

Singapore Budget 2019 – Enhanced Support For Start-Up Companies, Changes To The Workforce Quota, And Continued Focus On Innovation And Technology¹

Introduction

The theme of the Singapore Budget 2019 is to develop a strategic plan with regard to the allocation of resources, in order to build a Strong, United Singapore. In line with the government's aim to transform Singapore's economy into a vibrant and innovative one, the Budget 2019 proposes to provide support to start-up companies in three areas: providing customised assistance, better financing options, and supporting technology adoption. Further, the Budget 2019 introduces new changes to the workforce quota in the services sector, along with measures to support companies in adjusting to these changes.

In this digital age, in order for Singapore to be the "Global-Asia Node of Technology, Innovation and Enterprise", the Budget 2019 also focuses on building global partnerships to bring the global innovation community together in Singapore through initiatives like the Singapore Fintech Festival, and entering into Free Trade Agreements ("FTAs") with other countries. In this article, we discuss below these salient points from the recent Budget 2019.

Enhanced support for start-up companies

As mentioned above, the Budget 2019 aims to allow start-ups to thrive by providing support to allow their ventures into new markets. Customised assistance provided to firms includes a Scale-up SG programme to further develop firms, and a two-year pilot Innovation Agents programme which allows for enterprises to obtain advice on innovation opportunities from experienced industry professionals.

Additionally, to continue the work of earlier SME Co-Investment Funds, an additional S\$100 million will be set aside to establish SME Co-Investment Fund III to continue supporting firms, involving investee companies such as Temasek Holdings, to catalyse investment in Singapore-based SMEs. Banks in Singapore have also increased the accessibility of loans for enterprises, and the existing 8 financing schemes offered by Enterprise Singapore will be streamlined into a single Enterprise Financing Scheme which will be launched in October 2019. The SME Working Capital Loan scheme which was introduced in Budget 2016 will also be extended until 31 March 2021.

Further, to help Singapore SMEs adopt digital technologies, the SMEs Go Digital programme announced in Budget 2017 will be expanded, by developing Industry Digital Plans (IDPs) to more sectors as well as extending support to a wider range of digital solutions. Other strategies include a pilot of the Digital Services Lab (DSL) which was launched in November 2018, the extension of the Automation Support Package (ASP) by 2 years and a pilot one-stop portal for the food services to be launched by 3Q 2019.

Changes to the workforce quota

The Budget 2019 also announced the adjustment of the workforce quota for the services sector in phases. The services sector Dependency Ratio Ceiling (DRC) will be reduced from 40% to 38% in

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2020, and to 35% in 2021, and the services sector S Pass Sub-DRC will be reduced from 15% to 13% in 2020, and to 10% in 2021.

Continued focus on innovation and technology

The Budget 2019 introduces measures that continually focus on enhancing innovation and technology in the Singapore economy, particularly through building deeper partnerships within Singapore, the region, and worldwide. For instance, the Budget 2019 highlights the many partnerships built between the Singapore FinTech Association and foreign FinTech associations, as well as the many FTAs negotiated over the years, like the EU-Singapore FTA, among others. Further, following up with the Global Innovation Alliance initiative as set out in the Budget 2017, nine nodes in global start-up hotspots such as Bangkok, Beijing, Berlin, Jakarta, and San Francisco, have now been established to give entrepreneurs opportunities to build global networks.

Additionally, to encourage the global innovation community to collaborate together with Singapore as a hub, the world's largest FinTech event, the Singapore FinTech Festival and the Singapore Week of Innovation and Technology ("SWITCH") was held last year. This year, the Singapore FinTech Festival and SWITCH will be held in the same week to maximise impact and involve even more entrepreneurs, investors and innovators globally.

Conclusion

The impact of the above changes in building a strong and united Singapore remain to be seen. However, it is imperative for businesses to note the pertinent changes to the workforce quota, the enhanced support provided to start-up companies, and the continuing significance of focusing on innovation and technology in this increasingly globalised digital world.

Should you have any queries as to how this update may affect you or your organisation or require further information, please do not hesitate to email us.



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This article is intended to highlight several salient points under the recent Singapore Budget 2019. It is not intended to be comprehensive nor should it be construed as legal advice. This article is updated as of 12 March 2019.