Macro Note

Singapore Budget 2026: Forging ahead in a changed world

Thursday, 12 February 2026

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- On 12 Feb 2026, Prime Minister and Minister for Finance Lawrence Wong delivered the Budget 2026 Statement, "Securing Our Future Together in a Changed World".

- Budget 2026 centres on three priorities: employing a multi-pronged approach to unlock AI-related productivity gains, helping firms expand into new overseas markets, and providing calibrated support for lower-income households and vulnerable groups to ensure an inclusive economic transition.

- FY2025 overall fiscal surplus more than doubled to S$15.1bn (1.9% of GDP), from the budgeted S$6.8bn (0.9% of GDP), reflecting stronger operating revenues and a larger NIRC, alongside a more modest-than-expected overshoot in total expenditure. For FY2026, the budgeted overall fiscal surplus is S$8.5bn (1.0% of GDP), broadly in line with our projection of S$8.1bn (1.0% of GDP).

Budget 2026 – Securing our future together in a changed world

On 12 Feb 2026, Prime Minister and Minister for Finance Lawrence Wong delivered the Budget 2026 Statement, "Securing Our Future Together in a Changed World". The Budget sets out three strategic thrusts:

i. **employing a multi-pronged approach to unlock AI-related productivity gains while managing associated risks;**
ii. **supporting firms to scale overseas and deepen capabilities in new and fast-growing markets;**
iii. **providing calibrated support for lower-income households and vulnerable groups in society, ensuring an inclusive transition as the economy restructures.**

The key themes in Budget 2026 were largely in line with our expectations, with a pronounced emphasis on AI adoption and on helping firms diversify and expand into new overseas markets. For further details, see our Budget 2026 Preview: Securing Singapore's future amid geopolitical and AI-driven uncertainties.

FY2025 overall fiscal surplus more than doubled to S$15.1bn (1.9% of GDP) from the budgeted S$6.8bn (0.9% of GDP)

FY2025 – The overall fiscal surplus for FY2025 more than doubled to S$15.1bn (1.9% of GDP), compared with a budgeted S$6.8bn (0.9% of GDP). The outturn reflected stronger operating revenues (6.6% above budgeted estimates) and a larger NIRC (1.5% higher), alongside a more modest-than-expected overshoot in total expenditure (0.5% higher). **We had anticipated a fiscal surplus of 1.0% of GDP for FY2025.**

The upside surprise in operating revenues was driven mainly by **higher corporate income tax collections (7.9% higher),** reflecting "stronger-than-expected economic growth in 2024", as well as a significant overshoot in **Vehicle Quota Premiums (31.1% higher)** on elevated COE premiums. **Stamp Duty collections also came in stronger (14.8% higher)**, supported by "higher-than-expected Government Land Sales and increased activity in the private property market".

On the expenditure side, the Ministry of Manpower saw higher-than-expected operating expenditure due to "higher requirements for social support schemes, such as the Workfare Income Supplement Scheme and Matched Retirement Savings Scheme". The Ministry of Transport also saw higher-than-budgeted spending due to stronger development expenditure.

FY2026 overall fiscal surplus to narrow to S$8.5bn (1.0% of GDP) with CIT/PIT growth more than offset by higher expenditures

FY2026 – The budgeted overall fiscal surplus for FY2026 is S$8.5bn (1.0% of GDP), broadly in line with our projection of S$8.1bn (1.0% of GDP). Operating revenues are expected to rise by 3.0%, driven by higher corporate income tax collections reflecting strong economic growth in 2025; higher personal income tax receipts supported by robust nominal wage growth in 2025; and increased GST collections due to projected growth in private consumption.

Total expenditure is projected to increase by a strong 10.3% in FY2026, led by a sharp rise in development expenditure (26.2%). The increase is driven primarily by MTI, reflecting "initiatives to enhance Singapore's economic competitiveness in an uncertain global environment", and by MHA due to "progress of development projects, e.g., the JB-SG RTS Link and the Home Team Complex". **In our view, the projected 3.0% increase in operating revenues appears conservative**, given robust real GDP growth in 2025 (5.0%; 2024: 5.3%) and strong nominal median income growth (2025: 5.0%; 2024: 5.8%), which imply better prospects for CIT and PIT collections respectively. Growth is also expected to remain resilient in 2026, as reflected in MTI's recent upgrade of its official GDP forecast range to 2.0-4.0% (from 1.0-3.0% prev). **Taken together, these factors suggest that operating revenues could surprise on the upside, potentially resulting in a larger-than-budgeted overall fiscal surplus.**

Despite the budgeted FY2026 overall fiscal surplus (1.0%), **the FY2026 basic balance** is projected to swing into a sizeable deficit of -0.6% of GDP from a +0.3% surplus in FY2025. **This translates into a positive fiscal impulse of 0.6% according to MOF estimates (Fig 3), implying a mildly expansionary fiscal stance.**

Fig 1: Summary of fiscal position for FY2022-FY2026

Source: Ministry of Finance (Singapore), Macrobond, UOB Global Economics & Markets Research

					(A)	(B)		(C)	
				Revised	Budgeted	Revised	Revised vs Budgeted FY25	Budgeted	FY26 vs FY25
SGD $bn	FY2022	FY2023	FY2024	FY2024	FY2025	FY2025	(B) vs (A)	FY2026	(C) vs (B)
Operating Revenue	**91.02**	**103.44**	**116.62**	**115.52**	**122.78**	**130.86**	**6.6%**	**134.75**	**3.0%**
Corporate Income Tax	23.07	28.99	30.88	30.93	32.67	35.24	7.9%	37.77	7.2%
Personal Income Tax	15.52	17.51	18.97	19.06	20.23	20.64	2.0%	21.80	5.6%
Goods and Services Tax	14.09	16.65	20.61	20.04	21.73	21.30	-2.0%	22.26	4.5%
Stamp Duty	5.95	5.81	6.36	6.58	5.92	6.80	14.8%	6.92	1.8%
Assets Taxes	5.10	5.94	6.70	6.64	6.89	6.99	1.3%	7.32	4.7%
Vehicle Quota Premiums	3.76	4.49	6.54	6.38	6.60	8.66	31.1%	9.42	8.8%
Others**	23.52	24.06	26.56	25.89	28.73	31.23	8.7%	29.27	-6.3%
Total Expenditure	**104.86**	**105.31**	**112.91**	**112.28**	**123.79**	**124.46**	**0.5%**	**137.32**	**10.3%**
Operating Expenditure	84.44	83.83	89.55	88.90	97.03	97.47	0.5%	103.27	6.0%
Development Expenditure	20.42	21.49	23.36	23.39	26.76	26.99	0.9%	34.05	26.2%
Primary Surplus/Deficit	(13.84)	(1.87)	3.71	3.24	(1.01)	6.40		(2.57)	
% of GDP	-2.0%	-0.3%	0.5%	0.4%	-0.1%	0.8%		-0.3%	
Special Transfers	**8.94**	**27.07**	**25.12**	**25.01**	**23.38**	**23.37**	**0.0%**	**21.74**	**-7.0%**
Special Transfers Excluding Top-ups to Endowment and Trust Funds	**2.69**	**2.75**	**3.07**	**2.96**	**3.78**	**3.77**	**-0.2%**	**2.84**	**-24.8%**
Basic Surplus/Deficit	(16.53)	(4.62)	0.64	0.28	(4.79)	2.63		(5.41)	
% of GDP	-2.3%	-0.7%	0.1%	0.0%	-0.6%	0.3%		-0.6%	
Top-ups to Endowment and Trust Funds	**6.25**	**24.32**	**22.05**	**22.05**	**19.60**	**19.60**	**0.0%**	**18.90**	**-3.6%**
Net Investment Returns Contribution	**22.38**	**22.97**	**24.03**	**24.07**	**27.14**	**27.53**	**1.5%**	**28.48**	**3.4%**
Overall Budget Surplus/Deficit	(0.40)	(5.97)	2.62	2.31	2.74	10.56		4.18	
% of GDP	-0.1%	-0.9%	0.4%	0.3%	0.4%	1.3%		0.5%	
(+) Capitalisation of Nationally Significant Infrastructure	2.21	3.65	4.17	4.20	4.63	5.03		5.02	
(-) Depreciation of Nationally Significant Infrastructure	0.00	0.00	0.00	0.00	0.00	0.00		0.00	
SINGA Interest Costs and Loan Expenses	0.09	0.23	0.38	0.38	0.56	0.49		0.65	
Overall Fiscal Position	1.72	(2.55)	6.41	6.13	6.81	15.10		8.54	
% of GDP	0.2%	-0.4%	0.9%	0.8%	0.9%	1.9%		1.0%	

Due to rounding, figures may not add up. Negative figures are shown in parentheses.
**Includes Withholding Tax, Statutory Boards' Contributions, Customs, Excise and Carbon Taxes, Motor Vehicles Taxes, Betting Taxes, Other Taxes, Fees and Charges and Others.

Fig 2: Summary of total expenditure for FY2022-2026

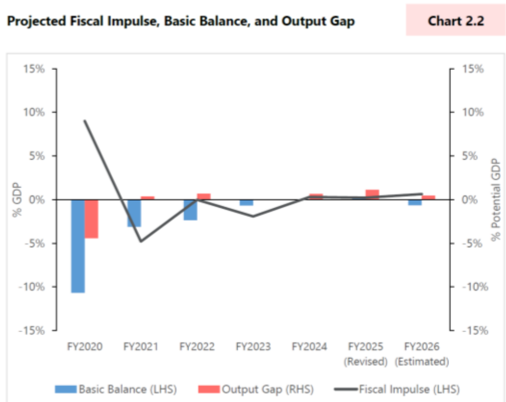
Source: Ministry of Finance (Singapore), Macrobond, UOB Global Economics & Markets Research

					(A)	(B)		(C)	
				Revised	Budgeted	Revised	Revised vs Budgeted FY25	Budgeted	FY26 vs FY25
SGD $mn	FY2022	FY2023	FY2024	FY2024	FY2025	FY2025	(B) vs (A)	FY2026	(C) vs (B)
Total Expenditure	**104855**	**105314**	**112913**	**112281**	**123792**	**124460**	**0.5%**	**137324**	**10.3%**
Social Development	**51812**	**51995**	**55945**	**55711**	**61317**	**61021**	**-0.5%**	**65811**	**7.8%**
Education	13061	13992	14583	14430	15300	15125	-1.1%	16450	8.8%
National Development	9072	8500	10054	9865	9303	9309	0.1%	10087	8.4%
Health	17112	17259	17938	18225	20863	20376	-2.3%	22503	10.4%
Sustainability and the Environment	2680	3261	3346	3303	4125	4207	2.0%	3693	-12.2%
Culture, Community and Youth	3844	2378	2566	2557	2781	2711	-2.5%	3086	13.8%
Social and Family Development	3737	4102	4572	4534	5468	5472	0.1%	6072	11.0%
Digital Development And Information	743	743	1017	933	1104	1089	-1.4%	1267	16.3%
Manpower (Financial Security)	1562	1761	1869	1864	2373	2732	15.1%	2653	-2.9%
Security and External Relations	**25419**	**27960**	**29886**	**29798**	**33241**	**33689**	**1.3%**	**37273**	**10.6%**
Defence	16952	19367	20850	20810	23440	23440	0.0%	24934	6.4%
Home Affairs	7992	8096	8501	8454	9203	9663	5.0%	11694	21.0%
Foreign Affairs	475	497	535	534	598	586	-2.0%	645	10.1%
Economic Development	**24303**	**21747**	**22996**	**22793**	**24517**	**25100**	**2.4%**	**29749**	**18.5%**
Transport	12849	12950	14677	14628	14730	15933	8.2%	16150	1.4%
Trade and Industry	6708	6015	5991	5825	7185	6588	-8.3%	11103	68.5%
Manpower	3852	1645	1210	1222	1331	1341	0.8%	1447	7.9%
Digital Development And Information	894	1138	1118	1118	1271	1238	-2.6%	1049	-15.3%
Government Administration	**3322**	**3612**	**4086**	**3979**	**4717**	**4650**	**-1.4%**	**4491**	**-3.4%**
Finance	1032	1213	1294	1277	1549	1481	-4.4%	1321	-10.8%
Law	260	302	645	639	454	451	-0.7%	659	46.1%
Organs of State	718	741	794	783	814	826	1.5%	883	6.9%
Prime Minister's Office	1313	1356	658	592	1215	1179	-3.0%	840	-28.8%
Others	0	0	695	688	685	713		788	

(1) Figures may not add up due to rounding.

Fig 3: FY2026 basic balance is projected to swing into a sizeable deficit of -0.6% of GDP from a +0.3% surplus in FY2025, resulting in a positive fiscal impulse

Source: Ministry of Finance (Singapore), UOB Global Economics & Markets Research



Macro Outlook for 2026 - AI-related tailwinds could persist at least through 1H26, as evidenced by recent data such as the improvement in Singapore's Jan electronics PMI (51.1; Dec: 50.9) alongside a rise in the electronics orders-to-inventories ratio, which should bode well for electronics IP in the months ahead. Taiwan's tech exports to the US also continued to accelerate in Jan 26. MTI's Composite Leading Index (CLI) for Singapore strengthened further in 4Q25 (3.7% q/q; 3Q: 3.2%), signalling the possibility of an even stronger q/q sa GDP expansion in 1Q26. **We have recently upgraded our Singapore 2026 GDP growth forecast to 3.6% (from 2.6% prev), with risks likely still tilted towards the upside.** Under our revised baseline projections, we assess that the **output gap is likely to remain significantly positive in 2026** (1.0%; 2025: 1.2%), broadly comparable to MAS' estimate in the Jan 2026 Macroeconomic Review. (See 4Q25 GDP note).

While core inflation momentum (on a 3m/3m sa basis) strengthened further in Dec, a significant portion of the increase was driven by holiday-related factors such as the surge in airfares and package holidays, which is unlikely to persist. **There remain limited signs of broad-based demand-pull inflation. We project core inflation to rise to 1.5% in 2026 (2025: 0.7%), partly due to low base effects.** Our projection sits within MAS' upwardly revised 2026 core inflation forecast range of 1.0-2.0% (0.5-1.5% prev) in the Jan 2026 MPS (note).

The prospects of an excessive acceleration in prices are assessed to be less likely at this juncture, with the gradual appreciation of the S$NEER helping to curb imported inflation, while the slowdown in services ULC (4Q25: 0.0% y/y; 3Q: 0.7%) could keep a lid on services inflation, with manpower-related cost pressures mitigated by some AI-related productivity boost.

We expect MAS to steepen the S$NEER band slope by 50bps to 1.0% p.a. at the upcoming Apr 2026 MPS, and view this as a likely one-off adjustment to align the S$REER more closely with equilibrium levels, rather than the start of a sequence of tightening moves—for now.

Right By You

Fig 4: MTI's CLI for Singapore strengthened further in 4Q25, signalling the possibility of an even stronger q/q sa GDP expansion in 1Q26

Source: Macrobond, UOB Global Economics & Markets Research

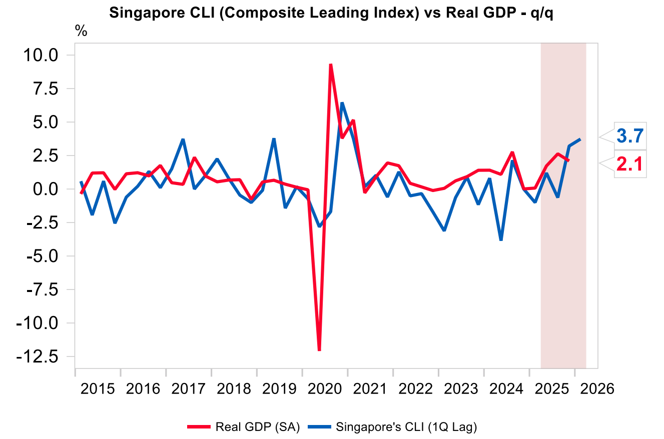


Fig 5: Taiwan's tech exports to the US continued to accelerate in Jan 2026, while non-tech exports remained subdued

Source: Macrobond, UOB Global Economics & Markets Research

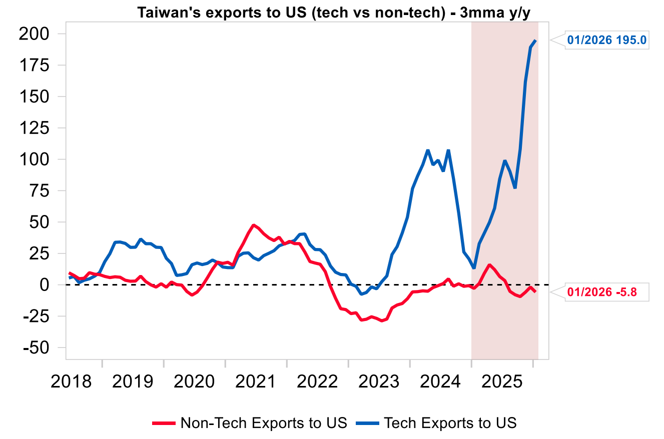


Fig 6: Output gap to stay significantly positive in 2026

Source: Macrobond, UOB Global Economics & Markets Research

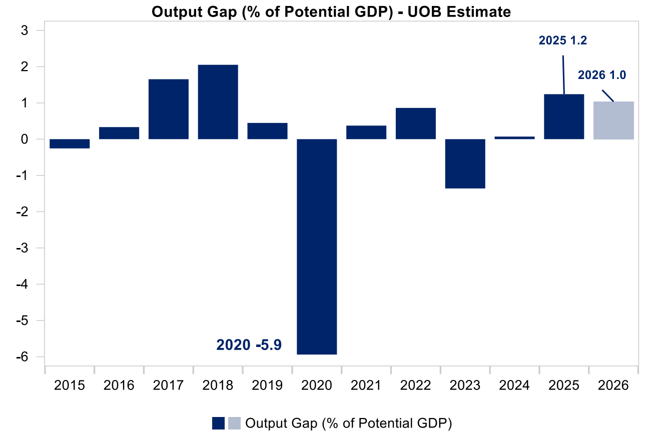


Fig 7: Core inflation momentum firmed in Dec, although largely driven by holiday-related factors

Source: Macrobond, UOB Global Economics & Markets Research

Note: Blue lines indicate past MAS easing episodes, while the red lines reflect past tightening moves.

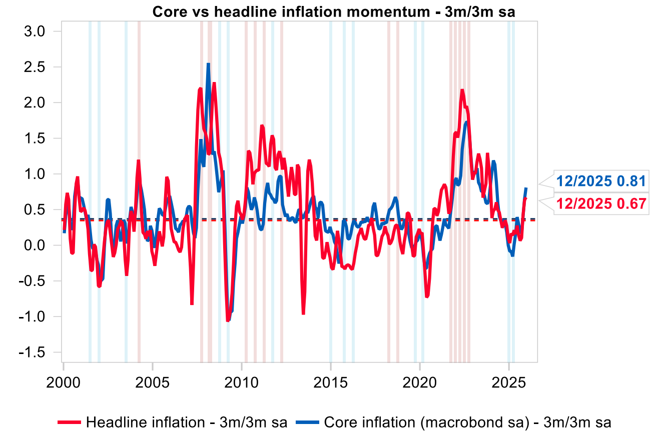


Fig 8: Services ULC cooled further in 4Q25

Source: Macrobond, UOB Global Economics & Markets Research

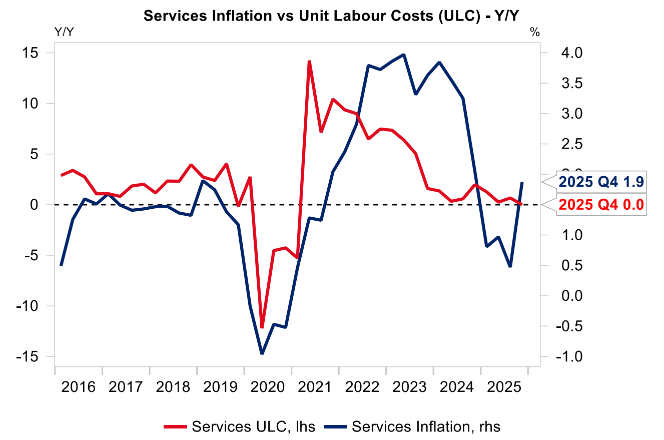
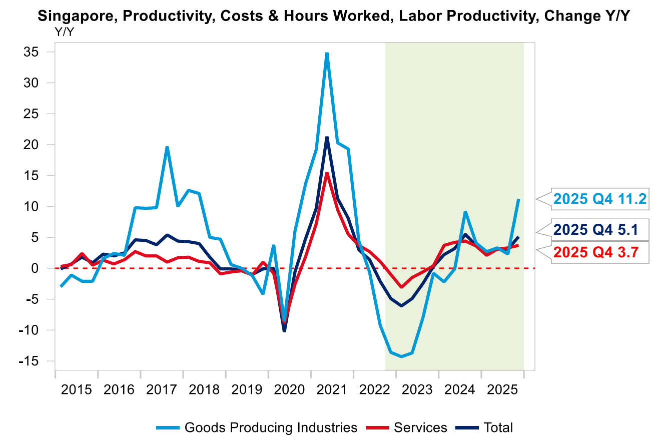


Fig 9: Manpower-related costs pressures likely mitigated by some AI-related productivity boost

Source: Macrobond, UOB Global Economics & Markets Research



Right By You

#1 Artificial Intelligence

Budget 2026 places strong emphasis on helping businesses and workers unlock the substantial benefits of AI through a multi-pronged strategy focused on defraying AI adoption costs, strengthening industry-wide upskilling, and identifying and scaling sector-specific use cases. Firstly, enhancements to the Enterprise Innovation Scheme (EIS)—through the inclusion of qualifying AI expenditures as an additional activity eligible for 400% tax deductions/allowances on up to S$50,000 of expenditures per YA—and the expansion of the Productivity Solutions Grant (PSG) to support a wider range of AI-enabled solutions will help businesses defray AI adoption costs (infrastructure, software) and improve the take-up rate. According to the Singapore Digital Economy Report 2025, SMEs continue to lag significantly behind non-SMEs in AI adoption, with a low uptake rate of 14.5% in 2024 compared with 62.5% among non-SMEs.

In addition, the expansion of the TechSkills Accelerator (TeSA) to help workers build practical AI capabilities, together with the provision of six months complimentary access to premium AI tools for participants of selected SkillsFuture AI courses, **will help strengthen AI literacy and fluency across the workforce.**

Finally, measures such as the establishment of a National AI Council (chaired by PM Wong), the launch of national AI missions, and the Champions of AI programme will **work in complement to help companies navigate the complexity and uncertainty of AI adoption and transition at an industry level. These initiatives will help unlock productivity gains by enabling new revenue streams while reducing costs through efficiency improvements.**

Fig 10: Workers are leveraging AI for brainstorming and ideation, writing and editing and administrative tasks

Source: IMDA Singapore Digital Economy Report 2025, UOB Global Economics & Markets Research

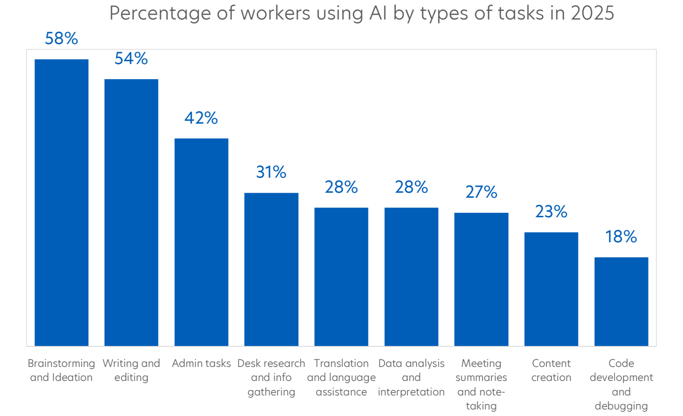
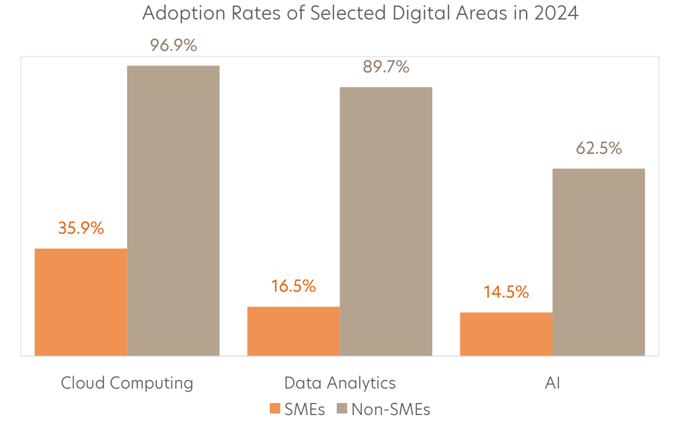


Fig 11: SMEs still lag behind in adopting advanced digital technologies (cloud computing, data analytics and AI) vs non-SMEs, with scope for further increase in AI adoption rates for both SMEs and non-SMEs

Source: IMDA Singapore Digital Economy Report 2025, UOB Global Economics & Markets Research



#2 Overseas Market Expansion

With population growth in several major economic centres projected to peak—or already having peaked—firms will increasingly need to tap rising customer bases in emerging and non-traditional markets such as Africa, Latin America, Eastern Europe, and the Middle East. **However, expansion into these markets is often constrained by limited local market intelligence, regulatory opacity, and high initial setup costs. At the same time, the global trade environment is becoming more protectionist, characterised by the proliferation of tariff and non-tariff measures and trade controls, heightening the risk of sudden market impairment for firms reliant on a narrow set of external markets.**

To this end, **Budget 2026 has strengthened support for internationalisation**. Enhancements to the Market Readiness Assistance (MRA) grant include raising the support level to 70% (from 50%) until 31 March 2029, with the enhanced grant cap of S$100,000 extended to help enterprises defray costs related to overseas market promotion, business development, and market setup. This is complemented by higher grant support levels under the Business Adaptation Grant and the Global Innovation Alliance schemes, as well as enhanced loan quantum under the Enterprise Financing Scheme (SME Fixed Assets Loan and Trade Loan).

Fig 12: Populations in key markets such as the US, China, and Europe are projected to peak soon—or have already peaked—implying a need for firms to explore new and rising markets.

Source: Macrobond, UOB Global Economics & Markets Research

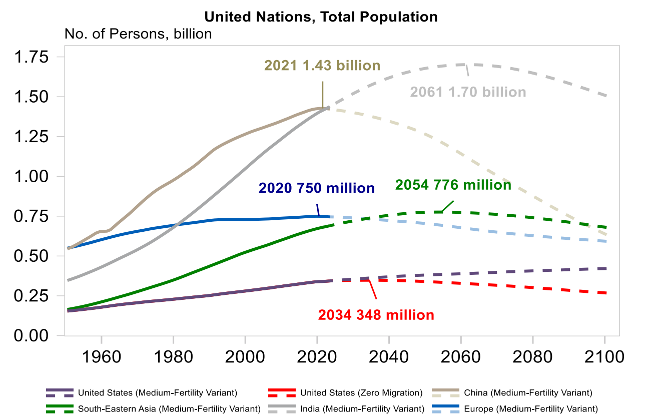


Fig 13: Recent Agreements / Partnerships

Source: MTI, UOB Global Economics & Markets Research

Recent Agreements / Partnerships	Details
MERCOSUR-Singapore FTA (MCSFTA)	Entered into force on 1 Feb 2026 for SG and Paraguay, ratification procedures ongoing for Argentina, Brazil and Uruguay
EU-Singapore Digital Trade Agreement (EUSDTA)	Entered into force on 1 Feb 2026
Future of Investment and Trade (FIT) Partnership	Established on 16 Sep 2025
Pacific Alliance - Singapore FTA (PASFTA)	Entered into force on 3 May 2025 for SG, Chile and Peru, ratification procedures ongoing for Colombia and Mexico

#3 Calibrated Support Measures for Lower-Income and Vulnerable Groups

While the scope of direct household support in Budget 2026 is relatively modest compared with past budgets, the Government has adopted a calibrated approach to ensure that lower-income workers and vulnerable groups continue to receive meaningful assistance. For example, the Local Qualifying Salary (LQS) has been raised to S$1,800 (from S$1,600), requiring firms hiring foreign workers to pay full-time local workers at least this amount, thereby helping to uplift wages for lower-income workers. In addition, the minimum qualifying wage increase for the Progressive Wage Credit Scheme (PWCS) will be raised to S$200 in qualifying years 2027/28 (from S$100 in 2026), allowing support to be better targeted at firms that invest in upgrading their workers' wages and skills.

ComLink+ aims to uplift lower-income families with children by supporting their journey towards stability, self-reliance, and social mobility. In Budget 2026, the ComLink+ Progress Packages will be meaningfully enhanced (see Budget Annex E3 for details) to help these families achieve long-term goals in four key areas: preschool education, employment, debt clearance, and saving for home ownership. In MOF's recently published occasional paper on Income Growth, Inequality, and Social Mobility Trends in Singapore, preschool enrolment rates among children from lower-income families (B20) have risen between 2016 and 2021. However, the share has moderated somewhat in 2022 and 2023. Against this backdrop, the enhancements to the ComLink+ Progress Packages will help recognise families' efforts in taking active steps to improve their circumstances, such as ensuring their children attend preschool.

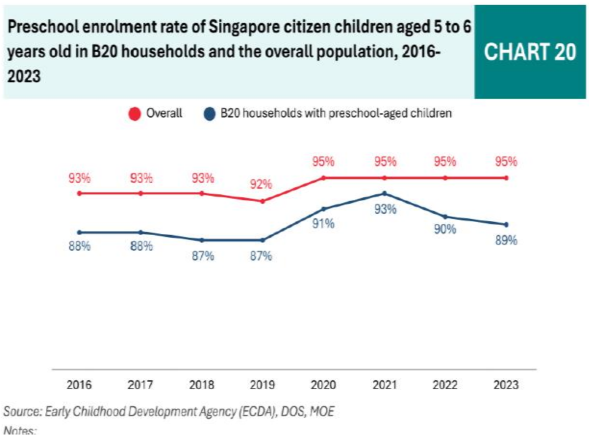
Fig 14: Calibrated support for lower-income groups to mitigate cost-of-living pressures amid early signs of reflation across several CPI categories

Source: Macrobond, UOB Global Economics & Markets Research

	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Total	0.8%	0.6%	0.5%	0.7%	1.2%	1.2%	1.2%
Food	1.0%	1.1%	1.1%	1.1%	1.2%	1.2%	1.2%
Clothing & Footwear	2.2%	-2.3%	0.2%	-0.1%	1.2%	-0.5%	-1.0%
Housing & Utilities	0.9%	0.3%	0.3%	0.2%	0.3%	0.2%	0.2%
Household Durables & Services	-0.4%	-0.5%	-0.9%	-0.3%	-0.4%	0.0%	-0.3%
Healthcare	2.8%	2.4%	2.3%	1.4%	4.0%	4.4%	4.2%
Transport	2.0%	2.1%	2.3%	3.4%	3.4%	3.2%	3.6%
Communication	-2.4%	-2.6%	-2.1%	-2.4%	-2.5%	-2.0%	-2.0%
Recreation & Culture	-2.6%	-1.2%	-3.0%	-2.2%	1.1%	0.5%	0.3%
Education	0.5%	0.7%	0.8%	1.0%	1.1%	1.1%	1.2%
Miscellaneous Goods & Services	0.0%	-0.4%	-0.8%	-0.1%	0.3%	0.2%	0.1%
MAS Core Inflation	0.6%	0.5%	0.3%	0.4%	1.2%	1.2%	1.2%

Fig 15: Preschool enrolment rates among children from lower-income families (B20) from 2016 to 2023

Source: Ministry of Finance (Singapore), UOB Global Economics & Markets Research



Conclusion

Overall, Budget 2026 underscores the Government's focus on three key areas: unlocking AI-related productivity gains, helping firms expand into new overseas markets, and providing targeted support for lower-income and vulnerable groups. The strong emphasis on AI—through incentives, workforce upgrading, and industry-level coordination—positions Singapore to capture potential productivity gains and sustain competitiveness. Expanded support for internationalisation will help businesses tap growth opportunities in emerging markets and build resilience amid a more fragmented and protectionist economic environment. At the same time, social measures are carefully targeted to uplift those who require assistance, ensuring that vulnerable households are not left behind as the economy restructures. Together, these initiatives strengthen Singapore's readiness to navigate uncertainty while advancing towards more innovative, inclusive, and sustainable long-term growth.

Summary of key budget measures

Support for businesses

- 40% corporate income tax rebate for YA 2026 for every active company that employed at least one local worker in 2025. Minimum benefit of $1,500, capped at $30,000 per firm.
- Grant support that helps companies expand overseas will be enhanced to up to 70% for SMEs and up to 50% for non-SMEs.
- Enhance the Market Readiness Assistance grant to help firms to expand overseas by defraying costs of overseas market promotion, business development and market set-up.
- Double Tax Deduction for Internationalisation scheme cap raised to $400,000 with more qualifying activities eligible for automatic tax deduction claims
- Enhance the enterprise financing scheme by increasing the maximum loan quantum for trade and fixed asset loans.

Boost research, innovation, enterprise

- Invest $37 billion under the Research, Innovation and Enterprise 2030 (RIE2030 plan)
- $1 billion to enhance the Startup SG Equity scheme and expand its scope to cover growth-stage companies.
- Launch a second $1.5 billion tranche of the Anchor Fund to attract and anchor high-quality listings on SGX.
- $1.5b top-up to the Financial Sector Development Fund.

National AI push

- Establish a new National AI Council to provide strategic direction and drive Singapore's AI agenda, chaired by PM Wong.
- Larger AI park to be established at One-North; new cluster will translate AI initiatives into practical solutions for businesses, public services.
- Enterprise Innovation Scheme expanded to add AI expenditures as a qualifying activity for the YA 2027 and 2028, capped at S$50,000 per YA.
- Productivity Solutions Grant expanded to support a wider range of digital and AI-enabled solutions.
- Redesign SkillsFuture website to make AI learning pathways clearer and easier to access relevant courses and 6 months of free access to premium AI tools for selected AI training courses

Support for lower-wage workers

- Local Qualifying Salary (LQS): Raise LQS for full-time local employees from $1,600 to $1,800. Companies that hire foreign workers must pay their local full-time employees at least the LQS.
- Progressive Wage Credit Scheme (PWCS): Co-funding support for 2026 raised from 20% to 30%, scheme extended by two years to 2028. Minimum wage increase to qualify for PWCS support raised from $100 to $200.

Changes to foreign worker policies ▪ Employment Pass (EP): Minimum qualifying salary raised from $5,600 to $6,000. The threshold will increase from $6,200 to $6,600 for the financial services sector. Effective in Jan 2027 for new applicants and Jan 2028 for renewal applications. ▪ S Pass: Minimum qualifying salary raised from $3,300 to $3,600. The threshold will be raised from $3,800 to $4,000 for the financial services sector. Effective in Jan 2027 for new applicants and Jan 2028 for renewal applications. ▪ Work permit levies: Levies for basic-skilled workers in the marine and process sectors will be raised by S$100 and S$150 respectively from 2028.
Support for Singaporeans ▪ Cost-of-Living Special payment: $200-$400 cash for Singaporeans aged 21 and above, earning up to $100,000 in assessable income and who do not own more than 1 property (disbursed in Sep 2026). ▪ Additional U-Save rebates: Up to $570 in rebates – 1.5 times the regular amount. ▪ CDC vouchers: $500 for all Singaporean households in Jan 2027.
Support for families ▪ Preschool subsidies: Monthly household income eligibility threshold raised to $15,000 from $12,000 effective 2027. ▪ Student care subsidies: Monthly household income threshold raised to $6,500 from $4,500 effective 2027. ▪ Child LifeSG Credits: $500 for every Singaporean child aged 12 and below. ▪ Enhanced ComLink+ support for lower-income families: A new payout of $500 per quarter will be given to all ComLink+ families who commit to working with their coaches and take active steps to make progress.
Helping seniors age well/ strengthen retirement support ▪ $400 million top-up to the Long-Term Care Support Fund – which provides premium support for CareShield Life – to fund additional subsidies for the scheme. ▪ Up to $1,500 CPF top-ups for Singaporeans aged 50 and above with CPF retirement savings below the Basic Retirement Sum. ▪ Senior Employment Credit extended to end-2027. Under this scheme, the government provides wage offsets to help employers that employ eligible Singaporean senior workers.
New CPF investment scheme ▪ New voluntary CPF investment scheme to be launched in 2028 for members to grow retirement savings. Fees will be kept low and the government will select 2-3 credible providers.
Sustainability ▪ Extend the Energy Efficiency Grant by a year until 31 Mar 2027 to help co-fund investments in energy-efficient equipment. ▪ PM Wong said Singapore's carbon tax in 2026 and 2027 stands at S$45 per tonne of greenhouse gas emissions, but if global climate momentum continues to weaken, the tax rate could be set at the lower end of the S$50 to S$80 range per tonne by 2030.

Others

- 250% tax deduction for eligible donations and under the Corporate Volunteer Scheme extended to end-2029.
- Launch a new $50 million SG Partnerships Fund to support and scale up citizen-led initiatives that meet community needs.
- 20% increase in tobacco excise duty with immediate effect.
- Preferential Additional Registration Fee (PARF) rebate for cars and taxis will be reduced by 45% points, rebate cap lowered from $60,000 to $30,000.
- Workforce Singapore (WSG) and SkillsFuture Singapore (SSG) will be merged into a new statutory board.
- Singapore to proceed with the implementation of the top-up tax under Pillar Two of the Base Erosion and Profit Shifting (BEPS) 2.0 framework, which will raise the effective tax rate to 15% for large multinational enterprises, hence lifting corporate tax collections from FY2027 onwards.

Source: Singapore Budget 2026, UOB Global Economics & Markets Research

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