



RECAP ARTICLE

SINGAPORE BUDGET SEMINAR 2019

# Singapore Budget Seminar 2019

26 February 2019, Tuesday | Suntec Singapore Exhibition and Convention Centre

The Singapore Budget Seminar 2019, jointly organised by Moore Stephens LLP and Complete Corporate Services, was held on 26 February 2019 at the Suntec City Convention Centre.

Amidst the uncertain global economy outlook, participants were all raring to gain the latest updates and expert views on the Budget and how the policies would impact them. This annual seminar has always provided delegates with a comprehensive highlight of the Budget measures key market updates and forecast. As expected, the event definitely lived up to its hype.

Budget 2019 drew attention to continued support for local businesses with plans in place to assist their growth and expansion to overseas markets. This is despite the uncertain global economic outlook fuelled by trade tensions. Continuing the strategy adopted in the recent years' Budget, technological innovation was also put in the spotlight as the government prepares Singapore for the 4th Industrial Revolution. Another point emphasised during the Budget was to promote inclusive growth and high social mobility in Singapore.

Our first speaker Mr James Cheo, Chief Market Strategist, Southeast Asia at HSBC

Private Banking, delivered an informative and delightful presentation on how the global economy has shaped the Budget. He opened his speech by touching on the US Federation being less aggressive in their interest rate changes and believes they will continue to be so. In his view, a recession in the US is not likely to take place anytime soon with the US having a strong labour market and a falling unemployment rate.

The revival of the manufacturing sector also further supported his point. Besides talking about the US, Mr Cheo also shed

light on some of the positive outlook for the Chinese market as the domestic consumption stabilizes and the Chinese banks issuing more loans which further promotes spending. The key highlight however, was how China has dynamically shifted its focus on innovation, technological advancement and protection of intellectual property of the world rather than being just focused domestically. China has beaten US in terms of investment in Research and Development (R&D) which is no surprise given that China has significantly more Deep Learning and Artificial Intelligence patents.



**In the photo (above):** Chief Market Strategist, Southeast Asia at HSBC Private Banking, Mr. James Cheo on how the global economy has shaped Singapore's Budget

Mr Cheo then concluded that with 5G being the driving force of the 4th Industrial revolution, the Singapore Budget needs to be versatile to ensure firms keep up with the changes amidst a slowdown in the global growth.

With the world economy poised to grow at a slower rate in 2019, events such as a possible no-deal Brexit, a continuing unpredictable Trump administration, the tit-for-tat trade war between US and China and upcoming elections in numerous ASEAN nations, further contribute to a prevailing sense of uncertainty in the global economy.

### Economic and Market Outlook

Against this backdrop, Mr Song Seng Wun, Director and Economist at CIMB Private Banking, contributed his economic and market outlook for Singapore and beyond. Mr Song shared that the economic growth outlook for Singapore is not expected to be significant, as global economic growth is expected to slow to 2.9% in 2019 following a downwardly revision to 3% in 2018.

This is mostly fuelled by the trade war and higher interest rates compared to the past few years, which further undermines investor confidence. He did however highlight that the forecast for other macro indicators were rather positive which included low inflation rate and stabilizing GDP and trade growth.

Closer to home, forecasted growth for



Director and Economist at CIMB Private Banking, Mr Seng Wun Song on the market outlook for Singapore and beyond

the ASEAN nations were relatively high ranging from 2%-7%. In the US, business activity has been picking up in the start of 2019 with goods and private services produce increasing and retail trade decreasing. On the other hand, things do not look as optimistic for the Eurozone as they started out the year with January having the slowest growth in 5½ years. When talking about Singapore, he mentioned that Singapore's growth will be stable for the coming years albeit at a relatively low rate.

### Key Highlights of Budget 2019

This was followed by an informative presentation on the key highlights of this year's Budget measures by Ms Law Pei Serh and Mr Yong Jiahao, Associate Directors' at Complete Corporate

Services. A summary of these highlights included corporate tax, personal tax and Goods and Services Tax changes coupled with grants schemes enhancements and other enablers for firms to scale-up, automate and go global. The main change in corporate tax and support schemes was the extension of the Automation Support Package to 31 March 2021, allowing more firms to receive grants, claim investment allowance and have improved access to loans for financing large-scale automation to drive productivity. With heavy emphasis on helping local firms tap on expertise to innovate, digitalise and venture into new markets abroad, the duo further detailed the schemes that local firms could benefit from, including the Innovation Agents Programme, SME Co-Investment Fund III and a Digital Services Lab to name a few.

**From Left to Right:** Associate Director of Taxation, Ms Law Pei Serh and Associate Director of Taxation, Mr Yong Jiahao on Budget 2019 measures and key highlights for businesses and individuals





Recognising that workers would be impacted by such projects to transform enterprises through digitalisation and going global, some budget measures have been enhanced such that businesses are encouraged to re-skill and upgrade their workers to stay relevant in the transformation journey.

### Transfer Pricing ("TP") in Singapore

After the networking tea break, the seminar resumed with Mr Lim Peng Huat, Director of Taxation at CCS and Mr Chintan Shah, Senior Manager Transfer Pricing at CCS, touching on the topic of Transfer Pricing ("TP"). As part of an update on the new TP rules in Singapore, Chintan highlighted the mandatory TP documentation requirements, non-compliance penalty and surcharge which may be imposed on TP adjustments made. The audience also had a chance to walk through various case illustrations relating to foreign-sourced interest income arising from related party loans and recharacterisation of transactions by the Comptroller of Income Tax.

### FRS 116: Tax Treatment for Leases

Mr Yong Jiahao took to the stage to share more on Tax treatment for leases under FRS 116. Mr Yong further detailed the various corporate income tax implications for leases that would arise as a result of adopting FRS 116 for accounting, with effect from financial periods beginning 1 January 2019.



**In the photo (above):** Director of Taxation, Mr Lim Peng Huat on Transfer Pricing updates in Singapore



**In the photo (above):** Senior Manager of Transfer Pricing, Mr Chintan Shah on mandatory Transfer Pricing documentation requirements in Singapore

**In the photo (below):** An informative segment on Transfer Pricing with case study illustrations by Mr Lim Peng Huat, Director of Taxation and Mr Chintan Shah, Senior Manager, Transfer Pricing at Complete Corporate Services Pte Ltd







**Panel Discussion:** Moderated by Mr Mick Aw, Senior Partner of Moore Stephens LLP, Singapore engaging in thought and discussion with our panel of subject matter experts and panellists.

### Panel Discussion

The Seminar ended with a panel discussion moderated by Mr Mick Aw, Senior Partner of Moore Stephens LLP, allowing the audience to raise or discuss issues relating to the presentations made as well as sharing of views by all on Budget 2019.

A number of interesting questions were fielded to our distinguished panel of speakers who took them on with commendable enthusiasm and gusto, adding more colour and insight to some of the topics they had presented earlier. On the level of support being meted out to help the local small and medium enterprises, the panel was able to offer varied views for all to mull over and potentially formulate a wish list for the next Singapore Budget.



**Panel Discussion:** Speakers and delegates exchanging views during the panel discussion



**From Left to Right:** Panellist and Chief Market Strategist, Southeast Asia at HSBC Private Banking, Mr. James Cheo, Moderator and Senior Partner of Moore Stephens LLP, Singapore, Mr Mick Aw, Panellist and Director and Economist at CIMB Private Banking, Mr Song Seng Wun and Mr Lim Peng Huat, Panellist and Director of Taxation at Complete Corporate Services





*In the photo (above):* Guest Speaker and Director and Economist at CIMB Private Banking, Mr Song Seng Wun, speaking to an engaged audience at the Singapore Budget Seminar 2019



*In the photo (above):* Speakers and delegates enjoying the networking session over lunch and coffee break

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