



Singapore Update on the Further Supplementary Budget 2020 (“Fortitude Budget”) Masato Yamanaka, Tomoro Yoshimoto, Melissa Tan

1. Introduction

- 1.1 The Singapore Government has introduced the Fortitude Budget on 26 May 2020 to further commit a total of SGD33.0 billion, with SGD31.0 billion to be drawn from Singapore’s past reserves, to further aid businesses and workers which remain affected by the COVID-19 situation as well as sectors which were more severely impacted by the COVID-19 outbreak. The Fortitude Budget is in addition to the earlier Unity Budget, Resilience Budget, and Solidarity Budget which were presented on 18 February 2020, 26 March 2020 and 6 April 2020 respectively.
- 1.2 This update highlights some of the key support measures that were announced in the Fortitude Budget, which may be of interest to businesses and employers in Singapore. Please note that the support measures listed below are not exhaustive.

2. Key Support Measures for Businesses and Employers under the Fortitude Budget

2.1 Enhancement to the Jobs Support Scheme

- 2.1.1 As businesses may not be able to return immediately to pre-circuit breaker levels of operations, the Singapore Government has further enhanced the Jobs Support Scheme (“JSS”) to assist businesses in re-opening after the circuit breaker period.
- 2.1.2 Firstly, the Singapore Government will be extending the duration of JSS pay-outs by an additional month to cover wages

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of local employees¹ paid in August 2020 and will be received by firms in the October 2020 JSS payout, bringing the total wage support under the JSS to 10 months (previously covering nine (9) months).

Firms which are able to resume operations immediately after the circuit breaker period (i.e. from 2 June 2020) (“**post-CB Period**”) will receive such additional month of JSS at their base tier of wage support². Firms which are unable to resume operations immediately post-CB Period will be provided 75.0% wage support on the first SGD4,600³ of gross monthly wages⁴ for local employees, until August 2020 or when they are allowed to resume operations⁵, whichever is the earlier.

2.1.3 Further, the classification of firms in the different JSS tiers have been revised to increase wage support for firms in sectors that were more severely impacted by travel restrictions and/or safe distancing measures. Such firms include those in the sectors of Aerospace, Tourism, Hospitality, Conventions and Exhibitions, Retail, Arts and Entertainment, Land Transport, Marine and Offshore, and Built Environment.

Following the re-classification, such firms will receive higher levels of wage support at a rate of either 50.0% or 75.0% (from the previous 25.0%) depending on the JSS tier that they were reclassified to. Save for the Built Environment Sector (which will only receive higher base tier wage support for June 2020 to August 2020 wages), the effects of the re-classification will be applied retrospectively to previous pay-outs and employers will receive a top-up on previous pay-outs by July 2020.

Please refer to table 2 of https://www.singaporebudget.gov.sg/docs/default-source/budget_2020/download/pdf/fortitude_annexb1.pdf for the full list of eligible sectors and qualifying criteria.⁶

2.1.4 Please note that employers need not apply for the cash grant as the grant will be computed based on Central Provident Fund (“**CPF**”) contribution data and the Inland Revenue Authority of Singapore (“**IRAS**”) will notify eligible employers by post of the JSS pay-out payable to them.

2.2 Extension of Foreign Worker Levy (“**FWL**”) Waiver and Rebate

2.2.1 Previously, the Singapore Government had waived the FWL that was due in April 2020 and May 2020, and provided employers

¹ A local employee refers to an employee who is a Singapore citizen or a Singapore permanent resident. Please note that wages paid to business owners will not be eligible for the grant (this excludes shareholder-directors with an Assessable Income not greater than SGD100,000 in YA 2019, who are eligible for the JSS).

² For further details on the various tiers of JSS Support provided to the respective sectors, please refer to <https://www.iras.gov.sg/irashome/schemes/businesses/jobs-support-scheme--JSS-/>.

³ Local employees earning more than SGD4,600 would also qualify for this subsidy. However, the maximum subsidy will be capped at 75.0% of SGD4,600, which is SGD3,450.

⁴ Gross monthly wages include employee CPF contributions, but exclude employer CPF contributions.

⁵ Please note that the support granted will be pro-rated if the firm is allowed to resume operations in the middle of the month. For example, if a Tier 3 employer is allowed to work on-site starting from 5 July 2020, it will receive 75.0% support for June, and for 4 days in July, as well as 25.0% support for the other 27 days in July, and for August. The employer will thus receive $(75.0\% \times 4/31 + 25.0\% \times 27/31) = 31.5\%$ support for wages paid in July.

⁶ Employers which are not classified within Tier 1 or 2 of the JSS, but are part of the relevant sectors in those tiers may submit an appeal to the Inland Revenue Authority of Singapore using the forms on <https://www.iras.gov.sg/irashome/schemes/businesses/jobs-support-scheme--JSS-/>. Appeals will only be processed after pay-outs have been disbursed and a top-up will be received by successful appellants.

with an FWL Rebate of SGD750 for each Work Permit or S Pass Holder based on previous levies paid in 2020.

2.2.2 The Singapore Government has announced that it will now be extending the FWL Waiver and Rebate for up to a further two (2) months (i.e. for June and July 2020) for businesses⁷ that are not allowed to resume operations on-site immediately post-CB Period. The FWL Waiver will be 100.0% for June 2020, and 50.0% for July 2020, whilst the FWL Rebate will be SGD750 for June 2020, and SGD375 for July 2020.

2.2.3 The Singapore Government will be releasing further details in relation to the extension of the FWL Waiver and Rebate at a later date.

2.3 Rental Relief for Tenants

2.3.1 In addition to the Property Tax Rebate that was introduced as part of the Resilience Budget 2020, the Singapore Government will be providing a new cash grant for small medium enterprises (“SME”) (i.e. with not more than SGD100 million in annual turnover) tenants in private non-residential properties⁸. SME tenants in qualifying commercial properties (e.g. shops) will receive a cash grant amounting to 0.8 months’ of rent while SME tenants in other non-residential properties (e.g. industrial and office properties) will receive a cash grant amounting to 0.64 months’ of rent to offset their rental costs – the amount of grant will be calculated based on the annual values of the properties for 2020. The cash grant will be disbursed automatically⁹ by IRAS to the qualifying property owners who are then required to pass on the benefit to their SME tenants. The Singapore Government will be releasing further details in relation to the cash grant (including any further qualifying criteria) at a later date.

2.3.2 The Singapore Government will also be introducing a new Bill in the first week of June 2020, mandating landlords to contribute by granting a rental waiver to qualifying SME tenants. The new Bill will also cover provisions on temporary relief from onerous contract terms such as excessive late payment interest or charges and will allow tenants to repay arrears through instalments. If the Bill is successfully passed, SME tenants of qualifying commercial properties who have suffered a significant revenue drop will benefit up to a total of four (4) months of rental relief that will be shared equally between the Singapore Government and landlords. SME tenants of industrial and office properties will also be provided with some relief.

2.3.3 Lastly, tenants in public properties will also be provided with rental relief¹⁰. Eligible commercial tenants¹¹ who earlier qualified for the two (2) months’ of rental waiver (announced as part of the Resilience Budget 2020) will be granted an additional two (2)

⁷ This will include all businesses in the construction, marine and off-shore, and process sectors.

⁸ SME property owners who run a trade or business on their own property will also be eligible for the new cash grant.

⁹ Property owners whose properties are only partially let out, or whose properties are let out to both SME and non-SME tenants under a single tax property account should note that they will not be automatically receiving the government cash grant and will have to submit an application to IRAS (details of which have yet to be announced), providing supporting documents, including proof of SME tenants within its property. The cash grant will then be pro-rated by IRAS accordingly.

¹⁰ The rental waivers provided do not apply to:

- (a) any rented premises, or a part of any rented premises, used for residential purposes; or
- (b) tenants/lessees who pay property tax (as such tenants/lessees will receive the cash grant mentioned in Paragraph 2.3.1 of this update instead).

¹¹ Eligible tenants/lessees may include those providing commercial accommodation, retail, F&B, recreation, entertainment, healthcare and other services.

months' worth of rental waiver, whilst other eligible tenants of non-residential properties¹² who earlier qualified for a month of rental waiver (announced as part of the Resilience Budget 2020), will be granted an additional month of rental waiver.

2.4 Financing Support for Promising Start-ups

2.4.1 To aid promising startups which are facing difficulties in raising capital to develop their business in the current COVID-19 situation, the Singapore Government has set aside SGD285 million to attract a further SGD285 million in matching private investments for promising startups.

2.4.2 Startups will be assessed by the respective investment arms of the Singapore Economic Development Board and trade agency Enterprise Singapore (i.e. EDBI and SEEDS Capital) on a case-by-case basis. Details of the specific criteria for startups to qualify have not been released as at the date of this update.

2.5 Enhancements to SGUnited Traineeships Programme and creation of SGUnited Mid-Career Traineeships Scheme

2.5.1 The SGUnited Traineeships Programme was introduced as part of the Resilience Budget 2020, to provide 8,000 new and recent graduates with opportunities to obtain industry-relevant experience as well as to provide businesses with an opportunity to recruit for the eventual recovery of the COVID-19 crisis and for short-term manpower needs. Workforce Singapore will co-fund 80% of the training allowance received by the trainee for up to 12 months, with the remaining to be funded by the host company¹³.

2.5.2 Following the announcement of the Fortitude Budget, the Singapore Government will be increasing the number of traineeships covered under this programme to 21,000. In addition, it will also be creating a new SGUnited Mid-Career Traineeships scheme to provide 4,000 traineeships for unemployed mid-career job seekers.

2.5.3 Companies that are interested in participating in the SGUnited Traineeships programme and/or the SGUnited Mid-Career Traineeships scheme will first be required to complete an Interest Form on <https://form.gov.sg/#!/5e85abfb172ded0011ca2668>. SBF will then get in touch with the company on the application process.¹⁴

2.5.4 Companies that subsequently hire a trainee following the trainee's completion of the SGUnited Traineeships or SGUnited Mid-Career Traineeships programme will be eligible for the hiring incentive set out in section 2.6 of this update.

2.6 Enhancement to SkillsFuture Mid-Career Support Package

2.6.1 The SkillsFuture Mid-Career Support Package was introduced as part of the Unity Budget 2020, which aimed to create career transition opportunities for locals aged 40 and above. The SkillsFuture Mid-Career Support Package provided amongst others, a

¹² Eligible tenants/lessees may include those in premises used for industrial or agricultural purpose, or as an office, a business or science park, or a petrol station.

¹³ Host companies must be registered or incorporated in Singapore. Traineeship Descriptions and Development Plans that would provide trainees with meaningful developmental opportunities during the traineeship period must be provided and will be subject to approval by the Singapore Business Federation ("SBF"). Traineeships offered by the host company may last up to 12 months and must commence by 31 December 2020.

¹⁴ Companies are not allowed to post the traineeship positions or use #SGUnitedTraineeships on MyCareersFuture.sg until SBF has approved the application.

hiring incentive of 20.0% salary support for six (6) months (capped at SGD6,000 in total) funded by the Singapore Government, to employers who hired local jobseekers aged 40 and above through eligible reskilling programmes (“**Hiring Incentive**”).

2.6.2 The Singapore Government has announced in the Fortitude Budget that it will be:

- (a) enhancing the Hiring Incentive by increasing the salary support to 40.0% for six (6) months (capped at SGD12,000 in total) (from 20.0% salary support capped at SGD6,000) for employers who hire local jobseekers aged 40 and above through eligible re-skilling programmes;
- (b) expanding the Hiring Incentive to cover local workers of all ages, such that employers who hire local jobseekers under the age of 40 through eligible re-skilling programmes can receive salary support of 20% for six (6) months (capped at SGD6,000 in total); and
- (c) expanding the list of eligible re-skilling or training programmes.

2.6.3 The enhanced Hiring Incentive will be applicable to any hire from eligible reskilling programmes¹⁵ from 27 May 2020 onwards.

2.6.4 Please refer to https://www.singaporebudget.gov.sg/docs/default-source/budget_2020/download/pdf/fortitude_annexb4.pdf for further details in relation to the enhancements of the Hiring Incentive.

¹⁵ Eligible reskilling or training programmes include (a) Professional Conversion Programmes, (b) Place-and-Train programmes for rank-and-file workers, (c) career transition programmes by Continuing Education and Training Centres, (d) SGUnited Traineeships, (e) SGUnited Mid-Career Traineeships, and (f) SGUnited Skills.

This article has been adjusted from its original to suit N&A's format.

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