

# **PUBLIC FINANCE**



## Government Revenue and Expenditure

The main revenue-collecting agencies are the Singapore Customs and the Inland Revenue Authority of Singapore (IRAS). The former is responsible for the collection of import and excise duties on liquor, tobacco, petroleum and motor vehicles. IRAS is responsible for the collection of income tax, property tax, Goods and Services Tax (GST), stamp duty, betting duty and private lotteries duty. It also ensures that liabilities of all persons liable for tax, duty, levy or fee are speedily and correctly assessed, and that all such dues are promptly collected.

Residents of Singapore pay personal income tax at progressive rates on the chargeable income of the preceding year after appropriate deductions have been made. Residents in this context refer to persons residing in Singapore. A person who has stayed or exercised employment in Singapore for a period of 183 days or more during the year preceding the year of assessment would also be considered a resident. For the Year of Assessment (YA) 2008, the tax rates range from 0 per cent to 20 per cent and a one-off tax rebate of 20 per cent capped at \$2,000 is given. Deductions include allowances for earned income, maintenance of wife, children, parents and dependants, engaging the help of parent or grandparent to look after young children, life insurance premiums, contributions to the Central Provident Fund (CPF) or other approved pension or provident funds, cash payments to top up own, parents' grandparents', non-working spouse's or siblings' retirement accounts under the CPF Minimum Sum Scheme, NSmen (self/wife/parent), course fees, foreign maid levy and Supplementary Retirement Scheme (SRS) contributions. Parenthood tax rebate is also available for qualified newborn or legally adopted second, third and fourth children. Non-resident individuals are not entitled to personal reliefs or rebates and are normally taxed at a flat rate (15 per cent or resident rate on employment income, whichever gives rise to higher tax, and 20 per cent on other income).

For YA 2008, the corporate income tax rate is 18 per cent. Chargeable income (excluding Singapore franked dividends) of a company up to \$300,000, subject to tax at the rate of 18 per cent is partially exempt from tax as follows:

- (i) up to the first \$10,000 of such income, 75 per cent of the income or an amount up to \$7,500 shall be exempt from tax;
- (ii) up to the next \$290,000 of such income, 50 per cent of the income or an amount up to \$145,000 shall be exempt from tax.

However, a qualifying new company is allowed full tax exemption and a further 50% exemption on its normal chargeable income (excluding Singapore franked dividends) up to the first \$100,000 and the next \$200,000 respectively, for any of its first three consecutive YAs.

There are various tax incentives in the form of tax exemptions and concessionary tax rates to promote capital investments, export of services, development of financial services, research and development and overseas ventures.

The government has concluded comprehensive agreements for the avoidance of double taxation with 63 countries.

The GST rate was increased from 5 per cent to 7 per cent from 1 Jul 2007. The tax is imposed on the import of goods, and almost all supplies of goods and services in Singapore except for sales and leases of residential properties and most financial services which are exempted. International services and export of goods are zero-rated (i.e. GST is charged at zero per cent).

Government revenue is credited to and current expenditure paid out of the Consolidated Revenue Account.

**Development Fund**

The Development Fund is established by the Development Fund Act (Cap.80, 1995 Revised Edition).

The Development Fund in the Government Financial Statements covers the period from 1 April of the year to 31 March of the following year. Data are obtained from ministries and captured into the government's accounting system which produces the actual figures for the Development Fund.

The sources of funds for the Development Fund are:

- (i) moneys appropriated from time to time from the Consolidated Fund;
- (ii) proceeds of any loan raised for the purposes of the fund and appropriated to such purposes by the law raising the loan;
- (iii) interest and other income from investments of the fund and profits arising from realisation of any such investments; and

- (iv) re-payments of any loans made from the fund or payments of interest on such loans.

The Fund may be used for:

- (i) construction, improvement, acquisition or replacement of capital assets (eg buildings, vehicles, aircraft, machinery, rolling-stock, roads) required in respect of or in connection with the economic development or general welfare of Singapore;
- (ii) acquisition of land and of any right or interest in or over land and in respect of the use of any invention; and
- (iii) grants and loans to, or investments in any public authority or corporation for any of the purposes mentioned in (i) and (ii) above.

## 17.1 GENERAL GOVERNMENT FINANCE

	Million Dollars						
	2001	2002	2003	2004	2005	2006	2007
Deficit (-) or Surplus	7,885	8,715	11,994	12,820	18,024	18,347	35,084
Total Revenue and Grants	42,661	37,292	34,940	38,622	44,314	48,607	67,223
Revenue	42,661	37,292	34,940	38,622	44,314	48,607	67,223
Expenditure & Lending minus							
Repayments	34,776	28,577	22,946	25,802	26,290	30,260	32,139
Expenditure	33,831	29,741	29,975	31,108	30,765	34,095	36,913
Lending minus Repayments	945	-1,164	-7,029	-5,306	-4,475	-3,835	-4,774
Total Financing	-7,885	-8,715	-11,994	-12,820	-18,024	-18,347	-35,084
Domestic Financing	-7,885	-8,715	-11,994	-12,820	-18,024	-18,347	-35,084
From Monetary Authorities	-11,796	-1,091	-92,018	319	-673	-2,445	-5,247
From Deposit Money Banks	-7,985	-17,945	67,901	-29,920	-29,284	-24,864	-62,792
Other Domestic Financing	11,896	10,321	12,123	16,781	11,933	8,962	32,955
Foreign Financing	-	-	-	-	-	-	-

Source : Accountant-General's Department

Notes : Data refer to the financial year which begins in April of the current year and ends in March of the following year.

General government finance includes budgetary and extra-budgetary accounts.

## 17.2 GOVERNMENT FINANCE

	Million Dollars						
	1998	2003	2004	2005	2006	2007	2008
Deficit (-) or Surplus	8,936.3	10,422.9	10,127.6	13,397.5	21,017.7	29,768.3	24,100.1
Total Revenue and Grants	45,498.0	33,108.7	35,269.0	38,989.0	51,934.5	60,596.5	65,334.3
Revenue	45,498.0	33,108.7	35,269.0	38,989.0	51,934.5	60,596.5	65,334.3
Expenditure & Lending minus							
Repayments	36,561.7	22,685.8	25,141.4	25,591.5	30,916.8	30,828.2	41,234.2
Expenditure	25,588.3	28,634.8	30,478.5	30,336.5	34,782.1	35,197.5	44,254.5
Lending minus Repayments	10,973.4	-5,949.0	-5,337.1	-4,745.0	-3,865.3	-4,369.3	-3,020.3
Total Financing	-8,936.3	-10,422.9	-10,127.6	-13,397.5	-21,017.7	-29,768.3	-24,100.1
Domestic Financing	-8,936.3	-10,422.9	-10,127.6	-13,397.5	-21,017.7	-29,768.3	-24,100.1
Total Net Borrowing	11,291.4	13,168.5	16,118.8	14,035.1	6,334.8	27,692.1	29,322.8
Use of Cash Balances	-20,227.7	-23,591.4	-26,246.4	-27,432.6	-27,352.5	-57,460.4	-53,422.9
Foreign Financing	-	-	-	-	-	-	-

Source : Accountant-General's Department

# 17.3 GOVERNMENT OPERATING REVENUE

	Million Dollars					
	2003	2004	2005	2006	2007	2008
Total <sup>1</sup>	24,643.1	26,345.8	28,116.5	31,072.4	39,515.9	41,376.7
Tax Revenue	20,735.9	22,698.7	25,201.0	28,718.3	36,061.3	37,518.6
Income Tax	10,414.2	10,218.0	12,655.0	14,947.7	16,410.2	18,559.0
Corporate Income Tax	} 10,028.2 }	} 10,099.6 }	} 11,208.9 }	8,298.8	9,085.7	10,115.1
Personal Income Tax				4,626.5	5,530.6	6,288.1
Contributions by Statutory Boards	386.0	118.5	1,446.1	2,022.4	1,793.9	2,155.8
Assets Taxes	1,243.2	2,139.4	1,818.8	2,052.0	2,432.0	2,891.3
Property Tax	1,170.8	1,680.1	1,742.8	1,955.4	2,289.4	2,815.8
Estate Duty <sup>2</sup>	72.4	459.3	76.0	96.6	142.6	75.5
Taxes on Motor Vehicles <sup>3</sup>	1,289.6	1,547.1	1,438.3	1,723.4	2,101.3	2,003.3
Customs & Excise Duties	1,802.0	1,882.7	1,994.8	1,943.3	2,033.6	2,082.5
Liquors	357.3	339.0	379.0	375.2	430.7	408.2
Tobacco	678.0	716.3	711.6	687.1	724.9	791.6
Petroleum	386.6	377.2	383.1	368.1	382.6	384.6
Motor Vehicles	377.5	447.7	518.4	510.3	492.6	494.5
Others	2.6	2.5	2.7	2.6	2.8	3.6
Betting Taxes	1,566.2	1,521.9	1,530.9	1,548.3	1,665.0	1,776.6
Betting Duty	1,310.6	1,260.3	1,255.2	1,261.9	1,342.5	1,430.9
Private Lotteries Duty	255.6	261.6	275.6	286.4	322.5	345.8
Stamp Duty	648.5	897.6	812.8	1,311.7	4,077.9	1,837.8
Goods & Services Tax	2,724.0	3,297.4	3,814.9	3,960.1	5,612.3	6,632.1
Others	1,048.2	1,194.5	1,135.6	1,231.8	1,729.1	1,736.0
Fees & Charges	3,586.8	3,509.0	2,567.1	2,120.2	3,231.8	3,726.2
Other Receipts <sup>4</sup>	320.3	138.1	348.3	233.9	222.8	131.9

Source : Accountant-General's Department

- 1 Operating revenue refers to receipts credited to the Consolidated Revenue Account and Development Fund Account, but excludes interest income, investment income and capital receipts.
- 2 Estate duty has been removed for deaths occurring on and after 15 February 2008.
- 3 Taxes on Motor Vehicles comprise additional registration fees, road tax, special tax on heavy-oil engines, passenger vehicle seating fees and non-motor vehicle licences, but exclude excise duties on motor vehicles which are classified under Customs and Excise Duties.
- 4 Other receipts exclude repayment of loans and advances, interest income, investment income and capital receipts.

# 17.4 GOVERNMENT OPERATING EXPENDITURE

	Million Dollars						
	1998	2003	2004	2005	2006	2007	2008
Total <sup>1</sup>	14,236.3	19,236.2	19,935.8	20,674.6	23,463.0	24,351.7	28,590.3
Security & External Relations	7,338.1	9,248.9	9,347.5	10,443.4	11,973.0	11,308.5	13,588.1
Social Development	5,490.3	8,202.0	8,985.2	8,548.0	9,684.6	10,995.9	12,568.3
Education	3,327.5	4,875.6	5,161.9	4,980.7	5,684.6	6,566.8	7,298.1
Health	934.2	1,655.1	1,889.9	1,670.7	1,764.4	2,015.6	2,295.1
Community Development, Youth & Sports	310.4	581.5	808.0	817.7	898.0	832.9	1,172.6
Information, Communications & the Arts	196.8	228.2	272.4	274.5	320.3	351.6	370.2
Environment & Water Resources	319.1	451.6	460.0	442.7	418.1	436.3	560.1
National Development	402.4	410.0	393.0	361.8	599.3	792.7	872.4
Economic Development	740.0	993.7	866.5	924.2	953.8	1,116.7	1,436.0
Communications & Information Technology	317.7	-	-	-	-	-	-
Transport	-	304.4	287.2	285.1	284.1	284.1	373.8
Trade & Industry	334.7	515.0	381.9	443.7	459.2	579.2	624.1
Manpower	87.6	145.3	168.5	165.2	179.7	215.1	405.8
Info-Communications and Media Development <sup>2</sup>	-	29.0	29.0	30.2	30.8	38.3	32.2
Government Administration	667.9	791.7	736.6	759.0	851.6	930.6	998.0

Source : Ministry of Finance

Notes :

- (a) Refinements have been made to the sectoral classification of ministries from FY2001. The Ministry of Foreign Affairs has been shifted to the newly renamed "Security and External Relations" sector, while the Ministry of National Development has been transferred to the "Social Development" sector. These changes have been made to better reflect the main functions of the two ministries. For the same reason, the sector "General Services" has also been renamed "Government Administration".
- (b) The Ministry of Communications and Information Technology was renamed the Ministry of Transport in November 2001. Its portfolio of Information Technology and Telecommunications had been transferred to the Ministry of Information and the Arts which was also renamed Ministry of Information, Communications and the Arts.

1 Government operating expenditure refers to expenditure on manpower, other operating expenditure (excluding expenses on investment and agency fees on land sales) and operating grants.

2 Re-classified from Info-Communications Technology to include expenditure related to Media Development Programme from April 2007 onwards.

# 17.5 GOVERNMENT DEVELOPMENT EXPENDITURE

	Million Dollars						
	1998	2003	2004	2005	2006	2007	2008
Total <sup>1</sup>	10,557.2	7,953.1	8,482.2	8,106.8	6,411.5	6,982.7	8,879.9
Security & External Relations	1,326.9	1,078.7	874.0	916.2	821.8	817.7	862.1
Social Development	4,534.5	4,189.5	4,031.5	3,388.0	2,101.8	2,776.9	2,885.1
Education	1,496.1	1,324.5	1,224.0	993.8	687.5	680.9	856.0
Health	263.0	102.9	89.9	107.8	82.2	131.2	245.4
Community Development, Youth & Sports	126.8	109.4	89.2	120.4	65.0	159.3	188.9
Information, Communications & The Arts	152.6	143.7	109.4	183.9	110.3	111.4	109.8
Environment & Water Resources	907.3	925.7	1,071.3	877.2	548.6	493.3	328.0
National Development	1,588.6	1,583.3	1,447.6	1,104.9	608.2	1,200.8	1,156.9
Economic Development	3,964.5	2,194.7	2,755.4	3,323.8	3,017.5	3,273.4	4,899.3
Communications & Information Technology	1,734.5	-	-	-	-	-	-
Transport	-	1,025.1	1,401.7	1,952.8	1,738.7	1,669.8	2,785.9
Trade & Industry	2,225.0	1,088.4	1,281.6	1,320.4	1,227.7	1,542.1	2,056.4
Manpower	5.0	61.9	49.0	39.4	20.3	20.7	32.5
Info-Communications and Media Development <sup>2</sup>	-	19.3	22.9	11.2	30.7	40.9	24.5
Government Administration	731.2	490.2	821.4	478.9	470.4	114.7	233.4

Source : Ministry of Finance

Notes :

- (a) Refinements have been made to the sectoral classification of ministries from FY2001. The Ministry of Foreign Affairs has been shifted to the newly renamed "Security and External Relations" sector, while the Ministry of National Development has been transferred to the "Social Development" sector. These changes have been made to better reflect the main functions of the two ministries. For the same reason, the sector "General Services" has also been renamed "Government Administration".
- (b) The Ministry of Communications and Information Technology was renamed the Ministry of Transport in November 2001. Its portfolio of Information Technology and Telecommunications had been transferred to the Ministry of Information and the Arts which was also renamed Ministry of Information, Communications and the Arts.

1 Government development expenditure excludes loans to statutory boards and industrial and commercial enterprises. From FY2001, land-related expenditure items are no longer classified under Development Expenditure.

2 Re-classified from Info-Communications Technology to include expenditure related to Media Development Programme from April 2007 onwards.

## 17.6 SOURCES AND USES OF DEVELOPMENT FUND

	Million Dollars						
	1998	2003	2004	2005	2006	2007	2008
Balance (Beginning of Financial Year)	23,037	58,981	72,239	76,278	83,441	90,701	99,364
Sources							
Total	35,349	25,728	16,066	18,193	16,558	19,269	8,503
Consolidated Revenue Account	25,096	8,996	1,700	3,096	2,998	2,560	4,364
Consolidated Loan Account	-	-	-	-	-	-	-
Others	10,253	16,732	14,366	15,097	13,560	16,709	4,139
Uses							
Total	26,665	12,470	12,027	11,030	9,298	10,606	14,379
Government Development Expenditure	12,282	9,164	9,066	7,638	6,479	7,727	11,075
Loans to Statutory Boards & Enterprises	14,383	3,306	2,961	3,392	2,819	2,879	3,304
Others	-	-	-	-	-	-	-

Source : Accountant-General's Department

Note : Data refer to the financial year which begins in April of the current year and ends in March of the following year.

## 17.7 GOVERNMENT DEBT BY INSTRUMENT (End of Period)

	Million Dollars						
	1998	2003	2004	2005	2006	2007	2008
Total	115,183.4	169,331.9	186,598.2	200,005.6	206,438.7	234,093.2	255,464.8
Domestic Debt	115,183.4	169,331.9	186,598.2	200,005.6	206,438.7	234,093.2	255,464.8
Registered Stocks & Bonds	80,667.4	146,600.4	160,462.4	172,062.2	178,918.0	193,826.5	210,025.4
Treasury Bills	8,540.0	17,200.0	20,200.0	21,300.0	25,800.0	32,900.0	35,900.0
Advance Deposits	25,976.0	5,531.5	5,935.8	6,643.4	1,720.7	7,366.7	9,539.4
External Debt	-	-	-	-	-	-	-
Memorandum item : Debt Guarantees	510.0	208.6	-	-	-	-	-

Source : Accountant-General's Department  
Monetary Authority of Singapore

**17.8** **GOVERNMENT DEBT BY MATURITY**

(End of Period)

	Million Dollars						
	1998	2003	2004	2005	2006	2007	2008
Domestic Debt (excluding Advance Deposits)	89,207.4	163,800.4	180,662.4	193,362.2	204,718.0	226,726.5	245,925.4
1 year maturity or less	15,089.2	34,440.0	36,900.0	34,390.3	46,822.4	59,606.3	57,080.0
More than 1 year maturity	74,118.2	129,360.4	143,762.4	158,971.9	157,895.6	167,120.2	188,845.4
External Debt	-	-	-	-	-	-	-

Source : Monetary Authority of Singapore

# 17.9 TAXABLE INDIVIDUALS BY ASSESSED INCOME GROUP, YA 2007

	Assessed Income Group (\$)						
	Total	20,000 & below	20,001-25,000	25,001-30,000	30,001-40,000	40,001-50,000	50,001-60,000
Taxpayers (No)	856,833	26,211	24,650	63,105	182,355	138,584	93,854
Resident	824,614	-	23,468	62,308	181,335	137,923	93,415
Non-resident	32,219	26,211	1,182	797	1,020	661	439
Assessable Income (\$m)	69,985	158	573	1,761	6,364	6,197	5,131
Resident	69,358	-	547	1,739	6,329	6,167	5,107
Non-resident	627	158	26	22	35	30	24
Net Tax Assessed (\$m)	4,578	24	6	11	48	74	91
Resident	4,481	-	2	7	42	69	87
Non-resident	97	24	4	4	6	5	4

	Assessed Income Group (\$)						
	60,001-80,000	80,001-100,000	100,001-150,000	150,001-200,000	200,001-300,000	300,001-1,000,000	1,000,001 & above
Taxpayers (No)	111,641	61,719	72,104	30,530	26,515	22,814	2,751
Resident	111,051	61,335	71,672	30,336	26,363	22,683	2,725
Non-resident	590	384	432	194	152	131	26
Assessable Income (\$m)	7,699	5,496	8,712	5,254	6,405	10,599	5,636
Resident	7,658	5,462	8,660	5,221	6,368	10,539	5,561
Non-resident	41	34	52	33	37	60	75
Net Tax Assessed (\$m)	206	206	490	417	654	1,451	900
Resident	200	201	482	412	649	1,442	888
Non-resident	6	5	8	5	5	9	12

Source : Inland Revenue Authority of Singapore

Note : YA refers to Year of Assessment.

# 17.10 TAXABLE COMPANIES BY ASSESSED INCOME GROUP, YA 2007

	Assessed Income Group (\$)					
	Total	10,000 & below	10,001-20,000	20,001-30,000	30,001-60,000	60,001-100,000
Companies (No)	34,053	9,390	3,258	2,359	4,501	2,177
Resident	32,487	9,024	3,055	2,229	4,328	2,099
Non-resident	1,566	366	203	130	173	78
Assessable Income (\$m)	56,375	30	48	59	190	171
Resident	49,735	28	45	56	183	165
Non-resident	6,640	2	3	3	7	6
Net Tax Assessed (\$m)	9,396	6	10	12	37	34
Resident	8,448	6	9	11	36	33
Non-resident	948	-	1	1	1	1

	Assessed Income Group (\$)					
	100,001-300,000	300,001-500,000	500,001-1,000,000	1,000,001-3,000,000	3,000,001-5,000,000	5,000,001 & above
Companies (No)	4,394	1,775	1,931	2,220	640	1,408
Resident	4,226	1,691	1,837	2,104	604	1,290
Non-resident	168	84	94	116	36	118
Assessable Income (\$m)	791	689	1,381	3,869	2,479	46,668
Resident	761	657	1,315	3,670	2,341	40,514
Non-resident	30	32	66	199	138	6,154
Net Tax Assessed (\$m)	157	136	272	754	478	7,500
Resident	151	130	259	715	452	6,646
Non-resident	6	6	13	39	26	854

Source : Inland Revenue Authority of Singapore

Note : YA refers to Year of Assessment.