extended for 5 years till 31 March 2019. The section 13C scheme will be allowed to lapse after 31 March 2014.

<u>Enhancements to the Sections 13CA, 13R and 13X schemes</u>

(a) The Section 13CA scheme will be expanded to include trust funds with resident trustees, which are presently covered under the Section 13C scheme.

(b) The investor ownership levels for the Section 13CA and 13R schemes will be computed based on the prevailing market value of the issued securities on that day.

(c) The list of designated investments will be expanded to include loans to qualifying offshore trusts, interest in certain limited liability companies and bankers acceptance.</td>
</tr>
</table>

HIGHLIGHTS OF CORPORATE TAX CHANGES

<table>
<tr><th>PROPOSED CHANGE</th><th>EFFECTIVE DATE /DURATION</th><th>CURRENT TREATMENT</th><th>NEW TREATMENT</th></tr>
<tr><td>Recovery of GST for Qualifying Funds</td><td>Extended for 5 years till 31 March 2019

<i>MAS to release further details by end March 2014</i></td><td>As a concession, qualifying funds that are managed by a prescribed fund manager in Singapore are allowed to claim GST incurred on expenses at a fixed rate.

The concession will lapse 31 March 2014.</td><td>The concession will be extended for 5 years till 31 March 2019.</td></tr>
<tr><td>Streamlining the stamp duty rate structure</td><td>Effective for documents executed on or after 22 February 2014</td><td>a) <u>Stamp duty on lease of immovable property</u>

Currently, stamp duty payable is assessed on the annualized rental value regardless of the actual lease period

<table><tr><th>Lease period</th><th>Stamp duty rates</th></tr><tr><td>Up to one year</td><td>S$1 for every S$250 or part thereof of the average annual rent</td></tr><tr><td>Exceeding one but not exceeding three years</td><td>S$2 for every S$250 or part thereof of the average annual rent</td></tr><tr><td>Exceeding three years or for any indefinite term</td><td>S$4 for every S$250 or part thereof of the average annual rent</td></tr></table></td><td>a) <u>Stamp duty on lease of immovable property</u>

The new rates are:

<table><tr><th>Lease period</th><th>Stamp duty rates</th></tr><tr><td>Up to four years</td><td>0.4% of the total rent for the entire period of the lease</td></tr><tr><td>exceeding four years or for any indefinite term</td><td>0.4% of four times of the annual rent for the entire period of the lease.</td></tr></table></td></tr>
</table>

PROPOSED CHANGE	EFFECTIVE DATE /DURATION	CURRENT TREATMENT	NEW TREATMENT
		b) Buyer's stamp duty on immoveable property Buyer's stamp duty is charged on a specified amount for every S$100 or part thereof of the consideration for land premiums and purchase of property as follows:	b) Buyer's stamp duty on immoveable property

Current treatment:

Purchase price or market value (whichever is higher)	**Buyer's Stamp duty rates**
First S$180,000	S$1 for every S$100 or part thereof
Next S$180,000	S$2 for every S$100 or part thereof
Remainder	S$3 for every S$100 or part thereof

New treatment:

Purchase price or market value (whichever is higher)	**Buyer's Stamp duty rates***
First S$180,000	1%
Next S$180,000	2%
Remainder	3%

* *There is no change to the effective rates. The rate structure is moved from a dollar-based to a percentage based rate structure.*

<table>
<tr><th>PROPOSED CHANGE</th><th>EFFECTIVE DATE /DURATION</th><th>CURRENT TREATMENT</th><th>NEW TREATMENT</th></tr>
<tr><td></td><td></td><td>c) <u>Stamp duty on transfer of stock/shares and mortgage instruments</u>
Stamp duty on such transfers are charged as a specified amount of every S$100 or part thereof:
<table>
<tr><th>Types of instruments</th><th>Stamp duty rates</th></tr>
<tr><td>Transfer of stocks or shares</td><td>S$0.20 for every S$100 or part thereof of the purchase price or market value of the stock or shares transferred, whichever is higher</td></tr>
<tr><td>Mortgage instruments</td><td>S$2 or S$4 for every S$1,000 or part thereof (depending on the type of mortgage instrument) subject to maximum duty of S$500.</td></tr>
</table></td><td>c) <u>Stamp duty on transfer of stock/shares and mortgage instruments</u>
<table>
<tr><th>Types of instruments</th><th>Stamp duty rates*</th></tr>
<tr><td>Transfer of stocks or shares</td><td>0.2% of the purchase price or market value of the stock or shares transferred, whichever is higher</td></tr>
<tr><td>Mortgage instruments</td><td>0.2% or 0.4% of the relevant amount (depending on the type of mortgage instrument) subject to maximum duty of S$500.</td></tr>
</table>
<i>* There is no change to the effective rates. The rate structure is moved from a dollar-based to a percentage based rate structure.</i></td></tr>
</table>

APPENDIX 2

HIGHLIGHTS OF CHANGES FOR INDIVIDUALS

Key:

CPF – Central Provident Fund
IRAS – Inland Revenue Authority of Singapore
YA – Year of Assessment ie tax year. Income is taxed on a preceding year basis eg income earned in financial year ending 31 December 2013 is subject to tax in YA 2014.

<table>
<tr><th>PROPOSED CHANGE</th><th>EFFECTIVE DATE /DURATION</th><th>CURRENT TREATMENT</th><th>NEW TREATMENT</th></tr>
<tr>
<td>Parent and handicapped parent relief</td>
<td>YA 2015</td>
<td>Resident individual taxpayers may claim parent / handicapped parent relief as follows:
<table>
<tr><th>Type of relief</th><th>Staying with dependants</th><th>Not staying with dependants</th></tr>
<tr><td>Parent</td><td>S$7,000</td><td>S$4,500</td></tr>
<tr><td>Handicapped parent</td><td>S$11,000</td><td>S$8,000</td></tr>
</table>
One claimant in any YA can only claim the relief. The IRAS has the discretion to decide on whom the relief will be allowed if the family members are unable to agree among themselves on who is to claim the relief.</td>
<td>To provide greater encouragement and recognition to individuals supporting their or their spouse’s parents, the claims have been increased as follows:
<table>
<tr><th>Type of relief</th><th>Staying with dependants</th><th>Not staying with dependants</th></tr>
<tr><td>Parent</td><td>S$9,000</td><td>S$5,500</td></tr>
<tr><td>Handicapped parent</td><td>S$14,000</td><td>S$10,000</td></tr>
</table>
More than one claimant can share in the claim for the relief. The claim will be based on the claimant’s agreed proportion.

If more than one claimant is making the claim and the claimants cannot agree on the apportionment ratio, the relief will be apportioned equally among all claimants.</td>
</tr>
</table>

HIGHLIGHTS OF CHANGES FOR INDIVIDUALS

PROPOSED CHANGE	EFFECTIVE DATE /DURATION	CURRENT TREATMENT	NEW TREATMENT
Handicapped dependant reliefs	YA 2015	Resident individual taxpayers may claim handicapped spouse, handicapped sibling and handicapped child reliefs as follows: **Type of relief** – **Current relief** Handicapped spouse – S$3,500 Handicapped sibling – S$3,500 Handicapped child – S$5,500	To provide greater recognition to individuals supporting their handicapped family members, the claims have been increased by S$2,000 as follows: **Type of relief** – **New relief** Handicapped spouse – S$5,500 Handicapped sibling – S$5,500 Handicapped child – S$7,500
Transfer of qualifying deductions, and deficits between spouses	YA 2016 IRAS to release more details of changes by end May 2014	A married taxpayer can transfer the following qualifying items to his / her spouse for a particular YA: • Unabsorbed trade losses; • Unabsorbed capital allowances; • Unutilised donations; and • Rental deficits. The married taxpayer can also carry back any of the following qualifying items to set-off against the income of his / her spouse for the immediate preceding YA under the loss carry-back scheme from YA 2006 onwards: • Unabsorbed trade losses; and • Unabsorbed capital allowances.	To simplify the individual income tax system, married couples can no longer transfer the qualifying items between each other (including under the loss carry-back scheme). As a transitional concession, qualifying deductions incurred by a married couple in and before YA2015 will still be allowed for inter-spousal transfers up till YA2017, subject to existing rules. Any unabsorbed trade losses or capital allowances may still be carried forward to future years to be set-off against the future income of the taxpayer, until the amount is fully utilised, subject to existing rules. Similarly, any unutilised donations may be carried forward to future years to be set-off against the future income of the taxpayer, up to a maximum of five years.

HIGHLIGHTS OF CHANGES FOR INDIVIDUALS

<table>
<tr><th>PROPOSED CHANGE</th><th>EFFECTIVE DATE /DURATION</th><th>CURRENT TREATMENT</th><th>NEW TREATMENT</th></tr>
<tr>
<td>Increased CPF contribution rates for all workers</td>
<td>January 1, 2015</td>
<td>The CPF contribution rate are as follows:
<table>
<tr><th rowspan="2">Age (Years)</th><th colspan="3">CPF contribution Rate (for monthly wages exceeding S$750)</th></tr>
<tr><th>By Employer</th><th>By Employee</th><th>Total</th></tr>
<tr><td>50 and below</td><td>16.0%</td><td>20.0%</td><td>36.0%</td></tr>
<tr><td>Above 50 to 55</td><td>14.0%</td><td>18.5%</td><td>32.5%</td></tr>
<tr><td>Above 55 to 60</td><td>10.5%</td><td>13.0%</td><td>23.5%</td></tr>
<tr><td>Above 60 to 65</td><td>7.0%</td><td>7.5%</td><td>14.5%</td></tr>
<tr><td>Above 65</td><td>6.5%</td><td>5.0%</td><td>11.5%</td></tr>
</table>
</td>
<td>The increased CPF contribution rate set out below is to help Singaporeans to save more for healthcare needs:
<table>
<tr><th rowspan="2">Age (Years)</th><th colspan="3">CPF contribution Rate (for monthly wages exceeding S$750)</th></tr>
<tr><th>By Employer</th><th>By Employee</th><th>Total</th></tr>
<tr><td>50 and below</td><td>17.0%
(+1)</td><td>20.0%</td><td>37.0%</td></tr>
<tr><td>Above 50 to 55</td><td>16.0%
(+2)</td><td>19.0%
(+0.5)</td><td>35.0%</td></tr>
<tr><td>Above 55 to 60</td><td>12.0%
(+1.5)</td><td>13.0%</td><td>25.0%</td></tr>
<tr><td>Above 60 to 65</td><td>8.5%
(+1.5)</td><td>7.5%</td><td>16.0%</td></tr>
<tr><td>Above 65</td><td>7.5%
(+1)</td><td>5.0%</td><td>12.5%</td></tr>
</table>
The increase in employer contribution rates will be allocated to the Special Account and / or Medisave Account.</td>
</tr>
</table>

<table>
<tr><th>PROPOSED CHANGE</th><th>EFFECTIVE DATE /DURATION</th><th>CURRENT TREATMENT</th><th>NEW TREATMENT</th></tr>
<tr>
<td>Increased Medisave contribution rates for self-employed persons</td>
<td>January 1, 2015</td>
<td>The medisave contribution rates for self-employed persons for year 2013 are as follows:
<table>
<tr><th rowspan="2">Net trade income</th><th colspan="4">Age as at January 1</th></tr>
<tr><th>Below 35</th><th>35 – below 45</th><th>45 – below 50</th><th>50 and above</th></tr>
<tr><td>Above S$6,000 to S$12,000</td><td>2.33%</td><td>2.67%</td><td>3.00%</td><td>3.17%</td></tr>
<tr><td>Above S$12,000 to S$18,000</td><td>2.33% to 7.00%</td><td>2.67% to 8.00%</td><td>3.00% to 9.00%</td><td>3.17% to 9.50%</td></tr>
<tr><td>Above S$18,000</td><td>7.00%</td><td>8.00%</td><td>9.00%</td><td>9.50%</td></tr>
<tr><td>Maximum</td><td>S$4,200</td><td>S$4,800</td><td>S$5,400</td><td>S$5,700</td></tr>
</table>
</td>
<td>Medisave contribution rates for self-employed persons will be as follows so as to align with the increase for employees:
<table>
<tr><th rowspan="2">Net trade income</th><th colspan="4">Age as at January 1</th></tr>
<tr><th>Below 35</th><th>35 – below 45</th><th>45 – below 50</th><th>50 and above</th></tr>
<tr><td>Above S$6,000 to S$12,000</td><td>4.00%</td><td>4.50%</td><td>5.00%</td><td>5.25%</td></tr>
<tr><td>Above S$12,000 to S$18,000</td><td>4.00% to 8.00%</td><td>4.50% to 9.00%</td><td>5.00% to 10.00%</td><td>5.25% to 10.50%</td></tr>
<tr><td>Above S$18,000</td><td>8.00%</td><td>9.00%</td><td>10.00%</td><td>10.50%</td></tr>
<tr><td>Maximum</td><td>S$4,800</td><td>S$5,400</td><td>S$6,000</td><td>S$6,300</td></tr>
</table>
</td>
</tr>
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