



Unlocking Growth:

Harnessing Budget 2025 for Success

forv/s
mazars

Introduction

Foreword

The Budget 2025 marks a crucial step in Singapore's economic planning, focusing on building resilience and ensuring sustainable economic growth amidst global uncertainties in today's economy.

With this year's Budget focusing on partnership with the nation, the Government looks to tackle cost pressures, advance Singapore's growth frontier and further equip businesses and workers to build a robust economy — enhancing our standing as a key financial hub.

To analyse the impact and unpack the intricacies of the initiatives announced during Budget on businesses, our team organised a seminar: “Unlocking Growth: Harnessing Budget 2025 for Success”, where a plethora of insights were shared from our in-house tax and sustainability experts along with a panel of guest speakers from Economic Development Board (EDB), United Overseas Bank (UOB) and Prime Partners.

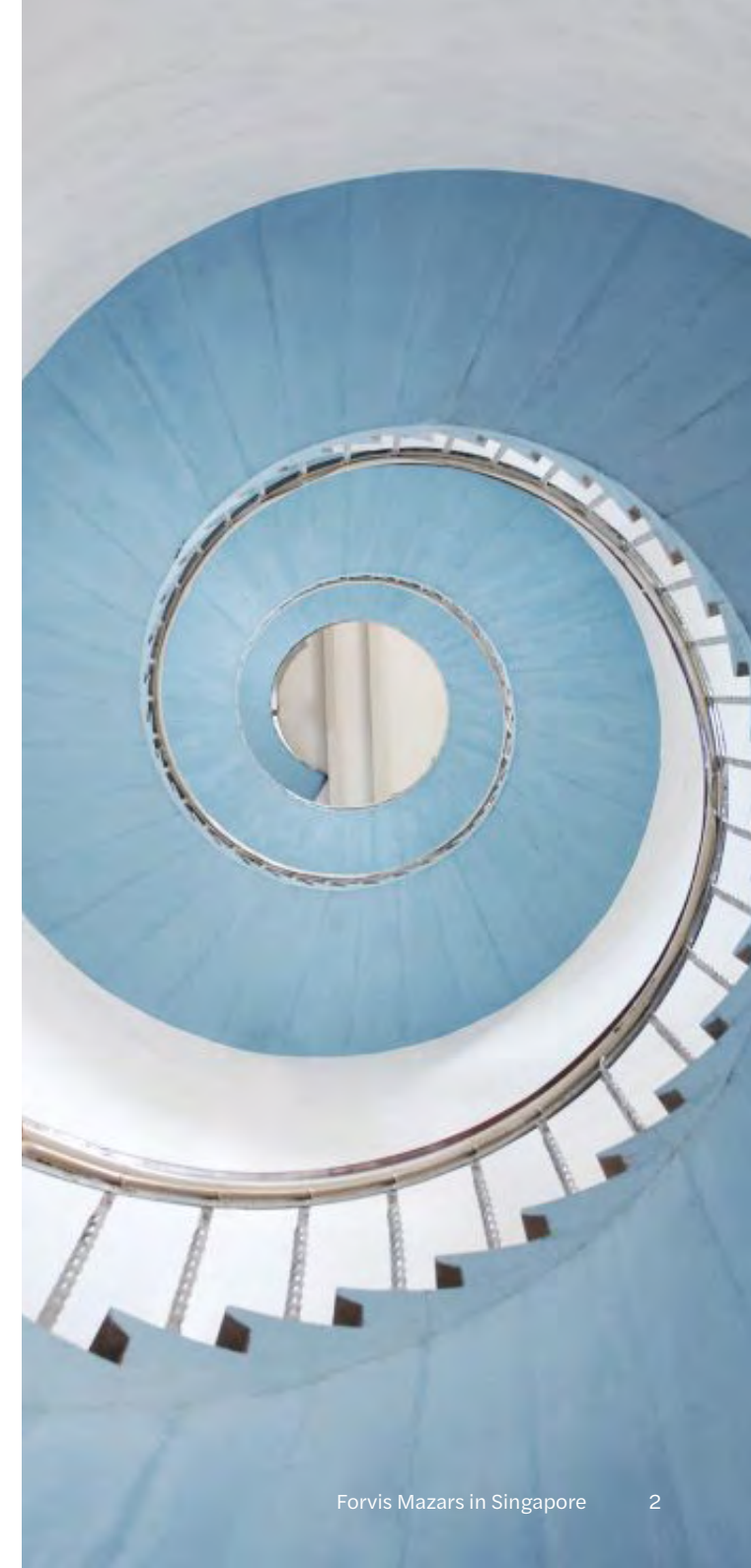
This report looks to provide a summary of the insights shared during the seminar, ultimately serving as a stepping stone to further explore the impact of Budget 2025 on companies, with each varying in their nature of business.

The seminar offered a preview on the current economic outlook and how businesses can leverage on the available tax initiatives for further expansion and growth.

Additionally, key topics including the growing importance of environmental, social and governance (ESG) factors for businesses, and utilisation of tax incentives for companies were explored in detail.

A unique segment towards the end of the seminar was catered to a panel discussion where panelists discussed on topics such as foreign direct investment (FDI), the importance of long-term partnerships and strategies, as well as forward trajectory in the local market.

By addressing these critical aspects, the report aims to equip businesses with the knowledge and foresight to make well-informed decisions, tapping on the readily available incentives and resources to unlock their fullest potential.



Introduction

Speakers

Forvis Mazars



Gene Kwee
Partner, Head of Tax APAC
gene.kwee@forvismazars.com



Kirsty McMillan
Partner, Tax
kirsty.mcmillan@forvismazars.com



Lai Kee Yin
Partner, Technology, Digital & Sustainability Consulting
kee-yin.lai@forvismazars.com



Zann Tay
Senior Manager, Tax
zann.tay@forvismazars.com



Stephen Onggo
Senior Manager, Tax
stephen.onggo@forvismazars.com



Payal Verma
Senior Manager, Tax
payal.verma@forvismazars.com

Guest speakers



Suan Teck Kin
Head, Global Economics & Market Research, UOB



Soo Haw Yun
Vice President (Global Enterprises), EDB



Marcus Yong
Director, Corporate Finance, PrimePartners Corporate Finance



Sai Chao Yong
Senior Vice President, Group FDI Advisory, UOB

Economic & Market Outlook 2025

Suan Teck Kin, Head, Global Economics & Market Research at UOB

The Budget 2025 presents a balanced approach, highlighting the Government's prudent yet generous approach aimed at stimulating growth for the economy.

While it may seem contradictory at first glance, an in-depth examination to the degree of stimulus provided to the economy reflect the avoidance of excessive spending, showcasing a positive 0.9% on the fiscal impulse.

Amidst the pressures of the election year, the Government continues to project a reliable fiscal stance, with both inflation and unemployment rates trending downwards. This shows that the generosity of incentives provided by the Budget, while not excessive, reflects a positive economic environment – with no urgent need for drastic interventions.

With foreign direct investments (FDI) playing a crucial role in our economy, Singapore remains as a stable regional financial hub and an attractive destination for businesses to invest and expand in the region.

Furthermore, with the government's careful approach to manage the nation's fiscal spending, investors and businesses are more likely to be drawn to the reliability of a stable government.

This careful balancing act of fiscal responsibility and economic stimulus is essential in maintaining both short-term stability and long-term resilience.

As Singapore marches forward, this Budget builds on the foundation of continued stability, offering insights into the government's priorities in the face of global uncertainties with the overarching aim to foster growth for the nation.



Empower Businesses for Growth

Corporate tax changes

1. Corporate Income Tax (“CIT”) Rebate for YA 2025

New treatment: 50% tax rebate capped at S\$40,000 will be granted for YA 2025.

Companies with one local employee employed in 2024 will receive a S\$2,000 cash payout (“CIT Rebate Cash Grant”).

Total maximum benefits (i.e., sum of CIT Rebate and CIT Rebate Cash Grant) that a company may receive is \$40,000. Eligible companies will automatically receive the benefits from 2Q CY 2025 onwards.

2. Enhancement to Section 13W of the Singapore Income Tax Act 1947 (SITA)

New treatment: Sunset date under Section 13W will be removed and the following enhancements will be made:

- a) Expand the scope of eligible gains to include gains from the disposal of preference shares that are accounted for as equity by the investee company under the applicable accounting principles; and
- b) Allow the assessment of the shareholding threshold condition to be done on a group basis. These changes will take effect for disposal gains derived on or after 1 January 2026.

IRAS will provide further details by 3Q 2025.

3. Tax deduction for payments under employee equity-based remuneration (“EEBR”) schemes

New treatment: To ensure that our tax regime remains relevant and competitive, companies will be allowed to claim a tax deduction on payments to the holding company or a special purpose vehicle (“SPV”) for the issuance of new shares of the holding company under EEBR schemes.

The deduction will be the lower of:

- a) The amount paid by the company; and
- b) The fair market value, or net asset value of the shares (if the fair market value is not readily available), at the time the shares are applied for the benefit of the employee, less any amount payable by employees for the shares.

The changes will take effect from YA 2026. IRAS will provide further details by 3Q 2025.

4. Financial Sector Incentive (“FSI”) scheme

New treatment: To ensure that our tax incentives remain relevant and competitive, an additional CTR tier of 15% will be introduced with effect from 19 February 2025 for the FSI-Standard Tier, FSI-Trustee Company and FSI-Headquarter Services schemes. MAS will provide further details by 2Q 2025.

5. Global Founder Programme (“GFP”)

New treatment: GFP is a new tailored programme by EDB to encourage global founders to anchor and grow more new ventures in Singapore. More details will be shared by EDB later this year.

6. Market Readiness Assistance (“MRA”)

New treatment: The MRA grant is a scheme administered by Enterprise Singapore which aims to help small medium enterprises (SMEs) in Singapore expand into new markets overseas by providing:

- Up to 50% funding for costs of eligible activities under 3 main categories, capped at S\$100,000 per company per new market,
- The 3 main categories are overseas market promotion (capped at S\$20,000), overseas business development (capped at S\$50,000) and overseas market setup (capped at S\$30,000)

To continue supporting local SMEs in expanding into new markets overseas, the scheme will be extended till 31 March 2026.

Empower Businesses for Growth

Corporate tax changes

7. Double Tax Deduction for Internationalisation (DTDi)

New treatment: To continue supporting businesses in their internationalisation efforts, the DTDi scheme will be extended till 31 December 2030.

8. Mergers and Acquisitions (M&A) Scheme

New treatment: To continue supporting companies to grow through M&A, the scheme will be extended till 31 December 2030.

We've seen how tax incentives help businesses stay competitive and attract investment. But beyond that, a strong and dynamic equity market is just as important for Singapore's long-term economic growth.

It provides companies with access to diverse funding sources and strengthens Singapore's position as a leading financial hub.



Empower Businesses for Growth

Equity Markets

9. Listing Corporate Income Tax (“CIT”) Rebate for new corporate listings in Singapore

New treatment: To encourage companies to raise public capital and grow their economic activities in Singapore, this rebate offers:

- A 20% CIT rebate for primary listings, and
- A 10% CIT rebate for secondary listings with share issuance.

The rebates are capped at S\$6 million per YA for entities with a market capitalization of at least S\$1 billion, or S\$3 million per YA for those with a market capitalization below S\$1 billion. This award is available until 31 December 2027.

10. Enhanced Concessionary Tax Rate (CTR) for newly listed fund managers in Singapore under the Financial Sector Incentive - Fund Management (“FSI-FM”) scheme

New treatment: To encourage more fund managers to scale their activities through public fundraising and expand their investment activities in Singapore. This initiative strengthens Singapore’s status as a global financial hub by attracting top-tier fund managers to establish and expand their operations here. This incentive applies to newly listed fund managers.

This scheme strengthens SGX as a preferred listing destination, attracts global fund managers, and enhances Singapore’s financial sector.

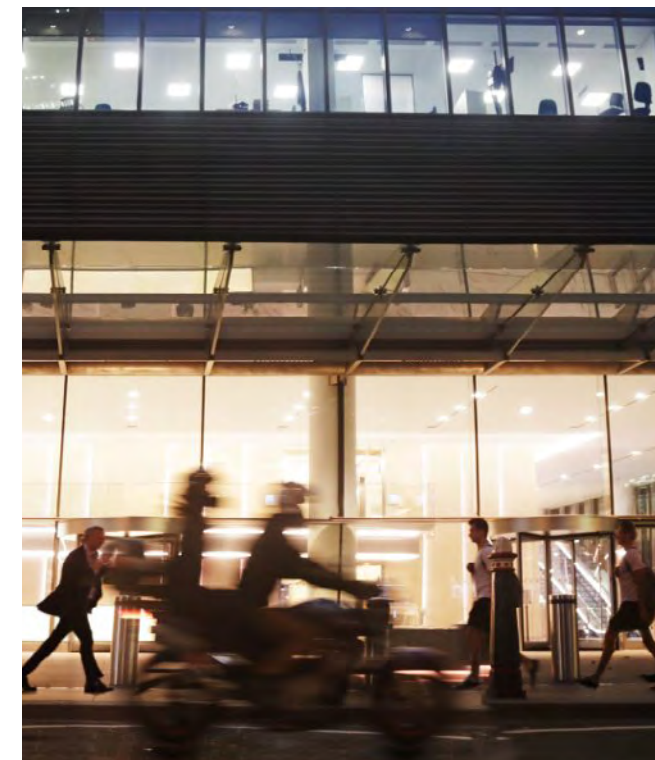
11. Tax exemption on fund managers’ qualifying income arising from funds investing substantially in Singapore-listed equities

New treatment:

- Qualifying entities : Singapore fund managers that manage qualifying funds
- Tax benefit : Tax exemption on fees earned from qualifying fund management and investment advisory activities
- Criteria:
 - (1) Fund manager - meet minimum requirements for professional staff and AUM, as currently required under the FSI-FM award
 - (2) Qualifying funds -
 - (a) For new funds : At least 30% of AUM invested in Singapore-listed equities
 - (b) For existing funds:
 - (i) At least 30% of AUM invested in Singapore-listed equities; and
 - (ii) Annual net inflows (i.e., subscriptions less redemptions to fund) equivalent to at least 5% of fund’s AUM in the preceding year
- Award tenure : 5 years per fund managed by fund manager, non-renewable
- Scheme duration : Open for award until 31 December 2028

12. Venture Capital Fund Incentive (“VCFI”) and the venture capital Fund Management Incentive (“FMI”) to lapse

New treatment: To ensure that our tax incentives remain relevant, the VCFI and the venture capital FMI will be allowed to lapse after 31 December 2025. The Government will continue to support the venture capital sector through a holistic suite of policies and initiatives.



Empower Businesses for Growth

Supporting individuals

13. Personal Income Tax (“PIT”) Rebate for the Year of Assessment 2025

New treatment: 60% of tax payable, up to S\$200. This rebate is designed to provide financial relief to individuals. It’s a direct tax reduction, which helps lower the tax liability and provides extra disposable income.

14. SkillsFuture Level-Up Programme (“SFLP”)

New treatment: In 2025, eligibility for this programme has been expanded to include selected part-time, long-form training programs, making it more accessible for people balancing work and studies.

Additionally, the Part-Time Training Allowance has been set at a fixed rate of \$300 per month, providing much-needed financial support during training. The scheme also introduces a lifetime cap of 24 months for the total allowance and this cap applies to both full-time and part-time training.

15. Workfare Skills Support (“WSS”) scheme

New treatment: The WSS scheme is designed to support lower-wage workers, particularly those aged 30 and above.

- Under this scheme, workers can receive a monthly training allowance for selected part-time and full-time courses, making skill enhancement more accessible.
- For part-time courses, the allowance is set at \$300 per month, up to 24 months.

- For full-time courses, the allowance is 50% of the average income over the latest 12 months.

16. Progressive Wage Credit Scheme (PWCS)

New treatment: PWCS co-funding support will be raised to 40% and 20% for qualifying years 2025 and 2026 respectively. The enhanced co-funding support for 2025 and 2026 will also apply to wage increases given in qualifying year 2024 that are sustained in 2025 and wage increases given in qualifying year 2025 that are sustained in 2026.

17. Senior Employment Credit (“SEC”)

New treatment: SEC aims to encourage businesses to hire seniors aged 60 and above.

This scheme has been extended to December 31, 2026, and the highest support tier age has been raised to 69, up from the previous 68.

At the highest tier of the SEC, companies will receive 7% of the wages that they pay to workers aged 69 and above.

18. Uplifting Employment Credit (“UEC”)

New treatment: UEC has been extended to 2028 to offset wages for hiring ex-offenders and under the scheme, employers will continue to receive a wage offset of up to 20% of local ex-offenders’ wages for the first nine months of employment, capped at \$600 per month per employee.

19. Enabling Employment Credit (“EEC”)

New treatment: ECC provides subsidies to employers who hire persons with disabilities, helping to create an inclusive workforce.

Like the Uplifting Employment Credit, the Enabling Employment Credit has been extended to December 31, 2028 and the current parameters will continue to apply from 2026 to 2028. The scheme aims to support long-term inclusive hiring practices and ensuring that people with disabilities are given equal opportunities in the workplace.





Empower Businesses for Growth Sustainability

20. Future Energy Fund

Announced last year, the Future Energy Fund is a reserve established for investments in energy infrastructure, research, and the exploration of alternative energy options, such as low-carbon hydrogen and nuclear energy.

FEF fund will support infrastructure investments and targeted projects may involve new technologies – that are nascent or require huge upfront investments or come with significant risks – commercial risks, geo-political risks.

Examples of some these projects are –

- Undersea cables to import low-carbon electricity.
- Hydrogen terminals and pipelines if hydrogen is identified as one of the next-gen energy sources.
- Nuclear energy importation.

The initial investment in the FEF was \$5billion.

In this year's budget there is a “**\$5 billion top-up**” to this fund.

21. Changi Airport Development Fund (CAD-F)

CAD-F is an existing fund reserve established to finance the development and expansion of Changi Airport, including the upcoming Terminal 5. CAD-F was initially set up in 2015 with an investment of \$3billion.

There will be a “**\$5 billion top-up**” to the existing fund.

This top-up will support the construction of Terminal 5, which will enhance Changi Airport's capacity by over 50%.

Terminal 5 will handle ~50million passengers annually (in addition to the existing capacity of 90 million), and CAD-F is an investment towards Singapore's leading position as a key aviation hub for business and leisure travel in the long run, while creating jobs in the construction, logistics, and aviation sectors over the short to medium term.

22. Heavy Vehicle Zero Emissions Scheme

To accelerate the adoption of clean heavy vehicles, this year's budget has introduced a Heavy Vehicle Zero Emissions Scheme & Electric Heavy Vehicle Charger Grant. The government is providing incentives for the adoption of clean energy variants of heavy vehicles.

For more details on the tax changes and incentives, please refer to the [Ministry of Finance's Budget Statement](#).

Deep dive: Sustainability for businesses

Lai Kee Yin, Partner, Technology, Digital & Sustainability Consulting

As Singapore continually builds on its commitment to achieve sustainability and economic resilience, the Government has unveiled comprehensive strategies to address several aspects in the environment: climate change, energy transition and sustainable development.

This strategic approach is in line with our Long-Term Low-Emissions Development Strategy (LEDS) to achieve net zero emissions by 2050, reflecting a forward-thinking mindset as we balance our economic goals alongside our long-term environmental goals.

As businesses navigating this evolving landscape, an in-depth understanding of the implications of these policies is critical for their strategic planning and future success.

Key Budget announcements

Energy Transition and Climate Resilience

Future energy fund: S\$5 billion top-up to support the development of clean energy solutions. Including exploring low-carbon hydrogen and assessing nuclear energy potential

Coastal and flood protection: Additional S\$5 billion allocated to the Coastal and Flood Protection Fund to safeguard against rising sea levels and enhance climate resilience

“Greening” the transport sector

Public transport enhancements: Investment of over S\$60 billion to expand and renew the rail network, aiming for 80% of households to be within a 10-minute walk of a train station.

Electrification of vehicles: Introduction of the Heavy Vehicle Zero Emissions Scheme and the Electric Heavy Vehicle Charger Grant to promote cleaner energy vehicles.



Deep dive: Sustainability for businesses

Lai Kee Yin, Partner, Technology, Digital & Sustainability Consulting

The Budget 2025 announcements reinforce the key pillars of the SG Green Plan which supports the nation's vision of reducing emissions between 45 million and 50 million tonnes (MT) of carbon dioxide (CO2) by 2035 and is committed to achieving net zero emissions by 2050. During this seminar, Kee Yin shed light on how four of these initiatives namely: (1) Future Energy Fund, (2) Coastal and Flood Protection, (3) Public Transport Enhancement, and (4) Electrification of Vehicles, impact businesses where businesses can leverage the available incentives to further advance and save costs.

A closer look into one of the four key initiatives

Future Energy Fund

Initially established in 2024 to support the nation's transition towards low-carbon energy future, the objective of the Future Energy Fund looked to finance critical infrastructure for importing low-carbon electricity from the region & energy security and diversify our sources. During the Committee of Supply (COS), it was highlighted how advancements in technology have led to savings for businesses, citing that the average levelled costs of solar energy is now 50% lower than of fossil fuels.

How will this impact businesses?

95% of Singapore's energy are imported natural gas, where any shifts in policy or geopolitical situations could lead to volatility in energy prices, resulting in higher electricity costs. Additionally, by 2030, carbon taxes in Singapore will rise to between \$50 and \$80 per tonne of CO2 equivalent for large emitters, including power generation.

Our experience working with clients:

We are observing clients associating the costs with climate transition risks. Whilst most do not see an immediate short-term concern, energy or fossil fuel intensive organisations are beginning to track and evaluate the impact through various climate scenarios classified as Shared Socioeconomic Pathways (SSPs), ranging from SSP1 to SSP5.

Reduced Energy Costs and Greater Energy Stability:

With regional power grids and alternative energy sources (e.g., hydrogen) gradually becoming available, Small and Medium-sized Enterprises (SMEs) can benefit from more stable and potentially lower electricity prices. When infrastructure effectively addresses carbon issues, it lowers carbon-related costs, leading to potential savings for organisations.

Additionally, by adopting clean energy, SMEs are shielded from future fluctuations in fossil fuel prices and hikes in carbon taxes, ensuring stable operations.



Deep dive: Utilising tax incentives to remain competitive

Kirsty McMillan, Partner, Tax

Background of the Base Erosion and Profit Shifting (BEPS) pillar 2

In 2024, BEPS pillar 2 was introduced, bringing about significant tax adjustments globally. Aligning with the new global tax framework, Singapore rolled out several changes in its tax regime to ease businesses into this new normal.

Budget 2024 Recap

Refundable Investment Credit (RIC)	Introduction of 10% rates	Introduction of 15% rates
▪ To support high-value and substantive economic activities ▪ RIC is awarded on qualifying expenditure incurred ▪ Up to 10 years ▪ Credits are to be offset against Corporate Income Tax payable ▪ Any unutilised credits will be refunded to the company in cash within 4 years	▪ Finance and Treasury Centre ▪ Aircraft leasing scheme	▪ DEI (Development and Expansion Incentives) ▪ Intellectual Property (IDI) incentive ▪ Global Trader Programme

Leveraging incentives in 2025

On 1 January 2025, the BEPS Pillar 2 came into force in Singapore, where a 15% minimum tax and domestic top-up tax was introduced. This reality had implications for companies operating in jurisdictions with tax rates below 15%, or where tax incentives result in an effective tax rate (ETR) that falls below this threshold.

For international companies operating in Singapore, this is particularly relevant to them as they may now be subjected to the new 15% minimum tax requirement, instead of having to pay lower taxes than the standard corporate tax rate of 17% – an incentive that was available to them in the past.

In Singapore, the ETR is calculated based on jurisdictional blending. This meant that companies with both incentivised and non-incentivised entities in Singapore may see an ETR closer to the 15% minimum tax, even if some of their income is eligible for tax incentives.

Hence, it is key to acquire an in-depth understanding of how your company’s numbers break down year on year – a crucial step forward in deciding whether to adjust your current incentive or apply for new ones.

Deep dive: Utilising tax incentives to remain competitive

Kirsty McMillan, Partner, Tax

Beyond the numbers, it is paramount for companies to also to relook at the commercial side of their businesses including spending and headcount.

Lastly, companies can consider leveraging the Refundable Investment Credits (RIC) introduced in 2024. These credits offer the advantage of offsetting certain taxes while providing support for establishing or expanding manufacturing facilities, driving new innovation and Research & Development (R&D) activities, and supporting green transition initiatives.

Tax incentives – Johor-Singapore Special Economic Zone (JS-SEZ)

Beyond Singapore: “Singapore Plus” (SG+) twinning model

Expanding the Horizons

While Singapore remains as an attractive destination for businesses, it faces challenges such as rising costs and space constraints. As such, there needed to be a broader strategy set in place for companies looking to expand in the region.

In recent years, Singapore has been promoting the “Singapore Plus” (SG+) twinning model with neighbouring countries including Indonesia and Malaysia, with Singapore leveraging its strategic position to be the bridge for companies to gain access to new markets and optimise costs of operations in Singapore.

In line with this strategy, the recent Johor Singapore Special Economic Zone (JS-SEZ) was rolled out as a collaboration between Malaysia and Singapore to improve economic ties. The JS-SEZ looks to attract FDI by tapping on Singapore’s robust business environment and Malaysia’s abundance of land and cost advantages. Amongst the benefits of this cross-border initiative include tax breaks, passport-free clearance, aimed at offering businesses greater connectivity and flexibility to encourage business in the region.



Unlocking growth: Harnessing Budget 2025

Panel Discussion

Leveraging budget measures for growth

With Singapore fortifying itself as a key financial hub for foreign direct investment (FDI) and fostering growth in the region, it is paramount to consider critical issues faced by businesses and investors during its course of charting economic growth.

Amidst rising geopolitical tensions particularly between the United States and China, Singapore continues to tread carefully putting in place strategic measures to stay competitive in the face of challenging times ahead.

Our panel discussion featured experts from Economic Development Board (EDB), United Overseas Bank (UOB), and Prime Partners, and was moderated by our Tax Partner, Kirsty McMillan, where the discussion provided valuable insights into Singapore's strategic approach to navigating current challenges and opportunities leveraging measures from Budget 2025.

With escalating tensions between the US and China that consequently affects FDI, Singapore is seen as a stable destination for investment. The Government has since leverage on our standing to introduce measures to boost the equity market, which include tax exemption and support for family offices.

As Singapore works on revitalising the equity market, initiatives introduced by the Government aim to improve liquidity, and broaden investment participation.

Riding on these initiatives, the panelists emphasised the importance of long-term partnership with government agencies and financial institutions to create a “win-win collaboration” and additional support – elements that are crucial in facilitating FDI.

While the future remains unknown, Singapore's government is well versed in its strategic approach to anticipate challenges and thrive in the rapidly changing business landscape.

With foresight from the Government in addressing key challenges including evolving global regulations, sustainability initiatives and geopolitical tensions, a strong foundation is built for future growth and success.

This creates a stable and conducive environment for businesses to capitalise on emerging opportunities and attract FDI, further boosting economic development and global competitiveness.



Forvis Mazars at a glance

Who we are

About Forvis Mazars

Forvis Mazars is a global leader in audit & assurance, tax, advisory and consulting services. Operating in over 100 countries and territories, we blend scale, capacity and coverage with agility, profound insight and a tailored approach that reflect our clients' unique challenges, complex regulatory landscapes and cultural diversity.

Our 40,000+ strong team is committed to providing an unmatched client experience, one that feels right, personal and natural to each and every one of our clients. Together we nurture a deep understanding of our clients' industries, bringing clarity and helping our clients confidently prepare for what's next.

Our professionals have the experience and skills to serve organisations of all sizes, both locally and globally, now and into the future.

- \$5bn+ combined revenue**
- 100+ combined countries & territories
- 400+ combined offices
- 1,800+ combined partners
- 40,000+ combined employees

Figures as at 1 January 2025

**Forvis Mazars Group \$3,251m + Forvis Mazars, LLP \$1,939m as at 31 August 2024.

About Forvis Mazars in Singapore

Forvis Mazars in Singapore is part of the Forvis Mazars Group.

With strong presence in Singapore spanning over 15 years and a dedicated team of over 400 professionals, we are well-positioned and equipped to serve to clients of all sizes across the Asia-Pacific region, all while maintaining a seamless and adaptable approach.

Our commitment to technical proficiency and delivering high-quality work is a source of pride, and we operate cohesively as a unified unit.

- S\$43.2+m fee income (FY2023/2024)
- 400+ professionals

Our services

- Audit & assurance
- Consulting
- Financial advisory
- Outsourcing
- Sustainability
- Tax
- Privately Owned Business services (POB)
- Doing business abroad

Contacts

Forvis Mazars Group SC is an independent member of Forvis Mazars Global, a leading professional services network.

Operating as an internationally integrated partnership in over 100 countries and territories, Forvis Mazars Group specialises in audit, tax and advisory services.

The partnership draws on the expertise and cultural understanding of over 40,000 professionals across the globe to assist clients of all sizes at every stage in their development.

Forvis Mazars in Singapore is part of the Forvis Mazars Group. Our clientele benefits from the combined expertise of 400+ Singapore-based professionals and our international team.

© March 2025

forvismazars.com/sg

