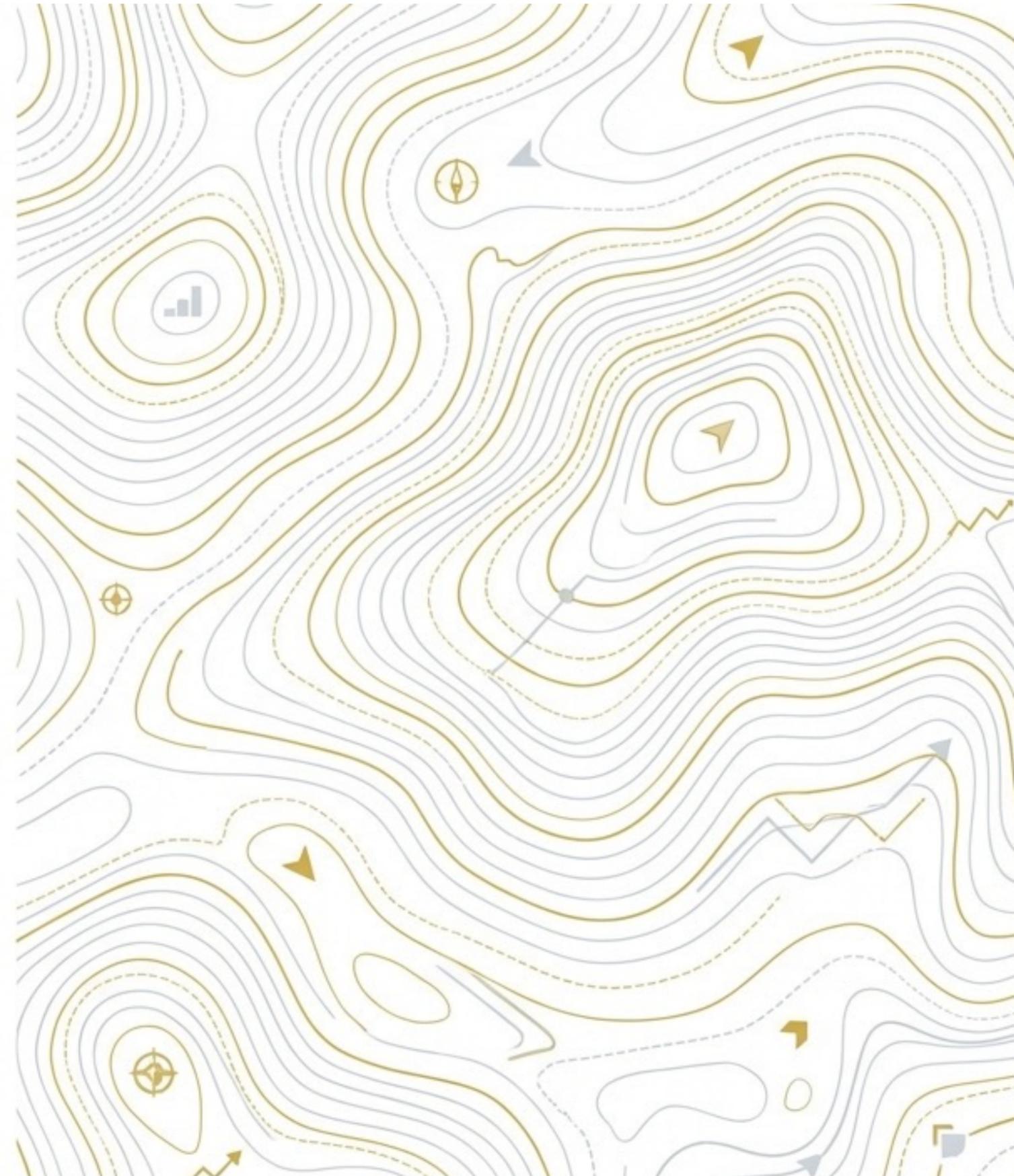




# FY2026 Fiscal & Regulatory Update

Navigating Tax Changes, Grants,  
and Strategic Incentives

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# Executive Dashboard: The FY2026 Policy Landscape at a Glance

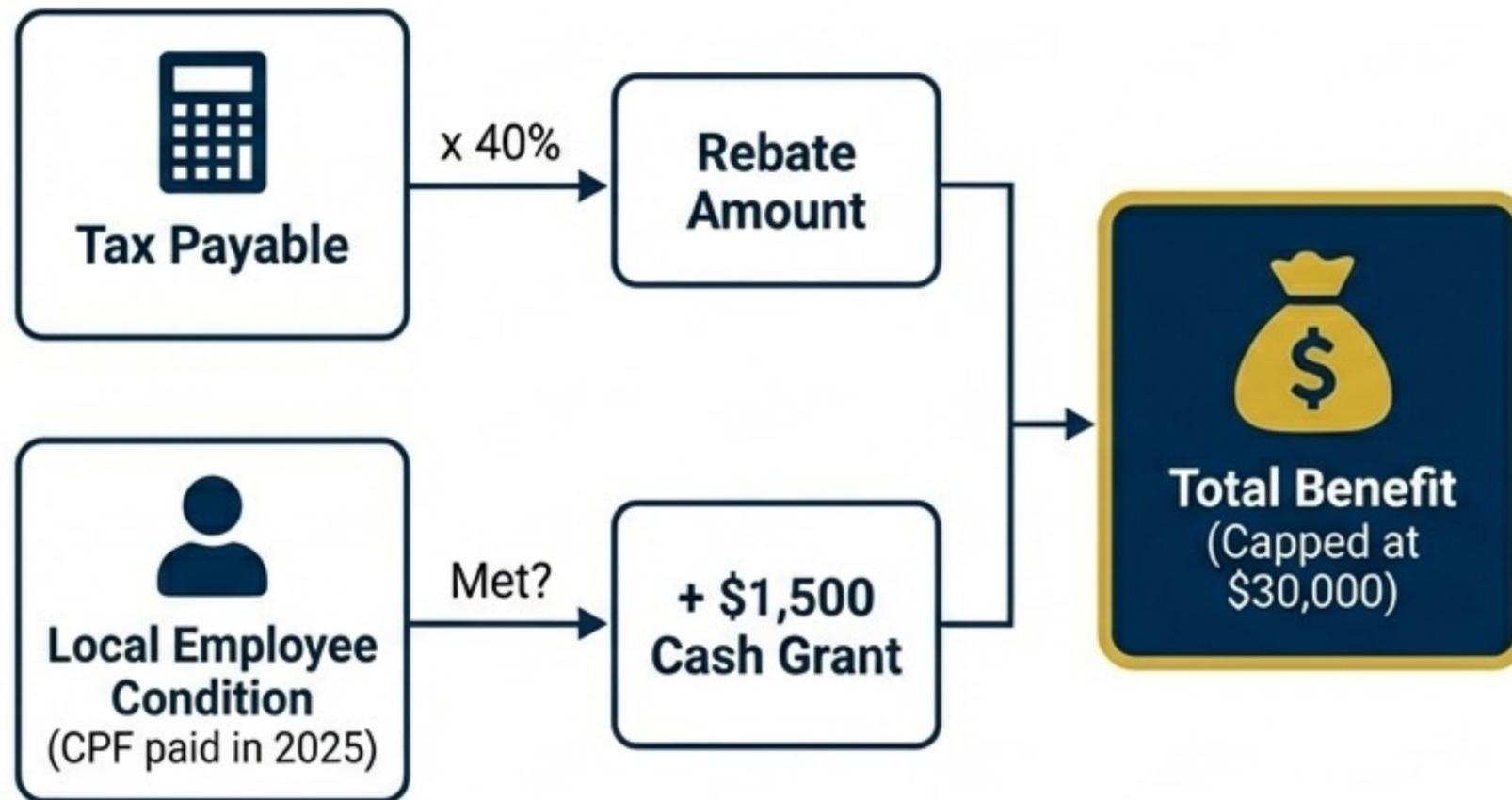
				
Managing Costs	Going Global	Fueling Innovation	Sector & Social	Compliance
<ul style="list-style-type: none"><li>• Corporate Income Tax: 40% Rebate (Capped at \$30k).</li><li>• Cash Grant: Min \$1,500 for employing locals.</li></ul>	<ul style="list-style-type: none"><li>• MRA Grant: Support increased to 70%.</li><li>• DTDi: Auto-claim cap raised to \$400k.</li></ul>	<ul style="list-style-type: none"><li>• AI Incentives: 400% deduction on AI spend.</li><li>• Financing: Loan caps lifted for fixed assets.</li></ul>	<ul style="list-style-type: none"><li>• Finance: Tax exemptions extended to 2031.</li><li>• ESG: 250% deduction for donations extended.</li></ul>	<ul style="list-style-type: none"><li>• Vehicles: PARF rebate cut by 45%-pts.</li><li>• Tobacco: Duty up ~20%.</li></ul>

**Strategic Implication:** The FY2026 Budget shifts focus from pandemic-era survival to structural transformation—specifically targeting AI adoption and deeper international market penetration.



# Immediate Relief: Corporate Income Tax (CIT) Rebate & Cash Grant

## The Visual Equation



## The Details

- **The Rebate:** 40% of tax payable for YA 2026.
- **The Cash Grant:** Minimum benefit of \$1,500 for active companies meeting the local employee condition (Singapore Citizen/PR).
- **The Cap:** Maximum total benefit (Rebate + Grant) = \$30,000.
- **Disbursement:** Automatic from Q2 2026.

### Example Scenario:

Company A has \$30,000 tax payable.

**Calculation:** Rebate (\$12,000) + Cash Grant (\$1,500) = Total Benefit \$13,500.

**Strategic Implication:** Ensure at least one local employee receives CPF contributions in CY 2025 to trigger the minimum \$1,500 cash floor.



# Internationalization: Aggressive Support for Market Expansion (MRA)



## Strategic Implication

The removal of the 'new market' constraint is a game-changer. Companies can now utilize MRA funding to deepen market share in regions where they already have a foothold.

# Reducing Friction: Double Tax Deduction for Internationalisation (DTDi)



## Before & After

Current	From YA 2027
	
Automatic Claim Cap: \$150,000	Automatic Claim Cap: \$400,000 (No prior approval)

## Expanded Scope

- Investment Feasibility Studies
- Master Licensing & Franchising
- Overseas Business Development Trips

From YA 2027, businesses can move faster with less paperwork. The cap for automatic 200% tax deduction claims **nearly triples**.

Strategic Implication: Review your YA 2027 overseas development budget. Projects previously requiring tedious prior approval may now fit within the automatic \$400k window.



# Global Connectivity: Traders and Innovators

## Global Trader Programme (GTP)



- Extended to 31 Dec 2031.
- New Qualifying Commodity: Carbon Credits (Environmental Attribute Certificates).
- Effective 13 Feb 2026.

## Global Innovation Alliance (GIA)



- Enhanced support levels (up to 70% for SMEs).
- Focus: Cross-border innovation and market access.

## Business Adaptation Grant

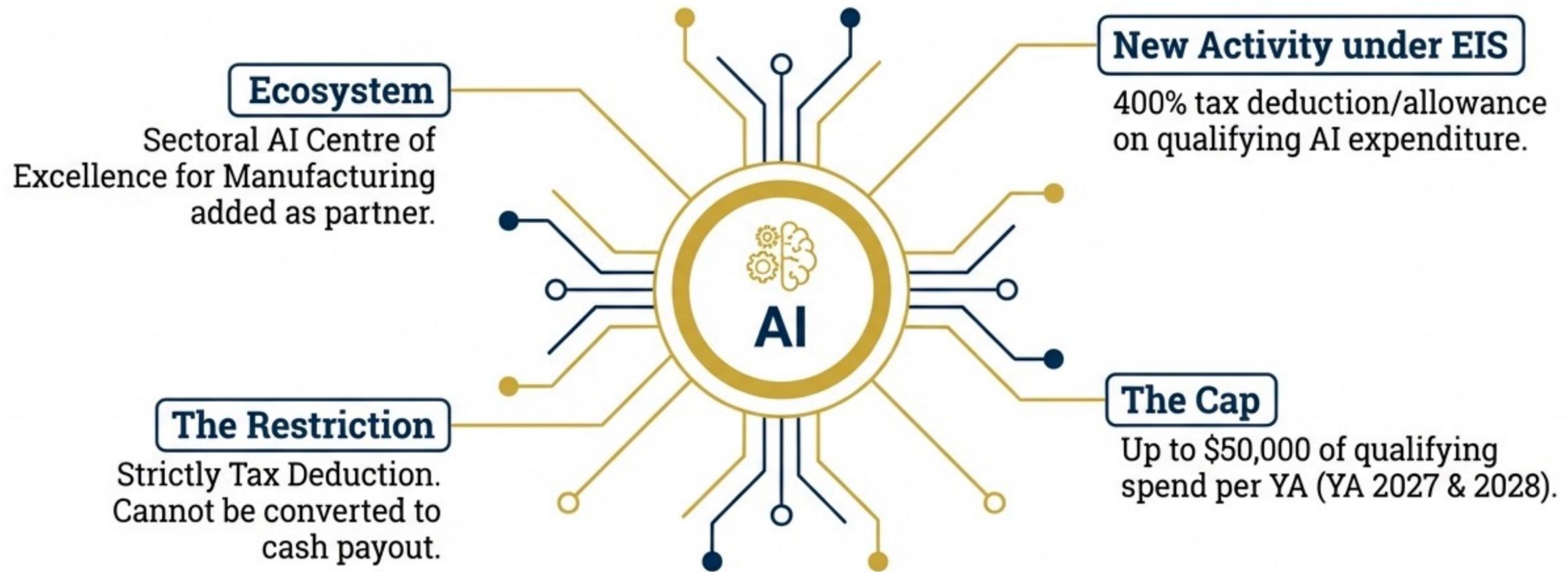


- Extended to Oct 2027.
- Focus: Supply chain resilience and tariff reconfiguration.

**Strategic Implication:** For commodities traders, the inclusion of carbon credits in GTP creates a tax-efficient pathway to enter the green economy.



# Innovation Strategy: The AI Adoption Boost



**Strategic Implication:** This is a targeted nudge: The government wants you to adopt AI, but expects profitable companies to use the tax shield rather than seeking cash handouts.

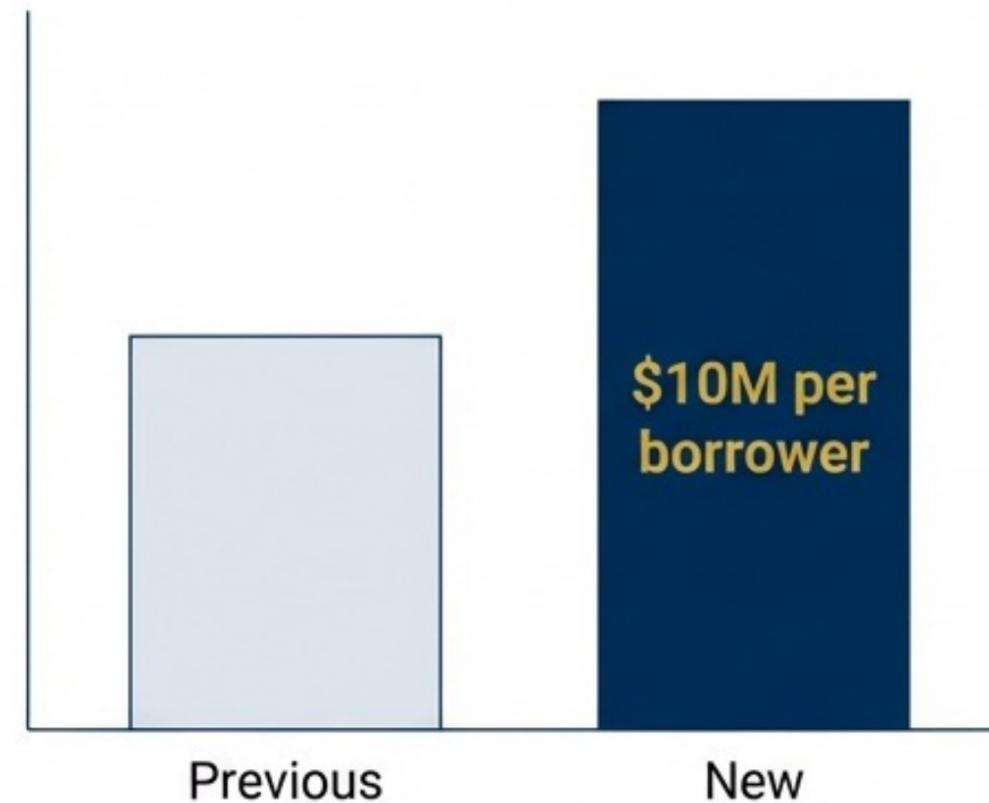
# Financing Growth: Unlocking Capital for Assets & Trade



## EFS – SME Fixed Assets Loan



## EFS – Trade Loan



Effective Date: 1 April 2026.

Changes facilitate heavier capex and larger trade volumes.

### Strategic Implication:

Companies planning significant domestic or overseas fixed asset investments (factories, machinery) no longer face the \$30M facility cap, provided they stay within the group exposure limit.



# Sector Competitiveness: Financial Services & Treasury

## Withholding Tax (WHT) Exemptions



### Extended to 31 Dec 2031.

Covers Section 12(6) payments, structured products, OTC derivatives, and cross-currency swaps.

## Finance & Treasury Centre (FTC) Incentive



### Extended to 31 Dec 2031.

Scope expanded to include interest-like borrowing costs (effective 13 Feb 2026).

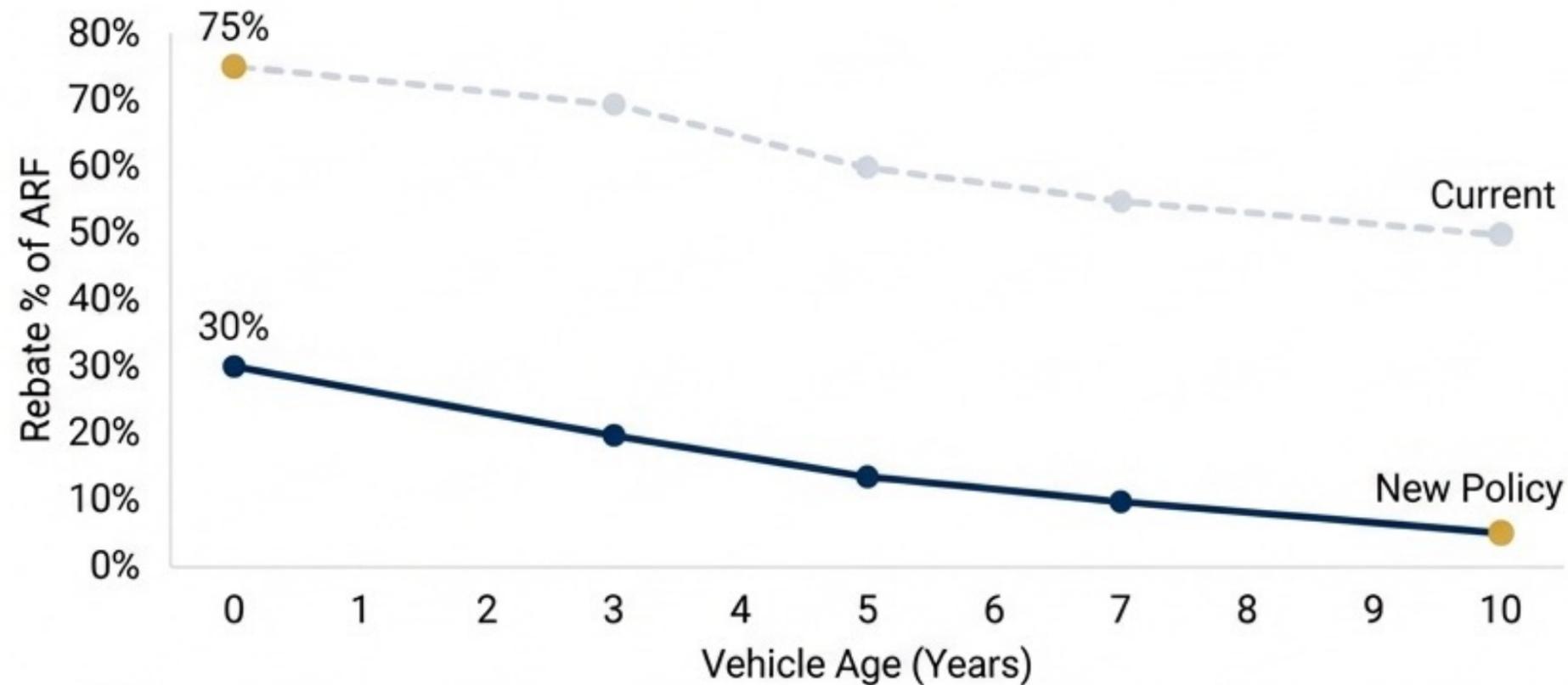
### Strategic Implication:

The expansion of FTC exemptions to 'interest-like' costs modernizes the incentive to match complex financing structures used by global treasuries.



# Regulatory Adjustment: Vehicle Tax & PARF Rebates

## PARF Rebate Comparison



### Key Data Points

- **The Policy:** PARF rebate reduced by 45 percentage points.
- **The Cap:** Reduced from \$60,000 to \$30,000.
- **Impact:** <5 years old drops from 75% to 30% ARF.
- **Effective:** Feb 2026 (2nd COE bidding).

### Strategic Implication:

The ROI on holding company cars changes drastically. The resale value of fleet vehicles will be significantly lower due to the reduced rebate upon deregistration.



# Social Responsibility: Workforce & Philanthropy

## Platform Workers



- Platform operators can now claim tax deductions for voluntary CPF cash top-ups (VC-MA).
- **Goal:** Parity with employer tax benefits.
- **Effective:** YA 2027.

## Culture of Giving



- **Donations:** 250% tax deduction extended to 2029.
- Corporate Volunteer Scheme (CVS): 250% deduction on wages extended to 2029.

## Strategic Implication:

Platform operators now have a tax-efficient mechanism to attract gig workers by subsidizing their healthcare savings (MediSave).



# Compliance Horizon: Duties & Lapsing Schemes

## Tobacco Excise Duty

**+20%**

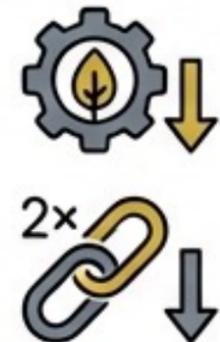
**Hike** across all tobacco products effective 12 Feb 2026.  
Cigarettes rise from 49.1 cents to 58.9 cents per stick.



## Lapsing Schemes

(Sunset: 31 Dec 2026)

1. **IA-ER:** Investment Allowance for Emissions Reduction (Replaced by green grants).
2. **Retail Bonds:** Double tax deduction for upfront costs.



### Strategic Implication:

Review any pending claims for IA-ER or Retail Bonds. These windows are closing as the government pivots to newer frameworks like Refundable Investment Credits (RIC).



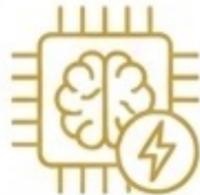
# Strategic Takeaways: Your Monday Morning Action Plan



**Secure the Cash Grant:** Verify payroll includes at least one local employee (citizen/PR) with CPF contributions in 2025.



**Rethink Expansion:** Audit overseas plans for YA 2027 to utilize the higher \$400k DTDi auto-claim limit.



**Invest in AI:** Identify \$50k in qualifying AI spend to maximize the 400% EIS deduction.



**Review Fleet Assets:** Recalculate depreciation for company cars; PARF rebates are dropping by 45%-pts.



**Green Trading:** If applicable, prepare to trade Carbon Credits under the expanded GTP tax shelter.

*FY2026: A budget for those ready to innovate and internationalize.*