

MEASURES FOR HOUSEHOLDS

(A) Promoting Social Mobility

(A1) Pre-Schools

We will enhance our pre-school sector in the following ways:

- Expand capacity so that pre-schools can be closer to our homes and workplaces.
- Bring more operators onto the Anchor Operator (AOP) scheme and provide for 16,000 additional AOP places by 2017.
- Have more good teachers for the whole preschool sector, through increased salary grants to AOPs, greater support in curriculum and teaching guides. Teachers can also look forward to a wider range of scholarships and training grants.
- MOE will set up a few kindergartens to develop best practices.
- Establish the Early Childhood Development Agency, a new autonomous agency, to catalyse quality improvements and benefit children in the pre-school sector.

More details on these initiatives will be provided by the Ministry of Education and Ministry of Social and Family Development.

(A2) More Support at School for Disadvantaged Students (\$120 million a year)

To help disadvantaged students, three school-level initiatives will be introduced:

- Extend learning support. We will extend the learning support programme beyond the early Primary School years. The programmes will require about 600 additional specially-trained teachers.
- School-based Student Care Centres. We will significantly expand the number of school-based student care centres in primary schools to provide additional development support outside school hours.
- Online Resources. MOE will develop richer online instructional materials to enhance teaching and learning.

(A3) Top-up to Opportunity Funds (\$72 million)

The Opportunity Funds will receive a \$72 million top-up, and will be extended to polytechnics.

More details on (A2) and (A3) will be provided during the Ministry of Education's Committee of Supply.

(A4) Top-up to Edusave Endowment Fund (\$300 million)

The Edusave Endowment Fund will receive a \$300 million top-up.

(B) Sustaining a Fair and Progressive Fiscal System

(B1) Workfare Income Supplement (WIS) (\$650 million a year)

The WIS Scheme will be enhanced to further supplement the income and savings of low-wage workers, as well as encourage them to remain in the workforce. With these enhancements, WIS will benefit about 480,000 workers. The key enhancements are as follows:

- Extension to more workers. Employees earning up to \$1,900 per month will now be eligible for WIS, up from the current limit of \$1,700 per month.
- Higher payouts. Maximum WIS payouts for employees will be increased by up to \$700, with more going to older workers aged 45 years and above. Those aged 35 to 44 years will get a smaller increase. The increase in the maximum WIS payout will be 25% to 50%.
- Increase WIS cash payouts. Employees will now receive 40% of WIS in cash and 60% in CPF payments. Previously they received 29% of WIS in cash.
- Increase WIS payouts to CPF-Medisave Account (MA) and Special Account (SA). For WIS payouts that go into the CPF, more will be channelled into the CPF Medisave and Special Accounts.
- More targeted WIS. To ensure that WIS benefits the low-income, the following additional eligibility criteria for WIS will be implemented:
 - (1) The individual must not own two or more properties.
 - (2) If married,
 - a. He and his spouse together do not own two or more properties.
 - b. The annual Assessable Income of his/her spouse does not exceed \$70,000, which is above the 80th percentile income of full-time employed Singapore Citizens.

More details can be found on the Ministry of Manpower website at www.mom.gov.sg.

(B2) Enhancements to the Workfare Training Scheme (WTS)

More details on the WTS will be announced at the Ministry of Manpower's Committee of Supply.

(B3) Higher CPF Contribution Rates for Low-Wage Workers

The CPF contribution rates for employees earning above \$50 to \$1,500 will be increased from 1 January 2014 as follows:

Income	CPF Contribution rates	
	Employer	Employee
>\$50 - ≤\$500	Raised to the full CPF contribution rates of workers earning ≥ \$1,500.	No mandatory CPF contributions required.
> \$500 - <\$750		Gradually increases with wage, from 0% (at income of \$500/month) to the full contribution rates (at income of \$750/month).
\$750 - <\$1,500		Raised to the full CPF contribution rates of workers earning ≥ \$1,500.

(B4) Higher CPF Contribution Rates for Self-Employed Persons

Starting from 1 January 2014, self-employed persons earning an annual Net Trade Income (NTI) of above \$6,000 to \$12,000 will be required to contribute half (instead of the current one-third) of the full Medisave contribution rate relevant to their age group. For those who earn NTI of above \$12,000 to \$18,000, the contribution rate will increase with income, from half of the full rate (at NTI of \$12,000) to the full contribution rate (at NTI of \$18,000).

Further details on the changes to CPF contribution rates at (B3) and (B4) can be found on the Ministry of Manpower's website at www.mom.gov.sg, and the Central Provident Fund Board's website at www.cpf.gov.sg.

(B5) Owner-Occupied Residential Properties (\$19 million)

To increase the progressivity of the property tax structure, the tax structure for owner-occupied residential properties will be revised.

About 950,000 owner-occupied residential properties with Annual Value of less than \$59,000 will enjoy tax savings of up to \$80. This will cost the Government \$44 million per year. The top 1% or about 12,000 of owner-occupied residential properties will pay higher property taxes, which will raise property tax revenue by \$25 million per year. Overall, the changes will reduce property tax revenue by \$19 million per year once fully implemented.

The revised property tax structure will be phased in over two years starting from 1 January 2014.

Annual Value	Tax Rates from <u>1 Jan 2014</u>	Tax Rates from <u>1 Jan 2015</u>
First \$8,000	0%	0%
Next \$47,000	4%	4%
Next \$5,000	5%	6%
Next \$10,000	6%	6%
Next \$15,000	7%	8%
Next \$15,000	9%	10%
Next \$15,000	11%	12%
Next \$15,000	13%	14%
AV in excess of \$130,000	15%	16%

Illustration of tax impact

Annual Values	Example of type of Property	Property tax payable under current structure	Property tax payable under new structure	Percentage Increase in property tax
\$12,000	5-room HDB flat	\$240	\$160	-33%
\$35,000	Suburban Condominium	\$1,160	\$1,080	-7%
\$70,000	Condominium in central locations	\$2,660	\$2,780	5%
\$150,000	Landed property in central locations	\$7,460	\$12,580	69%

(B6) Non-Owner-Occupied¹ Residential Properties

Currently, the tax rate for let-out residential properties is a flat 10%. The tax structure for these investment properties will be revised to improve the progressivity of the tax regime.

Let-out residential properties with Annual Value above \$30,000 will be subject to higher property tax rates. These belong to the top one-third of all let-out residential properties, or the top half of such private residential properties.

The revised property tax rates will also be phased in over two years starting from 1 January 2014.

Annual Value	Tax Rates from <u>1 Jan 2014</u>	Tax Rates from <u>1 Jan 2015</u>
First \$30,000	10%	10%
Next \$15,000	11%	12%
Next \$15,000	13%	14%
Next \$15,000	15%	16%
Next \$15,000	17%	18%
AV in excess of \$90,000	19%	20%

Illustration of tax impact

Annual Values	Example of type of property	Property tax payable under current structure	Property tax payable under new structure	Percentage Increase in property tax
\$12,000	5-room HDB flat	\$1,200	\$1,200	0%
\$35,000	Suburban Condominium	\$3,500	\$3,600	3%
\$70,000	Condominium in central locations	\$7,000	\$8,500	21%
\$150,000	Landed property in central locations	\$15,000	\$24,000	60%

(B7) Removing the Property Tax Refund Concession for Vacant Properties

For consistency and equity in tax treatment, vacant properties will no longer enjoy property tax refunds with effect from 1 January 2014. This is in line with the principle that property tax is a tax on ownership of properties.

¹ Non-owner-occupied residential properties include let out or vacant properties. Non-owner-occupied residential properties will be referred to as let-out residential properties hereafter in this document.

(B8) Tiered Additional Registration Fee (ARF) for Passenger Cars and Taxis

A tiered ARF structure will replace the existing flat ARF rate of 100% of a passenger car's Open Market Value (OMV).

ARF for car models with OMVs up to \$20,000 will remain at the current 100%. The next \$30,000 of the value of the car will attract an ARF rate of 140% and any value above \$50,000 will attract an ARF rate of 180%.

Vehicle OMV	ARF Rate
<u>First</u> \$20,000 of the OMV	100% of OMV
<u>Next</u> \$30,000 of the OMV	140% of Incremental OMV
Remaining OMV <u>Above</u> \$50,000	180% of Incremental OMV

An economy car with an OMV of up to \$20,000 will see no change in ARF rate, and a car with an OMV of up to \$50,000 will incur \$12,000 (or 24%) more in ARF. For a luxury car with an OMV of \$75,000, it will incur \$32,000 (or 43%) more in ARF.

The tiered ARF structure will apply to vehicles registered with Certificates of Entitlement (COEs) obtained from the first COE bidding exercise in March 2013.

(C) Reinforcing Social Safety Nets

(C1) Senior's Mobility and Enabling Fund (\$40 million)

The Senior's Mobility Fund will be expanded into the Senior's Mobility and Enabling Fund. This Fund will provide:

- Subsidies for a wider range of assistive devices (e.g. motorised wheelchairs, shower chairs and hearing aids) for low- to middle-income seniors to help them stay active and independent.
- Subsidies for healthcare consumables (e.g. milk feeds and diapers) for low-income seniors living at home.

The Government will top up the fund from the existing \$10 million to \$50 million.

More details will be provided during the Ministry of Health's Committee of Supply.

(C2) Top-up of Medical Endowment Fund (Medifund) (\$1 billion)

The Medifund will receive a \$1 billion top-up.

(C3) Top-up of Eldercare Fund (\$250 million)

The ElderCare Fund will receive a \$250 million top-up.

(C4) Public Assistance (PA)

On top of the free services that PA recipients already receive, cash assistance under the PA scheme will be revised to help recipients meet their daily needs. For a two-person household, the PA rate will be raised from \$700 to \$790 a month. For PA recipients who need to incur other expenses, additional assistance will be available to pay for these expenses.

More details will be provided during the Ministry of Social and Family Development's Committee of Supply.

(C5) Pension Allowance

The Government will also increase the Singapore Allowance by \$20 per month to \$280. This will raise the monthly pension ceiling to \$1,210 and benefit about 10,000 pensioners.

(C6) Top-up to ComCare Endowment Fund (\$200 million)

The ComCare Endowment Fund will receive a \$200 million top-up, to ensure there is continued support for needy Singaporeans.

(C7) Supporting Self-Help Groups (\$10 million)

A \$10 million grant will be given to our Self-Help Groups.

(C8) Improving Social Service Delivery

The Government will set up about 20 Social Service Offices in HDB towns over the next few years to provide more accessible assistance and strengthen co-ordination of Government and community help.

Aged care services currently delivered by the Centre for Enabled Living and the Agency for Integrated Care will now be integrated under one roof. The Agency for Integrated Care will be the single agency that helps the elderly and their caregivers to get easier access to both medical and social care services in the community.

More details will be provided during the Ministry of Social and Family Development and the Ministry of Health's Committee of Supply.

(D) Direct Assistance for Cost of Living

(D1) One-Off GST Voucher (GSTV) Special Payment (\$680 million)

To help households with their cost pressures, the Government will double the GSTV payments that lower- and middle-income households will receive in 2013.

More information on the GSTV and the 2013 GSTV Special Payment can be found on the GST Voucher website at www.gstvoucher.gov.sg.

(D2) Service and Conservancy Charges (S&CC) Rebates (\$77 million)

To help households with general household expenses, S&CC rebates will be given this year.

S&CC Rebates by HDB Flat Type

HDB Flat Type	S&CC rebate
1-2 room	3 months
3-room	2 months
4-room	2 months
5-room	1.5 months
Executive	1 month

(D3) One-off Medisave Top-Up (\$300 million)

To help older Singaporeans with their healthcare expenses, the Government will provide all Singaporeans aged 45 years and above with a \$200 Medisave top-up in 2013. This will benefit 1.5 million Singaporeans.

(D4) Personal Income Tax Rebate (\$615 million)

A Personal Income Tax rebate will be granted to all resident-individual taxpayers for Year of Assessment 2013 (income earned in 2012):

- Resident-individual taxpayers below 60 years old as at 31 December 2012 will be granted a 30% rebate, capped at \$1,500 per taxpayer.
- Resident-individual taxpayers aged 60 years and above as at 31 December 2012 will be granted a 50% rebate, capped at \$1,500 per taxpayer.

This will benefit 1.3 million resident taxpayers.

(D5) Reducing the Concessionary Foreign Domestic Worker (FDW) Levy (\$73 million)

To provide more direct financial assistance to families who need to employ a foreign domestic worker to look after Singaporean dependents (namely young children, elderly and family members with disabilities), the concessionary FDW levy will be reduced to \$120 per month, down from the current \$170 per month. In comparison, the non-concessionary FDW levy is \$265 per month. The change will take effect from 1 March 2013.

This will benefit about 122,000 households.

(D6) Top-up to GST Voucher Fund (\$3 billion)

The GST Voucher Fund will receive a \$3 billion top-up to underscore the Government's commitment to help offset what lower-income Singaporeans pay in GST. This top-up will ensure that there are sufficient funds for the Government to make the yearly GST Voucher payouts up to Fiscal Year 2020.