

ANNEX H-1: TAX CHANGES

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
Supporting Companies			
1.	Provide 40% Corporate Income Tax (“CIT”) Rebate in Year of Assessment (“YA”) 2026 with a minimum benefit of \$1,500 for eligible active companies	N/A	<p>To provide support for companies to manage cost pressures, a CIT Rebate of 40% of tax payable will be granted in YA 2026.</p> <p>Active companies that employed at least one local employee in Calendar Year (“CY”) 2025 (referred to as the “local employee condition”) will receive a minimum benefit of \$1,500 in the form of a CIT Rebate Cash Grant.</p> <p>The total maximum benefits (i.e., sum of CIT Rebate and CIT Rebate Cash Grant) that a company can receive is \$30,000. Eligible companies will automatically receive the benefits from 2Q CY 2026 onwards.</p> <p>A company is considered to have met the local employee condition if it has made CPF contributions to at least one local (i.e., Singapore Citizen or Permanent Resident) employee, excluding shareholders who are also directors of the company, in CY 2025.</p> <p>For example, Company A has tax payable of \$30,000 for YA 2026 and will receive a total CIT Rebate benefit of \$12,000 (i.e., 40% *</p>

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			\$30,000). If Company A employed at least one local employee in CY 2025, it will receive a \$1,500 CIT Rebate Cash Grant, with the remaining \$10,500 as CIT Rebate.
2.	Enhance the Double Tax Deduction for Internationalisation (“DTDi”) scheme	<p>Under the DTDi scheme, businesses are allowed a 200% tax deduction on eligible expenses incurred on 16 qualifying market expansion and investment development activities.</p> <p>Businesses can automatically claim 200% tax deduction on the first \$150,000 of eligible expenses for nine activities¹ per YA without prior approval.</p> <p>Prior approval is required from Enterprise Singapore or Singapore Tourism Board for expenses exceeding \$150,000 on these nine activities or expenses incurred on the remaining seven qualifying activities².</p> <p>Prior approval is also required for certain expenses incurred on overseas market development trips and overseas investment study trips.</p>	<p>To further support businesses in their internationalisation efforts, the expenditure cap for claims that may be filed without prior approval will be raised from \$150,000 to \$400,000 per YA.</p> <p>The scope of claims which do not require prior approval will also be expanded to cover all eligible expenses incurred on overseas market development trips and overseas investment study trips, and the following qualifying activities:</p> <ul style="list-style-type: none"> a) Investment feasibility/due diligence studies; b) Master licensing and franchising; c) Market surveys/feasibility studies; d) Overseas business development; and

¹ The nine activities are advertising in approved local trade publication, design of packaging for overseas markets, local trade fairs, overseas advertising and promotional campaign, overseas investment study trips, overseas market development trips, overseas trade fairs, product/service certification and virtual trade fairs.

² The remaining activities are e-commerce campaigns, investment feasibility/due diligence studies, master licensing and franchising, market surveys/feasibility studies, overseas business development, overseas trade offices and production of corporate brochures for overseas distribution.

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			<p>e) Production of corporate brochures for overseas distribution.</p> <p>Businesses can continue to apply to Enterprise Singapore or Singapore Tourism Board for expenses exceeding \$400,000 per YA or expenses incurred on overseas trade office and e-commerce campaigns.</p> <p>The changes will apply to expenses incurred from YA 2027. Enterprise Singapore will provide more details by 2Q 2026.</p>
Maintaining a Fair and Competitive Tax System			
3.	Enhance the Enterprise Innovation Scheme (“EIS”)	<p>Under the EIS, qualifying businesses can claim 400% tax deductions/allowances on qualifying expenditure incurred on the following five qualifying activities:</p> <p>a) Qualifying Research and Development activities undertaken in Singapore;</p> <p>b) Registration of Intellectual Property (“IP”);</p> <p>c) Acquisition and licensing of IP rights;</p> <p>d) Training courses that are eligible for SkillsFuture Singapore funding and aligned with the Skills Framework; and</p>	<p>To support businesses in adopting AI, the EIS will be enhanced for YA 2027 and YA 2028:</p> <p>a) The list of partner institutions will be expanded to include the Sectoral AI Centre of Excellence for Manufacturing.</p> <p>b) An additional qualifying activity will be introduced for qualifying AI expenditures. Businesses can claim tax deductions/allowances of 400% on up to \$50,000 of qualifying AI expenditures incurred for each YA. The option to convert qualifying expenditure into a</p>

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		<p>e) Innovation projects carried out with polytechnics, the Institute of Technical Education, or other qualified partners (collectively known as partner institutions).</p> <p>The qualifying expenditure cap under each of activities (a) to (d) is \$400,000 for each YA. The qualifying expenditure cap under (e) is \$50,000 for each YA.</p> <p>Businesses have the option to convert up to \$100,000 of total qualifying expenditure into a 20% non-taxable cash payout, in lieu of tax deductions/allowances.</p>	<p>cash payout will not be available for this new qualifying activity.</p> <p>IRAS will provide more details by mid-2026.</p>
4.	Extend the withholding tax exemptions for the financial sector	<p>Generally, interest payments made to non-resident persons are subject to withholding tax at a rate of 15%.</p> <p>A range of withholding tax exemptions is available to financial institutions for payments made under specific types of financial transactions.</p> <p>The withholding tax exemptions for the following payments made to non-resident persons (excluding permanent establishments in Singapore) are scheduled to lapse after 31 December 2026:</p>	<p>To maintain the competitiveness of our financial sector, the withholding tax exemptions for payments (a) to (g) will be extended till 31 December 2031.</p> <p>MAS will provide more details by 2Q 2026.</p>

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		<ul style="list-style-type: none"> a) All Section 12(6) payments made by specified entities for the purpose of their trade or business³; b) Payments on structured products offered by financial institutions in Singapore; c) Payments on over-the-counter financial derivatives made by qualifying financial institutions; d) Payments made under cross currency swap transactions by Singapore swap counterparties to issuers of Singapore dollar debt securities; e) Interest payments on margin deposits made under all derivatives contracts by approved exchanges, approved clearing houses, members of approved exchanges and members of approved clearing houses; f) Specified payments made under securities lending or repurchase agreements by specified institutions; and 	

³ Specified entities are also not required to withhold tax on all Section 12(6) payments made to permanent establishments in Singapore.

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		g) Payments made under interest rate or currency swap transactions by MAS.	
5.	Extend and enhance the Finance and Treasury Centre (“FTC”) incentive	<p>Under the FTC incentive, approved FTCs are eligible for a concessionary tax rate of 8% or 10% on qualifying income.</p> <p>Approved FTCs are also eligible for withholding tax exemption on interest payments on loans used for qualifying activities or services.</p> <p>The incentive is scheduled to lapse after 31 December 2026.</p>	<p>To encourage companies to conduct treasury management activities in Singapore, the FTC incentive will be extended till 31 December 2031.</p> <p>In addition, the scope of the withholding tax exemption for approved FTCs will be expanded to include interest-like borrowing costs that are subject to withholding tax, for loans used for qualifying activities or services. The expanded scope of exemption applies to payments made on or after 13 February 2026.</p> <p>EDB will provide more details by 13 February 2026.</p>
6.	Extend and enhance the Global Trader Programme (“GTP”)	<p>Under the GTP, approved global trading companies are eligible for a concessionary tax rate of 5%, 10%, or 15% on income from qualifying transactions in qualifying commodities.</p> <p>The scheme is scheduled to lapse after 31 December 2026.</p>	<p>To further strengthen Singapore’s position as a global trading hub, the following changes will be made to the GTP:</p> <p>a) The scheme will be extended until 31 December 2031.</p> <p>b) The list of qualifying commodities will be expanded to include Environmental</p>

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			Attribute Certificates from 13 February 2026. Enterprise Singapore will provide more details by 2Q 2026.
7.	Extend the Not-for-Profit Organisation Tax Incentive (“NPOTI”)	The NPOTI provides tax exemption on the income derived by an approved NPO. The tax incentive is scheduled to lapse after 31 December 2027.	To ensure that Singapore remains an attractive location for NPOs, the NPOTI will be extended till 31 December 2032.
8.	Allow tax deduction for CPF cash top-ups made by platform operators on behalf of their platform workers under the Voluntary Contributions to MediSave Account scheme (“VC-MA”)	Employers can claim tax deduction for CPF cash top-ups made on behalf of employees under the VC-MA. Platform operators cannot claim tax deduction for CPF cash top-ups made on behalf of platform workers under the VC-MA.	To encourage platform operators to make CPF cash top-ups on behalf of their platform workers (who are eligible for the Matched MediSave Scheme ⁴), platform operators will be allowed to claim tax deduction for CPF cash top-ups made on behalf of their platform workers under the VC-MA. The change will apply from YA 2027 for CPF cash top-ups made from 1 January 2026.
9.	Allow the Investment Allowance for Emissions Reduction (“IA-ER”) scheme to lapse	Under the IA-ER scheme, investment allowance can be granted to companies for capital expenditure incurred for approved projects that improve energy efficiency or reduce greenhouse gas emissions.	To ensure that our tax schemes remain relevant, the IA-ER scheme will be allowed to lapse after 31 December 2026.

⁴ The Government will match every dollar of voluntary cash top-ups to the MediSave Account of eligible CPF members, up to an annual cap of \$1,000, to boost MediSave adequacy for seniors with lower balances.

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		The scheme is scheduled to lapse after 31 December 2026.	The Government will continue to support efforts to improve energy efficiency or reduce greenhouse gas emissions via existing schemes such as the Resource Efficiency Grant for Emissions and the Refundable Investment Credits for Decarbonisation.
10.	Allow the double tax deduction for qualifying upfront costs attributable to rated retail bonds to lapse	<p>Bond issuers that are carrying on a trade or business in Singapore can claim a 200% tax deduction on qualifying upfront costs incurred on or after 19 May 2021 that are attributable to rated retail bonds issued from 19 May 2021 to 31 December 2026 (both dates inclusive) under the Seasoning Framework and Exempt Bond Issuer Framework.</p> <p>The scheme is scheduled to lapse after 31 December 2026.</p>	<p>To ensure that our tax incentives remain relevant, the double tax deduction scheme for rated retail bonds will be allowed to lapse after 31 December 2026.</p> <p>Other schemes such as the Qualifying Debt Securities scheme and the Global-Asia Bond Grant Scheme continue to be available to bond issuers.</p>

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Strengthening our Culture of Giving															
11.	<p>Extend the 250% tax deduction for qualifying donations to Institutions of a Public Character (“IPCs”) and eligible institutions (see eligibility criteria below)</p> <table border="1"> <thead> <tr> <th>Eligible Donations</th> <th>Eligible Recipients</th> </tr> </thead> <tbody> <tr> <td>Gifts of shares listed on the Singapore Exchange (“SGX”) or Gifts of units in unit trusts traded in Singapore or listed on the SGX^(a)</td> <td>IPCs</td> </tr> <tr> <td>Cash donations^(b)</td> <td>IPCs and the Singapore Government</td> </tr> <tr> <td>Gifts of artefacts^(b)</td> <td>Approved museums (approval by the National Heritage Board (“NHB”))</td> </tr> <tr> <td>Gifts of parcels of land or buildings^(b)</td> <td>IPCs</td> </tr> <tr> <td>Donation, installation, and maintenance of sculptures and works of art for public display^(b)</td> <td>NHB and approved recipients (approval by the NHB)</td> </tr> </tbody> </table> <p><u>Table Note:</u> (a) Applicable to donations from individual donors only. (b) Applicable to donations from individual and corporate donors.</p>	Eligible Donations	Eligible Recipients	Gifts of shares listed on the Singapore Exchange (“SGX”) or Gifts of units in unit trusts traded in Singapore or listed on the SGX ^(a)	IPCs	Cash donations ^(b)	IPCs and the Singapore Government	Gifts of artefacts ^(b)	Approved museums (approval by the National Heritage Board (“NHB”))	Gifts of parcels of land or buildings ^(b)	IPCs	Donation, installation, and maintenance of sculptures and works of art for public display ^(b)	NHB and approved recipients (approval by the NHB)	<p>Donors are eligible for a 250% tax deduction for qualifying donations made to IPCs and eligible institutions.</p> <p>The tax deduction is scheduled to lapse for donations made after 31 December 2026.</p>	<p>To encourage giving, the tax deduction will be extended to qualifying local donations made from 1 January 2027 to 31 December 2029.</p>
Eligible Donations	Eligible Recipients														
Gifts of shares listed on the Singapore Exchange (“SGX”) or Gifts of units in unit trusts traded in Singapore or listed on the SGX ^(a)	IPCs														
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Donation, installation, and maintenance of sculptures and works of art for public display ^(b)	NHB and approved recipients (approval by the NHB)														
12.	Extend the Corporate Volunteer Scheme (“CVS”)	All businesses carrying on a trade or business in Singapore can claim 250% tax	To support corporate volunteering, the tax deduction under the CVS will be extended to												

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		<p>deductions on qualifying expenditure (such as wages) incurred in respect of:</p> <p>a) Sending their qualifying employees to volunteer at or to provide services to IPCs; or</p> <p>b) Seconding their qualifying employees to IPCs.</p> <p>From 1 January 2024, the qualifying expenditure is subject to an annual cap of \$250,000 per business per YA and \$100,000 per IPC per CY.</p> <p>The tax deduction is scheduled to lapse for expenditure incurred after 31 December 2026.</p>	<p>qualifying expenditure incurred from 1 January 2027 to 31 December 2029.</p>
Vehicle Tax Change			
13.	Preferential Additional Registration Fee (PARF) rebate	To encourage timely renewal of the vehicle population so that it is safer and less pollutive, PARF rebates are provided to car and taxi owners. It is calculated as a percentage of ARF paid and tiered based on the age of vehicle at deregistration.	Electric and hybrid vehicles are less pollutive, and as they become more commonplace, PARF is less relevant. We will therefore reduce PARF by 45%-pts across the board and reduce the PARF rebate cap from \$60,000 to \$30,000.

		Age of Vehicle at Deregistration	PARF Rebate*	Age of Vehicle at Deregistration	PARF Rebate*
		Age ≤ 5 years	75% of ARF	Age ≤ 5 years	30% of ARF
		5 years < Age ≤ 6 years	70% of ARF	5 years < Age ≤ 6 years	25% of ARF
		6 years < Age ≤ 7 years	65% of ARF	6 years < Age ≤ 7 years	20% of ARF
		7 years < Age ≤ 8 years	60% of ARF	7 years < Age ≤ 8 years	15% of ARF
		8 years < Age ≤ 9 years	55% of ARF	8 years < Age ≤ 9 years	10% of ARF
		9 years < Age ≤ 10 years	50% of ARF	9 years < Age ≤ 10 years	5% of ARF
		Age > 10 years	n.a.	Age > 10 years	n.a.
		*PARF rebates are capped at \$60,000.		*PARF rebates will be capped at \$30,000.	
				The revised PARF rebate schedule and cap of \$30,000 will apply to cars that are registered with COEs obtained from the second COE bidding exercise in February 2026.	
				For cars that do not need to bid for COEs (i.e., taxis), the revised PARF rebate schedule and cap of \$30,000 will apply to those that are registered on or after 13 February 2026.	

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
			<p>The revised PARF rebate schedule and cap do not apply to vehicles that are not eligible for PARF rebates, such as goods-cum-passenger vehicles, classic cars, and vehicles that have been laid-up.</p> <p>Further details will be announced by LTA.</p>

EXCISE DUTIES FOR TOBACCO PRODUCTS

To discourage consumption of tobacco products, we will raise the tobacco duties by 20% across all tobacco products. The increase will take effect from 12 February 2026:

- (a) **Cigars, Cheroots, Cigarillos and Cigarettes, and Other Manufactured Tobacco:** From \$491/kgm or 49.1 cents/stick of cigarette to \$589/kgm or 58.9 cents/stick of cigarette.
- (b) **Beedies, Ang Hoon, and Other Smokeless Tobacco:** From \$378/kgm to \$454/kgm.
- (c) **Unmanufactured and Cut Tobacco and Other Tobacco Refuse:** From \$446/kgm to \$535/kgm.

Harmonised System (HS) Code	Product Description	Current Excise Rate	New Excise Rate
Cigars, Cheroots, Cigarillos and Cigarettes, and Other Manufactured Tobacco:			
2402.20.20	Clove cigarettes	49.1 cents for every gram or part thereof of each stick of cigarette	58.9 cents for every gram or part thereof of each stick of cigarette
2402.20.90	Other cigarettes containing tobacco		
2402.90.20	Cigarettes of tobacco substitutes		
2402.10.00	Cigars cheroots & cigarillos containing tobacco	\$491/kgm	\$589/kgm
2402.90.10	Cigars cheroots & cigarillos of tobacco substitutes		
2403.11.10	Water pipe tobacco packed for retail sale		
2403.11.90	Water pipe tobacco not packed for retail sale		
2403.19.19	Other smoking tobacco packed for retail sale		
2403.19.99	Other smoking tobacco not packed for retail sale		
2403.91.10	Homogenised or reconstituted tobacco packed for retail sale		
2403.91.90	Homogenised or reconstituted tobacco not packed for retail sale		
2403.99.30	Manufactured tobacco substitutes		

Harmonised System (HS) Code	Product Description	Current Excise Rate	New Excise Rate
2403.99.40	Snuff whether or not dry	\$491/kgm	\$589/kgm
2403.99.90	Other manufactured tobacco not for smoking		
2404.11.00	Products containing tobacco or reconstituted tobacco, intended for inhalation without combustion		
2404.19.10	Products containing tobacco substitutes, intended for inhalation without combustion		
Beedies, Ang Hoon, and Other Smokeless Tobacco:			
2402.20.10	Beedies	\$378/kgm	\$454/kgm
2403.19.11	Ang hoon packed for retail sale		
2403.19.91	Ang hoon not packed for retail sale		
2403.99.50	Chewing & sucking tobacco excluding snuff		
Unmanufactured and Cut Tobacco and Other Tobacco Refuse:			
2401.10.10	Tobacco, unmanufactured, not stemmed/stripped Virginia type, flue-cured	\$446/kgm	\$535/kgm
2401.10.20	Tobacco, unmanufactured, not stemmed/stripped Virginia type, other than flue-cured		
2401.10.40	Tobacco, unmanufactured, not stemmed/stripped, Burley type		
2401.10.50	Other tobacco, unmanufactured, not stemmed/stripped, flue-cured		
2401.10.90	Other tobacco, unmanufactured not stemmed/stripped, other than flue-cured		

Harmonised System (HS) Code	Product Description	Current Excise Rate	New Excise Rate
2401.20.10	Tobacco, unmanufactured, partly or wholly stemmed/stripped, Virginia type, flue-cured	\$446/kgm	\$535/kgm
2401.20.20	Tobacco, unmanufactured, partly or wholly stemmed/stripped, Virginia type, other than flue-cured		
2401.20.30	Tobacco, unmanufactured, partly or wholly stemmed/stripped, Oriental type		
2401.20.40	Tobacco, unmanufactured, partly or wholly stemmed/stripped, Burley type		
2401.20.50	Other tobacco, unmanufactured, partly or wholly stemmed/stripped, flue-cured		
2401.20.90	Other tobacco, unmanufactured, partly or wholly stemmed/stripped, other than flue-cured		
2401.30.10	Tobacco stems		
2401.30.90	Other tobacco refuse		
2403.19.20	Other manufactured tobacco for the manufacture of cigarettes		