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COVID-19

*BACKGROUND, GENERAL
IMPACT ON SINGAPORE
ECONOMY & MEASURES
UNDERTAKEN BY
GOVERNMENT*

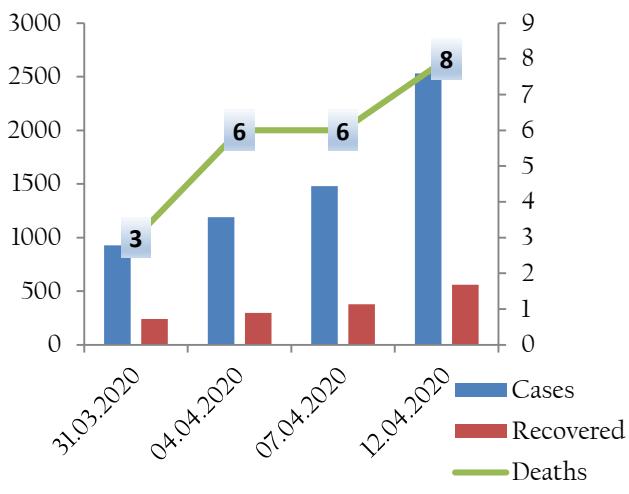


ORIGIN & BACKGROUND

Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2), a virus responsible for Coronavirus Disease 2019 (COVID – 19) previously also known as “2019 novel coronavirus” has created havoc worldwide. The Virus whose origins have been linked to a “Wet market” in Wuhan, China has been declared as a Pandemic by the World Health Organization (WHO) on 11th March, 2020. The Virus has caused unprecedented Social, Economic & Financial crisis worldwide.

In Singapore the first case of COVID-19 was confirmed on 23rd January 2020 when a 66 years old Chinese national from Wuhan with his nine companions flew from Guangzhou via China Southern Airlines and stayed at Shangri-La's Rasa Sentosa Resort and Spa. Thereafter the cases increased manifolds with major rise in the month of April.

Covid-19 cases



Source: Wikipedia

As on 12th April 2020, there were 2,532 cases of COVID-19 in Singapore. Out of these, 560 people were cured and discharged and 8 people reported as being died due to the COVID-19 Pandemic. With evidence of growing spread within the community and the risk of asymptomatic spread, Prime Minister Lee Hsien Loong announced on 4th April 2020 a much stricter set of measures that are implemented from 7 April 2020 to 4 May 2020, collectively called a "circuit breaker" which includes closure of all non-essential work places and several other measures

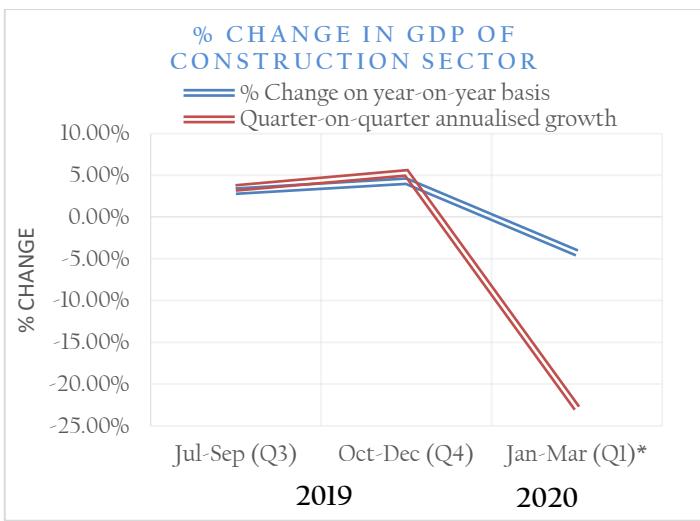
GENERAL EFFECTS ON THE SINGAPORE ECONOMY

It's been forecasted that the COVID-19 pandemic will have a significant impact on the Singapore Economy. There has been a considerable slowdown in Singapore's export markets, Domestic consumption, Tourism and disruptions in global supply chains. The Ministry of Trade and Industry on 17th Feb 2020 downgraded Singapore's forecasted GDP growth to between -0.5 and 1.5%, On 26th March 2020 it expected that the Singapore Economy would contract by between 1% and 4% in 2020. Based on advance estimates, the Singapore economy contracted by 2.2%



Source : Press Release by Ministry of Trade & Industry Singapore

per cent on a year on year basis in the first quarter of 2020, reversing the 1.0 per cent growth in the preceding quarter. On a quarter on quarter seasonally adjusted annualized basis, the economy shrank by 10.6 percent, a sharp pullback from the 0.6 per cent growth in the previous quarter. The rating agency Moody's downgraded the Singapore banking sector from "stable" to a "negative" outlook due to rise in bad loans and deteriorating profitability as a result of the coronavirus outbreak. The construction sector shrank by 4.3 per cent on a year-on-year basis in the first quarter, a reversal from the 4.3 per cent growth in the previous quarter. The performance of the sector was weighed down primarily by a decline in private sector construction activities. Supply chain disruptions and delays in the return of foreign workers as a result of the lockdowns and travel restrictions implemented by other countries in response to the COVID-19 outbreak have also adversely affected some construction projects.



Source : Press Release by Ministry of Trade & Industry Singapore

On a quarter-on-quarter seasonally-adjusted annualised basis, the sector contracted by 22.9 per cent, a sharp pullback from the 5.3 per cent expansion in the preceding quarter.

Tourism in Singapore is a major industry and contributor to the Singaporean economy, attracting 17.4 million international tourists in 2017, more than 3 times of Singapore's total population. Tourism in Singapore has been highly affected due to pandemic. Singapore Tourism Board is predicting a 25 to 30 percent drop in visitor arrivals from the previous year. Due to the 2019 Hong Kong protests, many conferences and exhibitions were transferred to Singapore. However, as a result of the coronavirus, many of such events, including concerts, were postponed or cancelled. Several Concerts, Airshows and Conferences were postponed due to the Pandemic.



Source: CEICdata.com

Singapore's Visitor Arrivals recorded 577,212 person in Feb 2020, compared with 1,365,589 person in the previous month. The data reached an all-time high of 1,397,512 person in Aug 2019 and a record low of 577,212 person in Feb 2020. CEIC calculates monthly Tourist Arrivals by subtracting Visitors who's Length of Stay: Under 1 day from Total Visitors.

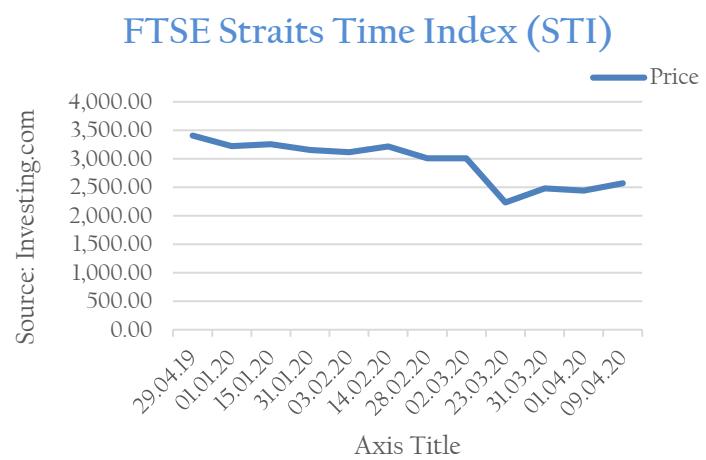
Several parties have engaged in scams related to the pandemic. For instance, scammers have pretended to be MOH officials engaging in contact tracing. The MOH and police clarified that no financial details or transfer of money will be requested during contact tracing. The police have also arrested scammers on e-commerce platform Carousell. On 4 April, SPF announced that they had arrested a man for suspected money-laundering offences in relation to a COVID-19 linked scam which saw an overseas pharmaceutical company defrauded to the tune of €6.636 million (S\$10.3 million) over the purchase of surgical masks and hand sanitisers. There were cases of scammers impersonating the Chinese police force asking for many personal details. The SPF announced that since March, more than S\$110,000 had been lost as a result of these scams and that the public should remain vigilant.

Taxi and private hire vehicles were hit by the impact of COVID-19. Singapore Airlines, SilkAir and Scoot announced plans to slash their capacity. Singapore Airlines will be slashing 96% of its capacity until end-April. The news resulted in STI crashing down by 164.63 (6.83%). Scoot will ground 47 out of the 49 planes they have in their fleet. With the significant reduction in flights, Singapore Airlines agreed to provide some 300 staff to help with possible manpower shortages at hospitals in Singapore

Singapore stocks spiraled downwards on Friday (Feb 28) to a 15-month low, as global markets sold off on the rising possibility that the coronavirus outbreak would become a pandemic. The benchmark Straits Times Index tumbled 3.2 per cent to close at 3,011.08, after touching a 15-month low of 3,008.460. On 9 March, the Straits Times Index fell 6.03% owing to the impact of COVID-19 and the oil price war. The Index dropped again three days later by 3.8% after more measures were announced by the World Health

organization declaring it a Pandemic. The most painful session occurred on Monday (Mar 23) when the index closed down 7.4 per cent – its biggest one-day fall since Oct 2008.

The STI closed 177.26 points, or 7.4 per cent, lower at 2,233.48 with all 30 counters in the red. This has left the STI firmly in bear territory, down 34.6 per cent from a 52-week high of 3,415.18 reached during the April 29, 2019 session.



The Catholic Church of Singapore announced that it was suspending masses indefinitely from noon of 15 February. They were set to resume on 14 March, but continue to be indefinitely suspended in light of the World Health Organization declaring a pandemic. The Islamic Religious Council of Singapore has asked Muslims to take precautions to maintain personal hygiene while the Singapore Buddhist Federation advised temples to cancel activities. Some churches have opted to suspend services, live streaming them instead. Religious institutions have stepped up disinfection procedures. On 12 March, the Islamic Religious Council of Singapore announced the closure of all mosques for five days from 13 March for disinfection, coming after two people were infected from a gathering in Malaysia. Prayers were cancelled on 13 March, with activities stopped until 27 March. The closure of mosques is extended until further notice. Hindu Temples and Sikh Temples also recorded a drop in the attendance. Hindu temples in Singapore have stepped up precautionary measures such as checking temperature of the visitors. Some Hindu temples have put measures to provide live

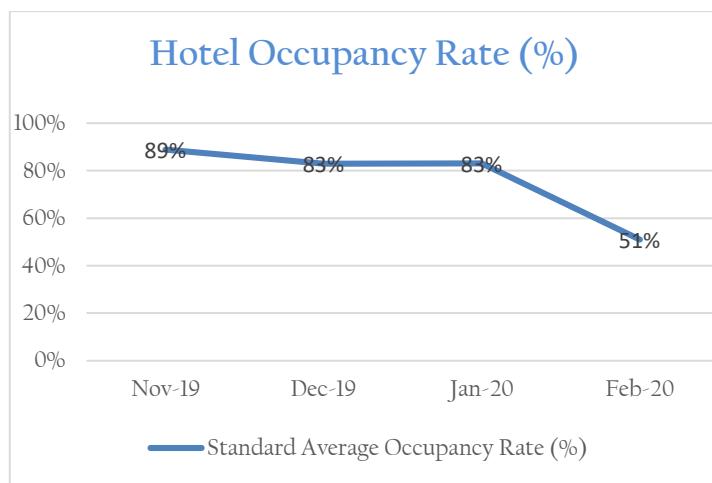
streaming of puja for devotees. Some Sikh Temples had to suspend their langar services. However, five private temple were providing langar on a smaller scale. Most processions were also cancelled.

The retail and food industry has been significantly affected by the drop in consumer spending. Foot traffic in shopping malls dropped, with some malls choosing to shorten their opening hours. Tenants are pushing landlords for rental rebates, citing significant drops in revenue. Several malls and landlords including Jewel Changi Airport and CapitaLand have implemented rental rebates. The National Environment Agency (NEA) has also implemented rent waivers and rebates for all stallholders in hawker centres operated by NEA or NEA-appointed operators. According to CapitaLand in February 2020, foot traffic at malls were almost back to normal. However, on 28 March, after the government reminded the public to remain at home and not to visit places unless it was essential, The Straits Times reported that the Orchard Road shopping area was noticeably quieter. In response to the government's lockdown measures for April, Suntec City announced that it would waive rent for all tenants for the month of April.

The 'Disease Outbreak Response System Condition' (DORSCON) is a colour-coded framework that shows the current disease situation. It consists of 4 colors Green, Yellow, Orange & Red ranging from mild to severe. Panic buying and hoarding of essentials such as rice, instant noodles and toilet paper occurred with the raising of the DORSCON level from yellow to orange on 7 February 2020. Local supermarket chain NTUC Fairprice imposed limits on the amount of essentials each consumer can buy, with these limits initially set for paper products, rice products, instant noodle packets and vegetables. A second wave of panic buying and hoarding occurred on 17 March when Malaysia announced its lockdown from 18 March, sparked by fears of food shortages. In order to deal with the massive increase in online shopping orders, RedMart on 2 April said that it would prioritise daily essentials such as milk powder, flour, eggs and rice while limiting orders to 35 items and reducing its range of goods to focus on the essentials. It also said that it would stop taking orders until 4

April to implement additional measures. Ahead of tighter measures on 7 April, shoppers queued at shopping malls despite government requests for people to remain at home

Singapore-based leading hospitality group RedDoorz is projecting a zero revenue budget for the next 15 months as COVID-19 pandemic continues to surge, paralysing the world economies and adversely affecting the hospital sector. "Profitability is not on the horizon. I think now it's more about survival, and we will go back to the path of profitability when things start to get normal," Amit Saberwal, the hospitality giant's founder and CEO was quoted as saying.



Source: Singapore Tourism Board

Singapore hotels' average occupancy plunged by 32.1 percentage points (ppt) MoM to 51% in February from 83.1% in January, according to data from the Singapore Tourism Board (STB). On a YoY basis, occupancy rate also dived by 37.5 ppt from 88.5% in 2019. The decline was due to border restrictions to curb the COVID-19 pandemic. Room revenues also fell to 40% in February as hotels remain half-filled.

The COVID-19 situation has affected jobs and livelihoods. To provide relief and assistance to Singaporeans, the Government has introduced various schemes to provide financial support during this time:

1. Temporary Relief Fund
2. COVID-19 Support Grant
3. The Courage Fund

MEASURES UNDERTAKEN BY GOVERNMENT

Singapore is expecting to spend atleast around 12% of GDP through the following budgets inorder to reduce the impact of Covid-19 and to ensure the revival of the Economy

First stimulus package – "Unity Budget"

In the 2020 Budget delivered on 18 February, the Government has set aside S\$6.4 billion in support funds, which are a S\$1.6 billion Care and Support Package for household expenses, a S\$4 billion Stabilisation and Support Package for businesses and workers and an additional S\$800 million for efforts including the healthcare sector. In addition, the Goods and Services Tax will not be raised by 9% in 2021 owing to the economic impact, with a S\$6 billion Assurance Package should it be raised by 2025.

Second stimulus package – "Resilience Budget"

The package was delivered in a Ministerial Statement by DPM Heng Swee Keat on 26 March, known as the Resilience Budget. The coronavirus has hit the economy so hard that President Halimah had given her 'in-principle support' to draw on past reserves for this second package, which will amount to S\$17 billion. In addition to S\$6.4 billion announced in the first package, the government is prepared to spend a further S\$48.4 billion to support businesses, workers and families, amounting to around 11% of GDP.

The government has provided a variety of tax deferments and rebates to support businesses. In addition, there are also rental waivers, financing schemes for companies, and incentives for specific sectors.

1. Deferment Of Income Tax

- **For Companies**, defer income tax payments due in April, May, and June 2020. Instead, income tax payments will only be payable from July 2020.
- **For Self-Employed Persons**, the payment of income tax generally starts in May. But now defer income tax payments due in May, June, and July 2020. So income tax payments will only start from August 2020.

2. Property Tax Rebates

- 100% property tax rebate for qualifying commercial properties (hotels, serviced apartments, shops, restaurants and tourists attractions)
- 60% property tax rebate for Integrated resorts (up from 10%)
- 30% property tax rebate for all other non-residential properties (industrial properties and offices)

3. Rental Waivers

- Two months rental waiver for eligible commercial tenants of Government agencies (up from 0.5 months)
- 0.5 months of rental waiver for all other non-residential tenants of Government Agencies

4. Financial Schemes For Businesses

- To support businesses' trade financing needs, EFS – Trade Loan, by increasing the maximum loan quantum from \$5 million to \$10 million, and increasing the Government's risk-share from up to 70%, to 80%.
- Also increase in subsidies to businesses for loan insurance premiums under the Loan Insurance Scheme, from 50% to 80%.
- Expansion of Temporary Bridging Loan Programme to all sectors, and increase the maximum supported loan from \$1 million to \$5 million. SMEs were eligible to receive a loan quantum of S\$600,000 (US\$418,000). This has now been further increased to S\$1 million (US\$696,000).

5. Support For Specific Sectors

• Aviation Industry

- Enhanced job support scheme for businesses whose activities are based principally in the aviation sector, with the total 75% wage offset, capped at a monthly wage of \$4600
- \$3500 million aviation support package in the form of rebates on landing and parking charges and rental relief for airlines and cargo agents.

• Tourism Industry

- Enhanced job support scheme for hotels, travel agencies, tourists attractions, cruise terminals operators and purpose-built MICE venue operators, to offset a total of 75% of the first \$4,600 of monthly wages

- \$90 million to help the tourism industry rebound strongly, when the time is right

• Food Services

- Enhanced the Jobs Support Scheme for Food & Beverages, with a total of 50% wage offset, for the first \$4,600 of monthly wages.

6. Supporting Workers And Protecting Jobs

- For every local worker, increased in government co-funding of wages from 8% to 25% along with increased in monthly qualifying wage ceiling from \$3600 to \$4600.
- Extended to cover another two quarters.
- Under the Job Support Scheme, \$15.1 billion allocated to support more than 1.9 million local employees.
- Self Employed person will receive a cash assistance of \$1000 per month for the next 9months
- Under Self-Employed Person Training Support Scheme, training allowance has increased from \$7.5 per hour to \$10 per hour
- Under SGUnited traineeships programme, co-share manpower costs with enterprises that offer traineeships targeted at local first-time jobseekers this year and supporting upto 8000 trainees in 2020.
- Under Enhanced Workfare Special Payment, low income workers will receive \$3000 in cash this year for household needs

7. Assisting Households

- Under Care and Support Package, for all the adult Singaporeans has increased from \$100 to \$300, to a range of \$300 to \$900, depending on income and a cash payment to each Singaporean parent with at least one young child of S\$300
 - Singaporeans will receive a grocery vouchers for families of \$300

8. Flexibility On Fees And Loans

- All the government charges and fees are freezed for one year from 1st April, 2020 to 31st March, 2021
- Loan repayment and interest charges for student loans will be suspended for one year from 1st June, 2020 to 31st May, 2021
- All late payment charges on mortgage arrears to be suspended for three months,

Third stimulus package – "Solidarity Budget"

It was announced on 5 April that Finance Minister Heng Swee Keat would propose a third round of support measures through a "Solidarity Budget" when Parliament returned on 6 April. A total of S\$5.1 billion was allocated for the package, with S\$4 billion to be drawn from past reserves.

Monetary Authority of Singapore Package

In order to help financial institutions and FinTech companies tide over the virus, MAS released a \$125 million package to help financial institutions and FinTech companies to strengthen long-term capabilities.

Infocomm Media Development Authority (IMDA) Measures

On 14 April, the Infocomm Media Development Authority announced that they will launch Public Service Content worth S\$8 million and fund 90% of the course fees for Self-Employed Persons under Talent Assistance (T-Assist) Programme. In order to reduce operating costs, the Film Exhibition and Distribution Licence Fees will be waived from 17 April.

Extension of Tax Filing Deadlines

As part of its support for taxpayers in light of the latest measures to manage the COVID-19 situation, the Inland Revenue Authority of Singapore (IRAS) is providing an automatic extension of deadlines for tax filing for individuals and businesses:

S/no	Original Filing Deadline	Extended Filing Deadline	Comments
5	S45 Withholding Tax Forms due in Apr 2020	15 Apr 2020	15 May 2020
6	Tax Clearances for foreign employee in Apr 2020	-	1 additional month

The Ministry of Manpower has issued advice to businesses on alternatives to retrenchment. These include

Temporary layoffs

Employers can ask employees to stop coming to work for a short period. Employers, however, must pay 50 percent of the gross salary during the days they are temporarily laid off. Employers can also ask employees to take up to 50 percent of their annual leave and any layoff period cannot exceed one month.

Re-training

Employers should tap into the SkillsFuture program established by the government. This program will assist individuals in gaining new skills (SkillsFuture), enhance the role of businesses in developing their staff (SkillsFuture Enterprise), and support mid-career workers to help them stay employed (SkillsFuture Mid-Career).

Reducing workdays

Employers can implement a shorter week, but this should not exceed more than three days in a week and should not last more than three months.

S/no	Tax Type	Original Filing Deadline	Extended Filing Deadline
1	Income Tax for Individuals (including sole proprietors and partnerships)	18 Apr 2020	31 May 2020
2	Income Tax for Trusts, Clubs and Associations	15 Apr 2020	31 May 2020
3	Estimated Chargeable Income (ECI) for companies with Financial Year ending Jan 2020	30 Apr 2020	31 May 2020
4	GST Returns for accounting period	30 Apr 2020	11 May 2020

CONCLUSION

Extraordinary times call for extraordinary measures. While the implications of the Corona Virus may seem daunting to a Business Hub & Travel destination like Singapore, this disaster holds opportunities for a fresh jumpstart in the economy, newer possibilities through innovation and technology. In addition, the stimulus budgets introduced by the Singapore government has been towards providing relief to the various sectors of the economy and cushion the crisis of economic slowdown.

DISCLAIMER

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