

Singapore Budget 2026

“Securing our Future together in a Changed World”

Economic Outlook

- **2025 Performance:** Better-than-expected 5% growth, with a projected S\$15.1 billion budget surplus driven by economic performance and higher corporate tax collections.
- **2026 Outlook:** Moderate projected growth of 2–4%.
- **Strategic pivot and long-term roadmap towards targeted structural transformation.**



Key Initiatives

Build long term competitiveness through Industrial Leadership & Innovation

- Focus on high value industries such as **semi-conductors, aerospace, and biomedical sciences.**
- **S\$37 billion** investment under the Research, Innovation and Enterprise (RIE) 2030 Plan.

Accelerating AI adoption across the economy



New initiatives will be introduced with enhancements to existing programmes.

Workforce Up-skilling & strategic AI Adoption across economy

- **AI Capability Building:** Focus on practical AI skills, starting with accountancy and legal sectors, expanding later.
- **AI Tools:** Six months of free premium AI tool access for citizens taking approved courses.
- **SkillsFuture:** Revamped website for clearer AI pathways.



Continued Support for Enterprise Ecosystem & Finance



- **Startup Growth:** S\$1 billion to enhance Startup SG Equity, covering growth-stage companies.
- **Capital Markets:** Launch of a second S\$1.5 billion tranche of the **Anchor Fund** to boost SGX listings.
- **Fund Management:** S\$1.5 billion top-up to the **Financial Sector Development Fund** via the Equity Development Programme.
- **Expansion:** Enhanced support for internationalisation.

Human Capital & Lifelong Learning to focus on quality-over-volume

- **Merger:** SkillsFuture Singapore and Workforce Singapore to form a **new statutory board** as a one-stop shop for training and job matching.
- **Mid-Career & Seniors:** Expanded support via SkillsFuture Level-up Programme (including part-time training).
- **Senior Employment Credit:** Extended to end-2027, offering up to 8% wage offsets for employees aged 60 and above.
- Updates to foreign worker policies to keep Singaporeans at the centre of the workforce.

A Nation's Mission: Accelerating AI adoption across the Economy

Harnessing AI as a Strategic Advantage



Driving transformation through AI Missions, with focus on four sectors:

1. Advanced manufacturing*
2. Connectivity
3. Finance
4. Healthcare



Accelerating AI Adoption by Enterprises with the launch of a Champions of AI programme*

This new programme will provide tailored support for firms with the ambition to use AI to transform their businesses.



Enhancements to the Enterprise Innovation Scheme

For YA 2027 and YA 2028

- The list of partner institutions under the existing qualifying expenditure of innovation projects will be expanded to include Sectoral AI Centre of Excellence for Manufacturing.
- An additional qualifying activity will be introduced for qualifying AI expenditure, capped at S\$50,000 per YA. This, however, is not eligible for conversion into a cash payout.

IRAS will provide further details by mid-2026.



Expansion of the Productivity Solutions Grant*

Support provided for businesses to adopt pre-approved IT solutions and equipment.



Expansion of TechSkills Accelerator*

IMDA is working with professional bodies to identify key training needs and competencies needed to transform workflows with AI, commencing with the accountancy and legal professions and progressively to be extended to other fields.



Complimentary subscription to premium versions of AI tools*



AI Park*

JTC will establish an AI Park at One-North as a focal point for innovating, test-bedding and scaling AI solutions.

*Details will be shared at the Committee of Supply 2026.

Supporting Businesses

Corporate Tax Measures

Corporate Income Tax ("CIT") Rebate and Cash Grant for YA 2026



- **40% rebate** on tax payable.
- Active companies with at least one local employee in 2025 will receive a minimum benefit of S\$1,500 in the form of a CIT Rebate cash payout.
- Maximum benefit for both CIT rebate and cash grant are capped at S\$30,000.

Schemes allowed to lapse

- Investment Allowance for Emissions Reduction
- Double tax deduction for rated retail bonds



Scheduled to lapse after December 31, 2026.

Extensions and Enhancements



- **Financial sector:**
 - Extended till December 31, 2031: Withholding tax exemptions for payments made under specific types of financial transactions to financial institutions.
 - Extended till December 31, 2031: Withholding tax exemptions for prescribed payments made to non-resident persons (excluding permanent establishments in Singapore).
- **Finance and Treasury Centre Incentive** extended till December 31, 2031. The withholding tax exemption is enhanced to include interest-like borrowing costs paid on or after February 13, 2026.
- **Global Trader Programme** extended till December 31, 2031 with Environmental Attribute Certificates added to the list of qualifying commodities from February 13, 2026.
- **Not-for-Profit Organisation Tax Incentive** extended till December 31, 2032.
- 250% tax deduction for qualifying donations to IPCs and eligible institutions extended till December 31, 2029.
- **Corporate Volunteer Scheme** extended to December 31, 2029.

Support for Platform Workers

Effective: from YA 2027 for CPF cash top-up made from January 1, 2026

- Deductions allowed for voluntary contributions to Medisave Account Scheme made on behalf of platform workers.
- Available to platform operators.



Supporting Internationalisation

Helping enterprises expand globally and diversify revenue sources

Enhancement of Schemes

Double Tax Deduction for Internationalisation (“DTDi”) Scheme

Effective: applies to expenses incurred from YA 2027

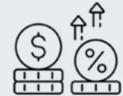
Enhancement to claims where prior approval is not required:

- Expenditure cap raised to S\$400,000 per YA.
- Expansion of scope to cover 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.

Grant support for overseas market access

Market Readiness Assistance (“MRA”)

Effective April 1, 2026 to March 31, 2029



Enhancement:

- Support level of up to **70%** of eligible costs, **capped at S\$100,000** per company per new market.

Removed:

- From the second half of 2026, the “new to target overseas market” criterion of the MRA grant will be removed. This means that grant support can be extended to existing overseas markets.

Enterprise Singapore will provide more details by the second half of 2026.

Grant support for internationalisation

Effective April 1, 2026 to March 31, 2029

Enhanced support under the following grant schemes of up to 70% for SMEs and up to 50% for non-SMEs:

- Business Adaption Grant (to lapse on October 6, 2027): to help local enterprises impacted by tariffs to adapt business operations.
- Global Innovation Alliance Scheme: to support Singapore based start-ups to expand overseas.

Enterprise Financing Scheme (“EFS”)

Effective April 1, 2026

Enhancement:

- The borrower and borrower group caps for each loan facility will be lifted.
- Overall loan exposure limit of S\$50 million per borrower group across all EFS facilities.



Workforce

Resilient & Skilled

Senior Worker CPF Contribution Rates

It was announced in 2019 that the CPF contribution rates will be raised gradually over ten years for Singaporean and Permanent Resident workers aged above 55 to 70:

Age Band	2016 – 2021	Current CPF Contribution Rates from January 1, 2026	By ~ 2030
≤55	37.0%	No change	
>55 to 60	26.0%	34.0%	37.0%
>60 to 65	16.5%	25.0%	26.0%
>65 to 70	12.5%	16.5%	16.5%
>70	12.5%	No change	

Effective from January 1, 2027

Age Band	CPF Contribution Rates			CPF Transition Offset for 2026
	Total (% of wage)	Employer (% of wage)	Employee (% of wage)	
≤55	37.0% (No change)			Not applicable
>55 to 60	35.5% (+1.5% point)	16.5% (+0.5% point)	19.0% (+1% point)	0.25% point
>60 to 65	26.0% (+1% point)	13.0% (+0.5% point)	13.0% (+0.5% point)	0.25% point
>65 to 70	16.5% (No change)			Not applicable
>70	12.5% (No change)			Not applicable

To alleviate employers' costs due to this increase, a one-year CPF Transition Offset equivalent to half of the 2027 increase in employer's CPF contribution rates, will be automatically provided to employers.

Local Qualifying Salary (“LQS”)

Effective: July 1, 2026

Employers use the LQS to calculate its work permit and S-pass quota entitlement.

LQS is paid to all low-income local employees not covered by the Progressive Wage Model.

S\$1,600

increase to

S\$1,800



Update on Minimum Qualifying Salaries for Employment Pass and S Pass

Effective: From January 1, 2027 with renewals from January 1, 2028

Employment Pass		S Pass	
S\$5,600	S\$6,200	S\$3,300	S\$3,800
to	to	to	to
S\$6,000	S\$6,600	S\$3,600	S\$4,000
All sectors, except Financial Services	Financial Services sector	All sectors, except Financial Services	Financial Services sector

Progressive Wage Credit Scheme

Extended and enhanced

Qualifying Year (i.e. year that wage increase was given)	Payout Period	Minimum Qualifying Wage Increase	Current co- funding support	New co-funding support
2026	1Q 2027	S\$100	20%	30%
2027	1Q 2028	S\$200	-	30%
2028	1Q 2029	S\$200	-	20%

Further Information

Should you have any queries as to how these developments may impact your business, please get in touch with your usual contact at Pioneer Associates; or please write and call us on:

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