THE STRAITS TIMES

Budget 2025 wish list: Singapore businesses seek simpler tax processes

The wish list includes simpler filing methods, less documentation needs, and more readily available tax advising services. PHOTO: LIANHE ZAOBAO

Angela Tan

UPDATED JAN 01, 2025, 08:49 AM

SINGAPORE - Businesses in Singapore are hoping that Budget 2025 could simplify some of the tax processes to lessen the compliance and administrative load.

This includes simpler filing methods, less documentation needs, and more readily available tax advising services.

Some of these requests have been shared with the Ministry of Finance and the Inland Revenue Authority of Singapore (Iras) as part of the Singapore International Chamber of Commerce's (SICC) wish list for Budget 2025, which is scheduled to be presented in February.

SICC, which will turn 188 years old on Feb 8, is Singapore's longest-serving, independent business association, representing both large multinational corporations (MNCs) and small and medium-sized enterprises (SMEs).

Mr Victor Mills, SICC's interim chief executive officer and adviser to the board, shares the chamber's top tax-related wishes with The Straits Times.

Tweak Refundable Investment Credit (RIC)

While the introduction of the RIC in Budget 2024 was a positive step, businesses believe it does not fully compensate for the lost benefits originally granted to companies under the traditional tax incentive schemes.

SICC is asking for a simplified RIC mechanism, which could include providing businesses with the flexibility to use the RIC for offsets between group company entities and allowing tax-paying businesses to choose between a cash grant and RIC.

The Government may also want to consider reducing the number of surveys and audits imposed on businesses by using data obtained from other incentives, such as the Global Trader Programme.

Streamline incentives and grants

Some aspects of tax incentives and grants could be simplified, especially for foreign mid-cap businesses which are not subject to the changes in global tax rules, to ensure large MNCs pay a minimum level of tax on the income arising in each of the jurisdictions where they operate.

These can include easier eligibility criteria, simplified application processes, and less complex post-approval compliance and reporting requirements.

Cut administrative burdens

The implementation of e-invoicing rules makes it a good time to review the scope of the Assisted Compliance Assurance Programme (Acap), Mr Mills said.

The goods and services tax (GST) Acap was introduced to encourage businesses to set up a robust control framework to ensure the proper accounting of GST on transactions.

Since its introduction in 2011, over 1,000 businesses from different industries have successfully applied for Acap.

As at Dec 31, 2021, more than 600 businesses have attained Acap status, according to the Inland Revenue Authority of Singapore's website.

Businesses are asking for a limit on the categories of supplies falling outside the InvoiceNow system to reduce administrative burdens and improve programme efficiency.

Special consideration could be extended for businesses whose Acap renewal period overlaps with the new mandatory e-invoicing rules, possibly through a reduced scope or extended timeline, Mr Mills said.

Non-tax wish

Finally, a non-tax related proposal calls for extending the Overseas Market Immersion Programme support to SMEs without overseas branches.

The programme supports companies that are interested in overseas expansion to reskill employees with little to no overseas experience in the market.

It provides salary support of up to 70 per cent, capped at $5,000 per month, for up to nine months.

It also subsidises up to 70 per cent of the overseas allowances, capped at $3,000 per month, for recurring expenses such as meals, transport and housing.

"This is to allow such SMEs to give their Singaporean talent exposure to the overseas markets in which their companies have business," Mr Mills said.

- Angela is senior correspondent at The Straits Times' business desk.