

## **ANNEX A-1: SUPPORT FOR BUSINESS RESTRUCTURING**

### **(A) Wage Credit Scheme**

The Wage Credit Scheme (WCS) supports businesses embarking on transformation efforts, and encourages employers to share productivity gains with workers by co-funding wage increases. It was introduced in Budget 2013 and extended in Budget 2015.

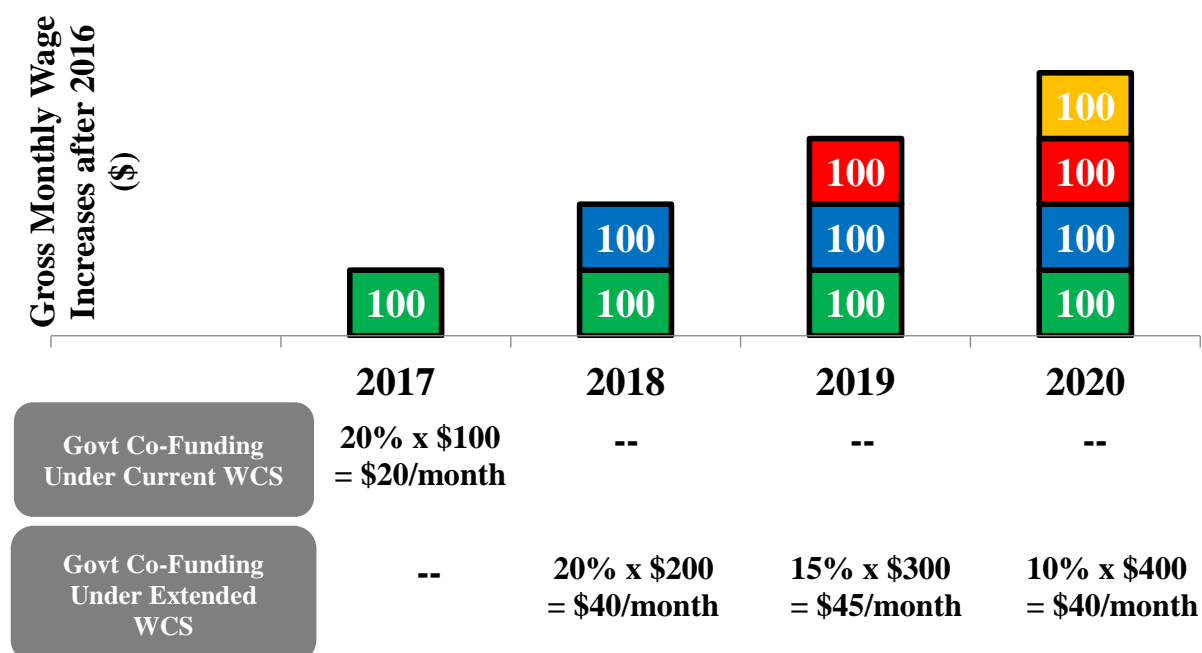
In Budget 2018, the WCS will be extended for three more years (2018 – 2020). Government co-funding of qualifying wage increases will be 20% in 2018, and will be tapered in subsequent years. A summary of the changes is in Table 1 below.

**Table 1: Summary of Changes to WCS**

<b>Scheme</b>	<b>Current WCS <i>as announced in Budget 2015</i></b>	<b>Extension of WCS <i>as announced in Budget 2018</i></b>
<b>Qualifying years</b>	<ul style="list-style-type: none"><li>• 2016 and 2017</li></ul>	<ul style="list-style-type: none"><li>• 2018, 2019 and 2020</li></ul>
<b>Level of co-funding</b>	<ul style="list-style-type: none"><li>• 20% of qualifying wage increases for both years</li></ul>	<ul style="list-style-type: none"><li>• 20% of qualifying wage increases in 2018</li><li>• 15% of qualifying wage increases in 2019</li><li>• 10% of qualifying wage increases in 2020</li></ul>
<b>Qualifying wage increases</b>	<ul style="list-style-type: none"><li>• Gross monthly wage increases of at least \$50 given to Singaporean employees in the qualifying year, up to a gross monthly wage level of \$4,000, will receive co-funding.</li><li>• In addition, gross monthly wage increases of at least \$50 given in 2015 and 2016, and sustained in subsequent years of the scheme, will be supported.</li></ul>	<ul style="list-style-type: none"><li>• Gross monthly wage increases of at least \$50 given to Singaporean employees in the qualifying year, up to a gross monthly wage level of \$4,000, will receive co-funding.</li><li>• In addition, gross monthly wage increases of at least \$50 given in 2017, 2018 and 2019, and sustained in subsequent years of the scheme, will be supported.</li></ul>
<b>Others</b>	<ul style="list-style-type: none"><li>• All other parameters remain the same.</li><li>• Employers do not need to apply for WCS. They will receive payouts automatically in March of the following year.</li></ul>	

## Illustration of Wage Credit Computation

- Under the current WCS, if an employer increases the gross monthly wage of a qualifying employee by \$100 in 2017, the Government will co-fund 20% of the \$100 wage increase.
- Under the WCS extension, if the employer sustains this \$100 wage increase in 2018, 2019 and 2020, and provides further wage increases of \$100 each year in 2018, 2019 and 2020, the Government will co-fund 20% of the total wage increase of \$200 in 2018, 15% of the total wage increase of \$300 in 2019, and 10% of the total wage increase of \$400 in 2020.
- This means that the employee will receive a total of \$12,000<sup>1</sup> more in wages, of which the Government would have co-funded \$1,740.<sup>2</sup>



### More information

Please visit <https://www.iras.gov.sg/irasHome/wcs.aspx>. A Quick Guide on the WCS extension can also be downloaded from the webpage.

For further assistance, please contact the relevant Inland Revenue Authority of Singapore (IRAS) hotline at 1800-352-4727 (8am to 5pm from Monday to Friday) or [wcs@iras.gov.sg](mailto:wcs@iras.gov.sg).

<sup>1</sup> Refers to the sum total of yearly wage increases given over 2017 – 2020, i.e. \$1,200 in 2017, \$2,400 in 2018, \$3,600 in 2019, and \$4,800 in 2020.

<sup>2</sup> Refers to the sum total of wage credit provided by the Government over 2017 – 2020 under the current tranche of WCS as well as the extended WCS: (a) \$240 in 2017; (b) \$480 in 2018; (c) \$540 in 2019; and (d) \$480 in 2020.

## **(B) Corporate Income Tax (CIT) Rebate**

Currently, companies can qualify for a Corporate Income Tax (CIT) rebate of 20% of tax payable, capped at \$10,000, for Year of Assessment (YA) 2018.

In Budget 2018, the CIT rebate will be enhanced and extended as follows:

- (i) For YA2018, the CIT rebate will be enhanced to 40% of tax payable, with enhanced cap at \$15,000; and
- (ii) The CIT rebate will be extended for another year to YA2019, at a rate of 20% of tax payable, capped at \$10,000.

The enhancement and extension will ease business costs and support restructuring by companies. This measure is also mentioned under Annex A-5.

### **More information**

Please contact the relevant IRAS hotline at 1800-356-8622.

## **(C) Foreign Worker Levy**

In Budget 2018, Foreign Worker Levy rates will remain unchanged for all sectors. The earlier-announced Foreign Worker Levy increases for Marine Shipyard and Process sectors will be deferred for another year.

Table 2: Foreign Worker Levy Schedule

Sector/ Pass Types	Tier	Dependency Ratio Ceiling (DRC)	Levy Rates (\$) (R1/R2)		
			1 Jul 2017	1 Jul 2018	1 Jul 2019
S-Pass	Basic Tier	≤ 10%	330	330	To be announced in 2019
	Tier 2 (Services)	10-15%	650	650	
	Tier 2 (Others)	10-20%			
Construction WPH	Basic Tier	≤ 87.5%	300/700	300/700	300/700
	MYE-Waiver		600/950	600/950	600/950
Services WPH	Basic Tier	≤ 10%	300/450	300/450	To be announced in 2019
	Tier 2	10-25%	400/600	400/600	
	Tier 3	25-40%	600/800	600/800	
Marine Shipyard WPH	Basic Tier	≤ 77.8%	300/400	350/500 300/400	
	Process WPH	≤ 87.5%	300/450	300/500 300/450	
	MYE-Wavier		600/750	600/800 600/750	
Manufacturing WPH	Basic Tier	≤ 25%	250/370	250/370	
	Tier 2	25-50%	350/470	350/470	
	Tier 3	50-60%	550/650	550/650	

Notes:

- Numbers in red are Foreign Worker Levy rates announced at Budget 2018. Strike-outs refer to earlier-announced levy rates.
- Marine Shipyard DRC was reduced from 81.8% to 77.8% in January 2018, as previously announced at Budget 2013

More information

Please contact the Ministry of Manpower (MOM) hotline at 6438 5122.