

# Government support (e.g., state aids, stimulation programs) – Singapore

21 April 2020

## Overview

As part of the budget announced on 18 February 2020 by Deputy Prime Minister, and Finance Minister Mr. Heng Swee Keat (the "2020 Budget," also referred to as the "Unity Budget"), the Singapore government introduced a raft of measures designed to help protect jobs and businesses from the economic fallout of the coronavirus (COVID-19) outbreak. On 26 March 2020 a second stimulus package dubbed the "Resilience Budget" was announced, bringing the total value of Singaporean COVID-19 related measures to SG\$55 billion. On 6 April 2020 a third stimulus package dubbed the "Solidarity Budget" was announced, enhancing COVID-19 related measures by a further SG\$5.1 billion.

## Support programs for business

The COVID-19 outbreak has brought about a cash flow crisis for many companies, both in Singapore and worldwide. The government has therefore moved swiftly to introduce a comprehensive package of support programs to ease the pressure faced by businesses at this time.

### **Enterprise Financing Scheme – Small and Medium-Sized Enterprises (SMEs) Working Capital Loan (EFS-WCL) enhancements**

The SME Working Capital Loan was introduced in 2016 to help Singapore-based SMEs access financing for their operational cash flow needs. Since October 2019 it has been subsumed under the Enterprise Financing Scheme administered by Enterprise Singapore. It was enhanced for one year from 2 March 2020. Now, to provide SMEs with stronger support for their working capital needs, EFS-WCL will be further enhanced from 1 April 2020 to 31 March 2021 as follows:

- a) Maximum loan quantum enhanced from SG\$600,000 to SG\$1,000,000 per borrower.
- b) Government's risk-share enhanced to 90 percent from an original 70 percent.
- c) SMEs may request for deferment of principal repayment for one year, subject to assessment by Participating Financial Institutions (PFIs).

The maximum repayment period on the EFS-WCL is five years. The interest rate is subject to assessment by PFIs.

**Enterprise Financing Scheme – Trade Loan (EFS-TL)**

Administered by Enterprise Singapore, the Enterprise Financing Scheme – Trade Loan (formerly known as Loan Insurance Scheme Plus) supports Singapore-based enterprises' trade financing needs, which include the financing of short-term import, export, and guarantee needs. The EFS-TL, which is available to enterprises in all industries, will be enhanced for one year, from 1 April 2020 to 31 March 2021, to further help enterprises with their trade financing needs:

- a) Maximum loan quantum enhanced from SG\$5 million to SG\$10 million.
- b) Government's risk-share enhanced to 90 percent from an original 70 percent.

The maximum repayment period on the EFS-TL is one year.

**Loan Insurance Scheme (LIS)**

The Loan Insurance Scheme helps SMEs secure short-term trade loans by having commercial insurers co-share loan default with Participating Financial Institutions. A portion of the insurance premium paid by SMEs to insurers is supported by the government. The government will increase support for the LIS insurance premium, from 50 percent to 80 percent for one year, from 1 April 2020 to 31 March 2021, to help SMEs across all industries manage their trade financing costs.

**Temporary Bridging Loan Programme (TBLP)**

Administered by Enterprise Singapore, the Temporary Bridging Loan Programme was launched in March 2020 to provide additional cash flow support for tourism sector enterprises for one year. Eligible enterprises may apply for the TBLP from 1 April 2020 to 31 March 2021. The TBLP is being enhanced in the following manner:

- a) TBLP now covers all sectors – it was previously only available to the tourism sector.
- b) Maximum loan quantum enhanced from SG\$5 million to SG\$10 million per borrower.
- c) Enterprises may request for deferment of principal repayment for one year, subject to assessing to assessment by participating financial institutions.

The Government's risk share was enhanced to 90 percent by the Solidarity Budget, interest is capped at 5 percent per annum and the maximum repayment period is five years. Enterprises must be 30 percent Singapore-owned in order to qualify.

**Assistance with insurance premium payment**

Corporates, including SMEs, holding general insurance policies that protect their business and property risks may apply to their insurer for instalment payment plans. General insurance companies stand ready to work with their corporate customers so they can pay their premiums in smaller amounts and enjoy coverage for the paid-up period, instead of paying a lump sum premium for the entire policy period at the start.

**COVID-19 support package for financial institutions and FinTechs**

On 8 April 2020 the Monetary Authority of Singapore (MAS) announced a SG\$125 million support package for the financial and FinTech sectors to deal with the immediate challenges from COVID-19 and position strongly for the recovery and future growth. The measures are aimed at supporting Singapore's workers, enhancing operational readiness and resilience, accelerating digitalization, and boosting capabilities across the sectors. The measures introduced as part of this support package are detailed below.

**Training allowance grant (TAG)**

The training allowance grant has been introduced to encourage financial institutions and FinTechs to make use of the downtime in business activity to train and deepen the capabilities of their employees. An allowance of SG\$15 per hour of training for each local employee of a financial institution or FinTech company attending courses run by the Institute of Banking and Finance Singapore (IBF) has been introduced. An equivalent allowance of SG\$10 per hour of training has been introduced for self-sponsored individuals. The TAG will also be available to support Singaporean citizens (SCs) and permanent residents (PRs) outside of the financial services, and FinTech sectors.

**90 percent IBF course fee subsidy**

The MAS and IBF have increased course fee subsidies for SCs and PRs attending relevant IBF courses to 90 percent (from the current range of 50 percent to 70 percent), and extended the subsidies to include employees of FinTech firms. The subsidies will be disbursed in advance to help alleviate any cash flow challenges that firms and individuals may face. More than 400 IBF accredited courses are available on e-learning channels and plans are underway to expand such virtual offerings to meet training needs under the current climate of safe distancing.

**Finance Associate Management Scheme (FAMS)**

The MAS has doubled the salary support to SG\$2,000 per month for financial institutions hiring SC fresh graduates or workers from other sectors and placing them in talent development programmes under the FAMS. FAMS is a talent development tool to help develop Singaporeans for future specialist and management roles in the financial services industry through structured programs offered by financial institutions.

**Digital Acceleration Grant (DAG) scheme**

The DAG scheme has been introduced by the MAS to support digitalization in smaller financial institutions and FinTechs. The DAG Scheme is aimed at helping such firms adopt digital solutions to strengthen operational resilience, process efficiency, risk management, and customer service. This includes the adoption of digital tools and upgrading of systems that facilitate business continuity, including document collaboration solutions and virtual conferencing systems. The DAG Scheme has two tracks:

- a) The Institution Project track, which supports 80 percent of qualifying expenses for the adoption of digital solutions by smaller financial institutions and FinTechs, up to a cap of SG\$120,000 per entity, over the duration of the scheme.
- b) The Industry Pilot track, which supports collaborations among at least three smaller financial institutions to customise digital solutions for implementation within their institutions, by co-funding 80 percent of qualifying expenses, capped at SG\$100,000 per participating FI per project.

**Enhancing FinTechs' access to digital platforms and tools**

The MAS is providing all Singapore-based FinTech firms six months' free access to API Exchange (APIX), an online global marketplace and sandbox for collaboration and sales. Through APIX, FinTech firms and financial institutions can integrate and test solutions via a cloud-based architecture.

**Self-assessment framework**

The MSA is working with the Singapore FinTech Association to set up a new digital self-assessment framework for MAS' outsourcing and TRM guidelines hosted on APIX. Completing

the self-assessment will help FinTech firms provide a first-level assurance to financial institutions about the quality of their solutions.

#### **Salary subsidy for poly grad hires**

The Startup Talent Factory is offering up to SG\$12,000 salary subsidy grants for new and existing poly grad hires.

#### **Support programs for workers**

The fiscal measures announced in the Unity, Resilience, and Solidarity Budgets have had a strong focus on protecting jobs and supporting workers both immediately and in the longer term. The government has introduced a robust set of measures to support workers at this challenging time. The key measures are outlined below.

#### **COVID-19 Support Grant**

The Singapore government has introduced the COVID-19 Support Grant to support individuals who have lost their jobs as a result of the COVID-19 outbreak. The grant provides financial assistance while these individuals find a new job or attend training. Successful applicants will receive a monthly grant of SG\$800 a month for three months.

#### **Jobs Support Scheme: Wage subsidies expanded, and extended**

The Jobs Support Scheme introduced in the Unity Budget was enhanced and extended by the Resilience Budget, bringing the total level of support to SG\$15.1 billion for over 1.9 million employees. It was further enhanced in early April by the Solidarity Budget. The qualifying monthly wage ceiling on the scheme has been raised from SG\$3,600 to SG\$4,600 (the median wage in Singapore) and as part of the Solidarity Budget, the government has committed to pay 75 percent of the first SG\$4,600 of monthly salaries for every local employee for April 2020. From May 2020 the aviation and tourism sectors will continue to have 75 percent of wages supported. The food services sector will have 50 percent of wages supported and other sectors will have 25 percent of wages supported.

#### **Self-Employed Person Income Relief Scheme: Monthly cash payouts for the self-employed**

Eligible self-employed Singaporeans will get SG\$1,000 in cash a month for nine months. Payments will be made in installments of SG\$3,000 each in May, July, and October 2020. The eligibility criteria were broadened by the Resilience Budget to apply to around 88,000 self-employed Singaporeans. The Solidarity Budget further expanded the eligibility criteria to apply to self-employed workers who also earn a small income from employment work. The annual value of property criterion was also enhanced to SG\$21,000 up from SG\$13,000 previously.

#### **Workfare special payment: Payouts for lower-income workers increased**

As part of the Resilience Budget, the Workfare Special Payment announced in the Unity Budget for lower-income workers has been increased to SG\$3,000.

#### **Cash payments for Singaporeans**

An additional cash payout of SG\$300 for all Singaporeans aged 21 and above in 2020 as well as a SG\$300 cash payout from enhanced Care & Support was introduced by the Solidarity Budget. The levels of total cash payment will be:

- a) SG\$1,200 for Singaporeans with assessable income for year ago (YA) 2019 not more than SG\$28,000.

- b) SG\$900 for Singaporeans with assessable income for YA 2019 from SG\$28,000 to SG\$100,000.
- c) SG\$600 for Singaporeans with assessable income for YA 2019 above SG\$100,000.
- d) There will also be a cash payout of SG\$300 for each Singaporean parent with at least one Singaporean child below the age of 21 in 2020. All Singaporeans aged 50 and above in 2020 will receive their SG\$100 PASSION Card Top-up in cash.

#### **Foreign worker assistance**

On 24 March 2020 the Ministry of Manpower (MOM) announced that it would introduce further measures to help businesses cope during the COVID-19 crisis by providing:

- a) A three-month extension of the foreign worker levy payment timeline to SMEs with immediate effect, for more flexibility in their cash-flow management.
- b) A levy waiver for up to 90 days with immediate effect for foreign workers on overseas leave.
- c) A Man-Year Entitlement refund for qualifying construction firms affected by disruptions.

#### **Cash flow and credit support for employers**

The following measures were introduced as part of the Solidarity Budget in order to ease the pressure on employers:

- a) A waiver of the monthly foreign worker levy due in April 2020.
- b) A foreign worker levy rebate of SG\$750 in April 2020 from levies paid this year for each Work Permit or S Pass holder. Employers will receive this rebate from as early as 21 April 2020.

#### **Home loan deferment**

From 6 April 2020 borrowers who face financial strain can approach their bank or finance company to apply for a deferment of their housing loan monthly repayments until 31 December.

Announced by the MAS on 31 March, the home loan deferment is part of the latest package of measures – including deferment of personal unsecured credit and SME loans – to help Singaporeans tide over severe but temporary cash flow problems they may encounter this year.

#### **Flexible installment plans for general insurance**

Individuals holding general insurance policies, such as for property and vehicles, may apply to their general insurance company for installment payment plans while maintaining insurance protection. By working with their insurance company on an appropriate installment plan, policyholders can pay their premiums in smaller amounts and enjoy coverage for the paid-up period, instead of paying a lump sum premium for the entire policy period at the start.

## Contacts



**Stephanie Keen**  
Office Managing Partner, Singapore  
T +65 6302 2553  
[stephanie.keen@hoganlovells.com](mailto:stephanie.keen@hoganlovells.com)



**Adam Kania**  
Trainee Solicitor, Singapore  
T +65 6302 2449  
[adam.kania@hoganlovells.com](mailto:adam.kania@hoganlovells.com)

**[www.hoganlovells.com](http://www.hoganlovells.com)**

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