



## Media Release

*For immediate release*

# Comprehensive, Forward-looking and Pro-Enterprise Budget that positions Singapore businesses for the future

**Friday, 16 February 2024 [Singapore]** – Budget 2024 has been developed to keep Singapore moving forward as part of the nation’s Forward Singapore plans. The government has announced a wide-ranging set of Budget measures focused on economic vibrancy, quality growth, investment in workers, and strengthening our social compact.

2 The Singapore Business Federation (SBF) is heartened that the government has taken in feedback from the business community about the need to address the here-and-now issues such as increased cost and tightened cash flow and the erosion of our competitiveness as an investment location, while stepping up commitment to support industry transformation, workforce upskilling, and business competitiveness.

3 We believed that this Budget would go in some way to restore our business **competitiveness**, strengthen our **capabilities** as an economy and foster greater **collaboration** among stakeholders in the industry ecosystem.

### Restoring Singapore’s Competitiveness

4 Increase in business cost is the top concern cited by businesses as they adopt a more cautious forward outlook amidst macroeconomic challenges and global uncertainties, based on the SBF National Business Survey (NBS) 2023/2024. Under the \$1.3 billion Enterprise Support Package, the 50% Singapore Corporate Income Tax (CIT) Rebate and minimum \$2,000 cash payout will help to relieve the financial liabilities of companies and support them in tiding through the current economic situation. The permanent increase to the SME Working Capital Loan under the Enterprise Financing Scheme to \$500,000 is also welcomed in providing relief to the tightened cash flow situations due to high interest rates faced by businesses.

5 A key driver of growth for Singapore is its ability to attract quality investments. The introduction of the Income Inclusion Rule (IIR) and Domestic Top-up Tax (DTT) in response to BEPS 2.0 is timely as we look to preserve Singapore’s position as an investment and business hub of choice. This is complemented by the addition of a new Refundable Investment Credit (RIC) for substantive, high-value

economic activities to the country's investment promotion toolkit. These measures are important to maintain Singapore's competitive edge as a favourable place for business and investment which is increasingly being called into question given to our high-cost base especially when compared with economies in the region.

## **Deepening Capabilities**

6 To help companies to succeed and grow, it is important to establish a robust national infrastructure that facilitates innovation, digitalisation, sustainability, and enterprise development. The top up to the Research, Innovation and Enterprise (RIE) 2025 will boost the critical mass of capabilities, ideas, and talent that will enable Singapore to develop and commercialise critical technologies and solutions to serve emerging needs across strategic sectors. The investment in resources to upgrade our Nationwide Broadband Network also puts businesses in a strong position to leverage emerging technologies like AI and immersive media, as they become more pervasive in the future.

### Enterprise capabilities

7 The expansion of the Energy Efficiency Grant (EEG) to sectors such as Manufacturing, Construction, Maritime, and Data Centres and Users will support the mainstreaming of energy efficient practices and equipment among companies in these sectors. The business community has called on the Government to expand the scope of sectors covered under the EEG over the years and welcome this announcement. This will further scale the adoption of green transition solutions and equipment by companies in sectors that are significant energy consumers, which could also eventually bring down the cost for other companies outside of these sectors.

8 The establishment of Artificial Intelligence (AI) Centres of Excellence will support industry collaboration in this field, and support companies in tapping AI technology to enhance their operations, products, and services. Another area of focus would be to help companies, especially SMEs, understand and apply appropriate governance frameworks and ethical guidelines to ensure responsible and effective use of AI technologies.

### Workforce capabilities

9 The SkillsFuture top-up for mid-career workers, new SkillsFuture Level-Up Programme, and the increased credit and training allowance for long-form full-time programmes are positive moves towards building up the skills stock of our Singaporean workforce. The extension of the SkillsFuture Enterprise Credit will also allow employers to invest in enterprise and workforce transformation. High cost of training (39%) was one of the top three challenges faced by businesses in investing in staff training (SBF NBS2023/2024). This measure will help to alleviate some of these concerns.

## **Fostering Collaborations**

10 SBF welcomes the expansion of the Partnerships for Capability Transformation (PACT) scheme to include capability training, internationalisation and corporate venturing. The government could also consider expanding PACT partnerships to cover the decarbonisation of supply chains. With the enhanced PACT,

it is important that the partnerships are structured in a way that serves the interests of both large and small companies and captures value for collaboration partners. In this way, companies will see the value of this initiative and be incentivised to participate in it.

### **Businesses' role in strengthening social compact**

11 Businesses acknowledge that a large part of the Budget package is devoted to strengthening the social compact and supporting the more vulnerable in society including lower wages and older workers and unemployed jobseekers. Businesses appreciate the Government's recognition that some of these moves to strengthen the social support system will impose costs on businesses and has attempted to mitigate some of these costs through, for example, the extension of the Progressive Wage Credit Scheme. This is an example of the trusted partnership between businesses, workers, and Government to work together to foster the social conditions that will enable our economy to grow and thrive.

12 Mr Lim Ming Yan, SBF Chairman, said, "Budget 2024 is a well-balanced and inclusive one that helps businesses cope with the uncertain global economic climate, tap into emerging growth areas, and support the reskilling of workforce that is a necessary condition for business transformation. We urge businesses and workers to make full use of the comprehensive Budget 2024 measures and persevere in their transformation and growth journeys. SBF and other trade associations and chambers will work in close collaboration with Government, businesses and workers, to build a stronger ecosystem and adapt to the demands of the future economy."

13 Mr Kok Ping Soon, SBF Chief Executive Officer, said, "The measures introduced at Budget 2024 will help businesses sharpen their competitive edge to achieve sustainable growth. By investing in the right infrastructure and building capabilities of businesses and individuals in emerging areas of digitalisation, sustainability and internationalisation, we will place businesses on the right trajectory for growth. At the same time businesses appreciate that the Government has taken into account ground feedback and introduced a generous \$1.3 billion Enterprise Support Package to help cope with business costs, which will provide much needed relief as businesses try to navigate in an uncertain operating environment."

14 Following Budget 2024, SBF will be organising the Singapore Budget Symposium on 8 March 2024 from 9.30am to 12.00pm at Shangri-La Singapore. Minister for Manpower (MOM) and Second Minister for Trade and Industry, Dr Tan See Leng and Minister for Transport and Second Minister for Finance, Mr Chee Hong Tat will grace our event as guests of honour as we take a deep dive into the more business-related announcements from Budget 2024. Register your interest and gain insights from Ministry of Finance (MOF), MTI & MOM, along with our strategic partners DBS Bank and KPMG in Singapore in the following [Link](#).

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**About Singapore Business Federation**

As the apex business chamber, the Singapore Business Federation (SBF) champions the interests of the business community in Singapore in trade, investment and industrial relations. Nationally, SBF acts as the bridge between the government and businesses in Singapore to create a conducive business environment. Internationally, SBF represents the business community in bilateral, regional and multilateral fora for the purpose of trade expansion and business networking.

For more information, please visit: [www.sbf.org.sg](http://www.sbf.org.sg)