

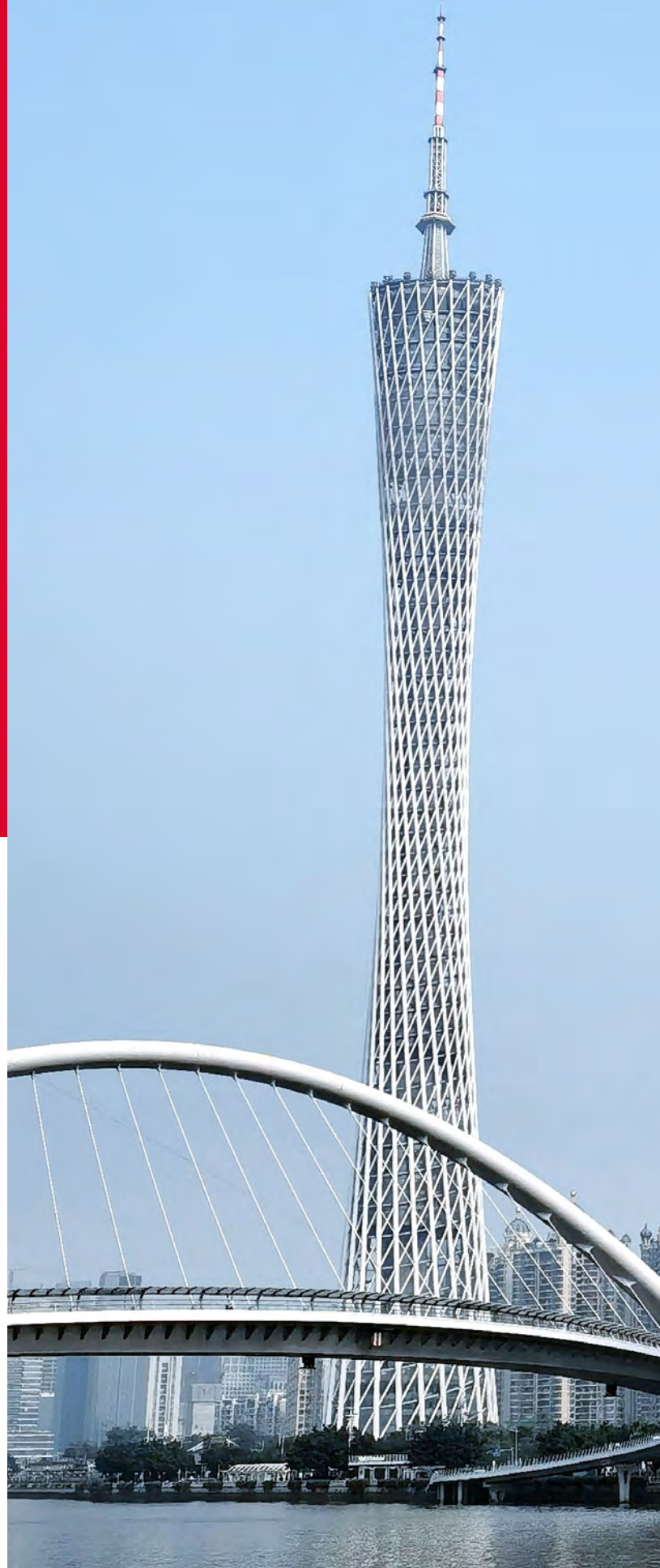
NEWSLETTER

Fidinam
Asia Pacific - Middle East
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Highlights

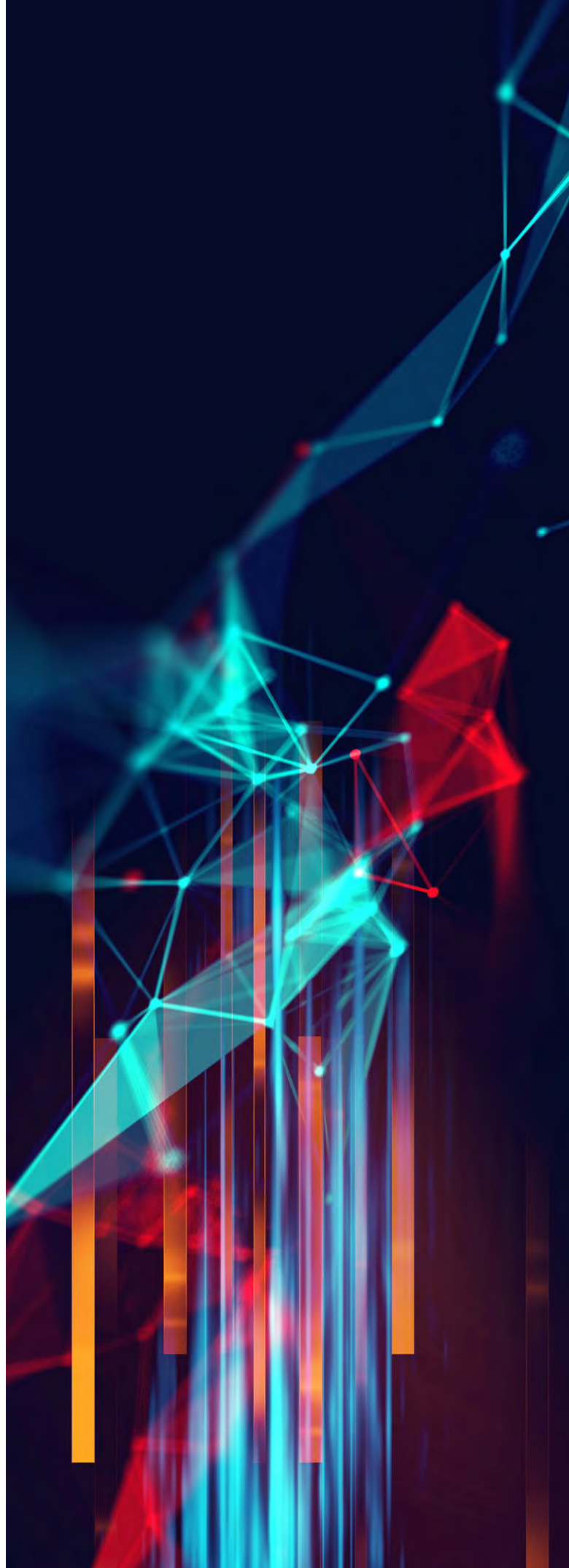
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FIDINAM STRENGTHENS MARKET POSITION IN CHINA

Fidinam has expanded its presence in China by acquiring an existing service provider in **Guangzhou** and by opening a new branch office in **Beijing**, further strengthening its footprint across key Chinese business centres.

The expansion reflects Fidinam's long-term commitment to supporting corporate clients and private investors operating in and from China. Building on its established presence, Fidinam now offers a coordinated Greater China platform across Shanghai, Guangzhou, Beijing and Hong Kong, providing close proximity to clients and supporting both inbound and outbound business activities.

Fidinam Guangzhou

Located at the heart of the Greater Bay Area ("GBA"), Guangzhou continues to see strong growth in cross-border trade and investments. To respond to rising client demand, Fidinam has strengthened its presence in Guangzhou through the acquisition of an established local service provider, now operating under Fidinam brand.

Fidinam Guangzhou provides a full range of services from company incorporation to accounting, HR, tax filing and local compliance, as well as tax planning and wealth planning solutions for individual investors, reflecting Fidinam multidisciplinary advisory model.



The Managing Partner of Fidinam Guangzhou, Franco Fornari, foreign legal expert in China with more than two decades of experience in the country, ensures continuity of the business and a highly qualified leadership. The local team provides a professional service in coordination with Fidinam international expertise in foreign jurisdictions.

“Becoming part of Fidinam allows the company to further strengthen the services we provide to our clients, while preserving the local insight and a personalized approach they value. With the support of an international advisory Group, we are well positioned to assist businesses and individuals to establish and run operations in the Greater Bay Area” said Franco Fornari, Managing Partner of Fidinam Guangzhou.

Branch Office in Beijing

In parallel, Fidinam has opened a branch office in Beijing, extending its reach into China’s Capital City. The Beijing branch will support clients located in the north of China for their local compliance needs, complementing Fidinam existing regional coverage.

Alessandro Pedrinoni, Fidinam CEO Asia Pacific said: *“Greater China is a strategic market for Fidinam. 15 years after the opening of our first office in Hong Kong, we are now taking a significant step strengthening our presence with new offices in Guangzhou and Beijing and by setting up a New Desk to assist German speaking clients”*.

New DACH Desk in China

In January 2026 Fidinam has opened a DACH Desk (Germany, Austria and Switzerland) at its Shanghai office. The Desk is led by Heiko Brenner, a German professional with a solid experience in Mainland China. Heiko’s professional activity will focus on supporting German-speaking clients for their corporate, tax and accounting needs in China as well as for cross-border investments.

Fidinam in Asia Pacific

With more than 15 years of experience in Asia Pacific, Fidinam operates offices in Hong Kong, Vietnam, Australia, China and Singapore, as well as a broader presence across Europe and the Middle East.

Its multidisciplinary teams deliver accounting, tax and corporate services, international tax advisory and trust services, helping clients to navigate cross-border investments and operations efficiently.



CHINA'S VAT LAW IS IN EFFECT: CRITICAL COMPLIANCE AND STRATEGIC ACTIONS FOR 2026

A fundamental transformation in China's tax landscape is now in effect, having commenced on **January 1, 2026**. The new **VAT Law and its Implementation Regulations** will replace the provisional system that has governed business transactions since 1993, moving from administrative rules to a formal, codified legal framework.

This landmark shift promises greater long-term stability for corporate tax planning but also introduces stricter compliance requirements with direct implications for cash flow and operational strategy. Businesses across all sectors must begin preparing now to navigate this change successfully.

Core Legislative Updates & Operational Impact

The new regime elevates established practices into law while closing previous ambiguities. Key changes demand immediate attention from financial controllers.

A pivotal clarification concerns “**abnormal losses**”. Input VAT on losses from theft, misplacement, spoilage, or confiscation due to legal violations **is now explicitly non-deductible**. This move strengthens the link between tax compliance and internal governance. Companies must urgently review inventory management and asset control procedures. Meticulous documentation proving that losses were not due to mismanagement becomes essential to protect valuable input VAT credits and safeguard working capital.



Furthermore, the rules for **input VAT apportionment** are now formalized in law. For overheads used for both taxable and exempt activities (e.g., utilities, administrative costs), the deductible portion must be calculated based on the sales ratio, with a **mandatory annual reconciliation**. Businesses with complex or exempt income streams must implement robust tracking systems to manage this ongoing compliance obligation accurately.

The regulations also refine definitions for “goods”, “services”, “intangible assets”, and “immovable property”, reducing classification disputes. A definitive list of valid documents for input VAT claims—including special VAT invoices and customs certificates—has been codified, providing crucial clarity for audit preparedness.

Strategic Recalibration of VAT Exemptions

Beyond procedural updates, the law signals a deliberate policy shift **by narrowing the scope of VAT-free activities**, focusing exemptions on core public welfare. Notably, exemptions have been **removed** for:

1. Services provided by **for-profit beauty and medical institutions**.
2. Production and sale of **contraceptive drugs and devices**.

This recalibration requires immediate action from affected businesses. The financial impact of newly applicable VAT must be assessed and incorporated into 2026 pricing models and contract renegotiations. Proactive planning is essential to avoid unexpected cost increases and eroded margins.

Concurrently, the law mandates that all VAT preferential policies must be publicly catalogued with transparent criteria and undergo periodic review. This signals a more dynamic incentive landscape, requiring businesses to actively monitor official announcements to ensure continued eligibility and adapt strategies accordingly.

Key Strategic Changes Demanding Board-Level Attention

Two innovations within the law carry profound strategic implications, affecting investment decisions and global trade logistics.

1. The “RMB 5 Million” Threshold for Capital Assets

This rule fundamentally changes the treatment of high-value, mixed-use assets like factories or office buildings.

Assets below RMB 5 million: Input VAT remains fully deductible upfront.

Assets at RMB 5 million or above: While upfront deduction is allowed, companies must perform **annual adjustments** over the asset’s life based on its actual use (taxable vs. non-taxable).

This creates a multi-year compliance burden, making sophisticated asset-tracking systems a financial necessity rather than an operational luxury. Investing in digital management tools is now critical to justify deductions and prevent future tax liabilities.

2. Major Overhaul of Export VAT Refund Policies

A separate critical announcement targets strategic industries, with changes effective April 1, 2026:

- **Photovoltaic (PV) Products:** Export VAT refund **fully canceled**.
- **Battery Products:** Subject to a **phased reduction in refund rates**.

The direct impact is a significant increase in the export cost base. Manufacturers must immediately **review official product lists (by HS code)** to confirm exposure. Strategic responses should include adjusting export schedules, renegotiating international contracts, and comprehensively re-evaluating global pricing to account for reduced competitiveness.

Exporters must also exercise heightened diligence regarding the “**Zero Export VAT Refund Rate**” policy. Accurate HS code classification is paramount, as incorrect claims for ineligible products will be treated severely, potentially resulting in major penalties and loss of export privileges.

Key Takeaways for CFOs & Strategic Planners

To ensure a smooth transition and mitigate risk, we advise businesses to undertake a structured review:

- **Conduct a Comprehensive Impact Assessment:** Audit current transactions, procurement, and sales processes against the new legal definitions and requirements. Identify exposures, particularly concerning input VAT on assets and overheads.
- **Fortify Internal Controls & Documentation:** Strengthen policies for inventory, fixed assets, and invoice management. Implement clear procedures to document the cause of any asset loss, creating an evidentiary trail to protect input VAT credits.
- **Establish a Regulatory Monitoring Protocol:** Designate resources to track announcements from the Ministry of Finance and State Taxation Administration for upcoming supplementary rules on areas like the RMB 5 million asset rule.
- **Re-evaluate Tax Incentives:** Audit all current preferential treatments to verify their status under the new public catalogue and understand any modified application criteria.
- **Engage Specialized Professional Advice:** Partner with experienced tax advisors to ensure accurate interpretation, tailored compliance strategies, and identification of optimization opportunities within the new framework.



Turning Regulatory Change into Strategic Advantage

The implementation of China’s VAT Law marks the beginning of a more mature and stable phase of fiscal administration. For forward-thinking enterprises, this transition is more than a compliance exercise—it is a strategic opportunity to strengthen internal financial controls, optimize tax positions, and build operational resilience. Proactive adaptation will be a key differentiator, transforming a mandatory function into a component of sustainable competitive advantage.

Fidinam is ready to guide you through this transition. Our team offers tailored support. Contact our team at info@fidinamgw.com to assess your readiness for the 2026 changes and turn this regulatory shift into a moment of strategic clarity.



By Franco Fornari
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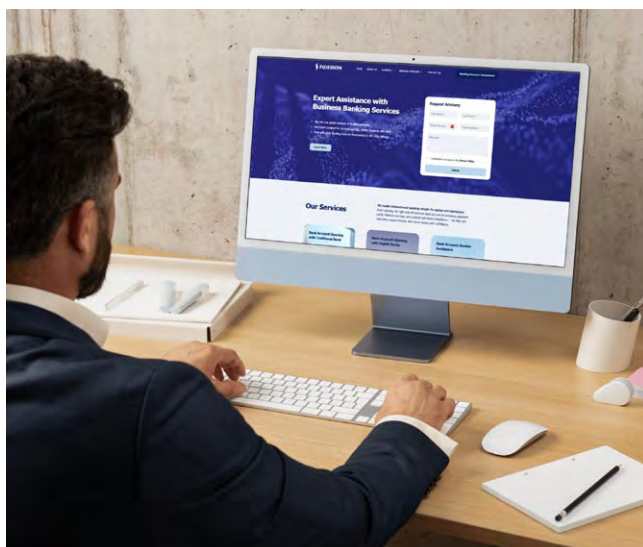
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FIDINAM LAUNCHES FIDESION, A NEW BUSINESS BANKING ASSESSMENT TOOL

Fidinam has announced the launch of Fidesion, a new banking solutions platform designed to support international businesses throughout the lifecycle of their business banking needs.

As regulatory requirements tighten and onboarding standards become more complex, many companies face delays or rejections when applying for business bank accounts — often without clear explanations. A key starting point within Fidesion is the Banking Success Assessment. This digital assessment provides businesses with a realistic view of their banking approval potential with both traditional banks and digital banking providers.

By evaluating factors such as company structure, jurisdiction, ownership, and business activity, the assessment reflects common onboarding criteria used by banks across multiple jurisdictions to help businesses make informed decisions before initiating any application.



“Too often, businesses approach banking applications without a clear understanding of how banks assess risk or what they expect,” said Alessandro Pedrinoni, CEO Asia Pacific at Fidinam. “Fidesion brings structure and clarity to that process. Beyond the initial assessment, we actively support businesses with the practical steps required to open, maintain, and operate bank accounts in an increasingly complex environment.”

Built on more than 65 years of experience supporting international businesses, Fidesion assists companies with opening and managing business bank accounts across multiple jurisdictions. Its services include:

1. Support with traditional and digital bank account openings
2. Bank account reviews
3. Authorized signatory and user management
4. Credit and debit card applications
5. Treasury and payment execution services

Additionally, we support access to specialized banking features such as payment gateways, foreign exchange optimization, trade finance, credit facilities, investment platforms, and compliant crypto cash-out solutions.

Fidesion does not provide banking services directly and is not a bank. Instead, it acts as an independent intermediary and strategic partner, working with traditional banks, neobanks, and other regulated financial institutions to help businesses engage more effectively and reduce friction throughout the banking process.

The platform is available globally and is particularly relevant for internationally active companies, entrepreneurs expanding across borders, and businesses operating in multiple jurisdictions.

Businesses can assess their banking approval potential and learn more at www.fidesion.com

HONG KONG BUDGET 2026-27

On 25 February 2026, the Financial Secretary of the Hong Kong SAR Government unveiled the 2026-27 Budget (the “Budget”) under the theme “Driving High-quality, Inclusive Growth with Innovation and Finance”.

Building on stronger fiscal performance, this year’s Budget outlines Hong Kong’s policy priorities for its tax and economic landscape, with direct implications for businesses, investors and individuals operating in and from the city.

Hong Kong’s overall economy grew by 3.5% in 2025, marking the third consecutive year of expansion. Total exports of goods increased by 12%, while service exports rose by 6.3%. The labour market also showed steady improvement in the second half of the year, with the seasonally adjusted unemployment rate standing at 3.8% in the fourth quarter, and underlying inflation remained at 1.1% in 2025.

Looking ahead, the 2026–27 fiscal outlook projects a surplus of HK\$22.1 billion, with reserves forecast to rise further to HK\$679.3 billion. The Budget underscores Hong Kong’s continued ambition to reinforce its position as an international financial and trading hub, with particular emphasis on tax competitiveness and targeted sectoral incentives.



Budget Highlights

Supporting Business, Emerging & New Industries

These measures focus on strengthening Hong Kong's innovation ecosystem, export resilience and high value-added industries through targeted funding and policy support.

- Inject HK\$200 million into the Branding, Upgrading and Domestic Sales (BUD) Fund; raise funding ceiling for each "Easy BUD" application to HK\$150,000; and provide more targeted funding support for enterprises in AI application
- Introduce a pilot scheme by The Hong Kong Export Credit Insurance Corporation to provide protection for SMEs engaging in exports with higher-risk buyers
- Allocate HK\$28 million for the Hong Kong Technology and Innovation Support Centre to provide patent evaluation and implement a 2-year Pilot Patent Valuation Support Scheme to assist I&T enterprises for conducting valuation of their patent assets
- Allocate around HK\$220 million to establish the first national manufacturing innovation centre outside the Mainland

Develop Northern Metropolis (NM)

Significant capital allocations aim to accelerate infrastructure, technology and university development within the Northern Metropolis as a long-term economic growth engine.

- Develop Hetao Co-operation Zone Hong Kong Park by allocating HK\$10 billion to accelerate land development, provide infrastructure, establish venture fund, etc
- Establish dedicated company and inject HK\$10 billion as initial capital to develop San Tin Technopole
- Allocate HK\$10 billion to support initial operation of Hung Shui Kiu Industry Park Company Limited



Caring for the Community and Talent Development

The Budget provides targeted funding to support education infrastructure and youth development initiatives to enhance Hong Kong's talent pipeline.

- Allocate HK\$10 billion loan to support campus development in The Northern Metropolis University Town
- Allocate HK\$60 million for implementing the HYAB Funding Scheme for International Youth Exchange



Key Tax Measures

The Financial Secretary expressed in the Budget to maintain the competitiveness of Hong Kong's simple and low tax regime. There are no proposed changes to the salaries tax, profits tax and property tax rates. The key tax measures proposed in the Budget include:

- **Profits Tax (corporations and unincorporated businesses)**
 - ✓ **New tax regime:** introduce the following new measures:
 - Introduce preferential tax rates of half-rate or 5% among other policy measures to attract enterprises and investment (legislative bill expected in 2026)
 - Implement the Organisation for Economic Co-operation and Development's Crypto-Asset Reporting Framework and the amended Common Reporting Standard to enhance tax transparency and combat cross-border tax evasion (legislative bill expected in the first half of 2026)
 - Explore tax concessions for eligible institutions conducting gold trading and settlement in Hong Kong following the signing of a co-operation agreement with the Shanghai Gold Exchange earlier this year and the establishment of a Hong Kong's central clearing system for gold
- ✓ **Existing tax regime enhancement:**
 - Enhance family offices and fund tax regime, including expanding the scope of "fund" to cover specific funds-of-one, as well as classifying digital assets, precious metals, specified commodities, etc. as qualifying investments eligible for tax concessions (legislative bill expected in the first half of 2026, with a view to effecting the implementation from the year of assessment 2025-26)
 - Refine the intellectual property (IP) associated tax regime and institutional framework, including consulting the trade on tax deduction arrangements for capital expenditure in purchasing IP or the rights to use IP (legislative bill expected in 2026)
 - Enhance tax concession measures for maritime service industry, provide half-rate tax concession to eligible commodities traders with a view to promoting high value-added maritime services in Hong Kong (legislative bill expected in the first half of 2026)
 - Enhance tax incentives and flexibility for Corporate Treasury Centres while introducing a pre-approval mechanism (details expected in mid-2026)
 - Continue to expand the network of Comprehensive Avoidance of Double Taxation Agreements (so far signed a total of 55)
- ✓ **Profits tax relief:** Reduce profits tax for the year of assessment 2025-26 by 100%, subject to a ceiling of HK\$3,000.



▪ **Salaries Tax (individuals)**

- ✓ **Salaries tax/tax under personal assessment relief:** reduce salaries tax and tax under personal assessment for the year of assessment 2025-26 by 100%, subject to a ceiling of HK\$3,000.
- ✓ **Personal allowances:** Increase basic allowance, married person's allowance, single parent allowance, child allowance and additional child allowance, dependent parent/grandparent allowances
- ✓ **Deductions:** Increase deduction ceiling for elderly residential care expenses

▪ **Rates (property owners)**

- ✓ Provide rates concession for domestic and non-domestic properties for the first two quarters of 2026-27, subject to a HK\$500 ceiling per quarter

▪ **Stamp duty**

- ✓ Increase stamp duty on residential properties valued above HK\$100 million from 4.25% to 6.5% with effect from 26 February 2026
- ✓ Waive stamp duty for transferring non-residential properties into real estate investment trusts seeking to list in Hong Kong (legislative bill planned for first half of 2027)
- ✓ Expand the scope of eligible associated body corporates for stamp duty relief in relation to the intra-group transfer of assets, taking effect retrospectively to instruments signed from 25 February 2026 (legislative bill expected in 2026)

Overall, the 2026–27 Budget reinforces Hong Kong's positioning as a leading international financial centre while expanding targeted incentives in innovation, family office, digital asset and treasury-related sectors.

At the same time, certain measures — particularly in reporting standards and stamp duty — reflect continued alignment with international tax transparency frameworks and evolving market practices.

The introduced range of measures may affect corporate structures, investment strategies, tax planning and personal financial arrangements.

Whether you are reviewing your company's tax position, assessing eligibility for new concessions, or evaluating the impact of changes to stamp duty and personal allowances, our team can assist.

We support both companies and individuals in analysing how these proposals apply to their specific circumstances and in implementing practical, compliant solutions aligned with their long-term objectives. Contact us at info@fidinamgw.com.



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DA NANG: VIETNAM'S NEW INTERNATIONAL FINANCIAL HUB IN THE MAKING

Vietnam is entering a significant phase of financial reform with the development of an International Financial Center (IFC) – the country's first international financial hub – located in both Ho Chi Minh City and Da Nang.

The initiative is part of a broader national strategy to position Vietnam as a regional financial center by 2035 and achieve global financial prominence by 2045.

Within this framework, Da Nang is envisioned as an innovation-driven financial hub, focusing on fintech, green finance, digital assets, and emerging financial services. The city is expected to complement Ho Chi Minh City, which will remain the country's core center for banking, capital markets, and traditional asset management activities.

A Special Legal Framework for the International Financial Center

On June 27, 2025, Vietnam's National Assembly passed Resolution 222/2025/QH15, officially approving the establishment of an International Financial Center in Ho Chi Minh City and Da Nang. The resolution took effect on September 1, 2025.

Under this framework, the IFC operates under a "one center – two locations" model, meaning a unified financial center with two operating hubs. Regulations, governance standards, and operational procedures will be applied consistently across both cities.

To support implementation, the Vietnamese government also issued Decree 323/2025/NĐ-CP, which outlines the governance structure, licensing procedures, supervision mechanisms, and operational framework for the IFC.



Da Nang: A Testing Ground for New Financial Models

In January 2026, Vietnam officially launched the International Financial Center in Da Nang, marking an important milestone in the country's financial integration strategy.

According to the government's vision, the Da Nang IFC will function as:

- A fintech and financial innovation hub
- A regulatory sandbox for testing new financial models
- A center for digital assets, digital payments, and specialized trading platforms

In addition, the center is expected to support the development of several emerging financial services, including:

- Supply chain finance
- Third-party financial services
- Non-deposit lending institutions

These activities are designed to complement and expand Vietnam's traditional financial ecosystem, enabling more flexible and innovative financial products.



Key Incentives for Investors at the Da Nang IFC

To ensure the International Financial Center can compete with established financial hubs in the region, the Vietnamese government has designed a set of special incentive mechanisms for financial institutions, investment funds, and fintech companies operating in Da Nang.

1. Personal Income Tax and Investment Income Incentives

One of the most notable policies is the exemption of Personal Income Tax (PIT) for:

- foreign experts
- scientists
- senior executives working within the IFC

This incentive will remain in effect until 2030, aiming to attract international financial talent to Vietnam.

Additionally:

- Income from the transfer of shares or capital contributions within the IFC will also be exempt from personal income tax during the same period.

This policy significantly enhances the attractiveness of the IFC for investment funds and venture capital firms investing in companies operating within the financial center.

2. Relaxed Foreign Exchange Regulations

Organizations operating within the IFC will benefit from more flexible foreign exchange policies compared to ordinary businesses in Vietnam, including:



- the ability to open accounts in foreign currencies
- conducting direct international financial transactions
- easier capital repatriation and profit transfers abroad

These measures are intended to allow the IFC to operate closer to the standards of global financial centers such as Singapore or Dubai.

3. Regulatory Sandbox for Fintech Innovation

A key innovation of the Da Nang IFC is the Regulatory Sandbox, a framework that allows companies to test new financial models within a controlled regulatory environment.

Areas eligible for sandbox experimentation include:

- fintech services
- blockchain and digital assets
- electronic payments
- digital asset trading platforms
- AI-driven financial services

The sandbox allows companies to launch and test products before full regulatory frameworks are finalized, accelerating innovation within the financial sector.

4. International Operating Language

Within the IFC:

- English can be used as an official language for transactions and contracts
- legal documents may be prepared in English
- arbitration and dispute resolution mechanisms will follow international standards

This approach helps reduce legal barriers and improve accessibility for international investors.

5. Policies to Attract Global Talent

The Vietnamese government also plans to introduce supportive policies to attract high-quality international talent, including:

- simplified visa and work permit procedures
- dedicated policies to attract global financial experts
- development of high-end urban areas and services for international professionals

These measures aim to position Da Nang as an attractive place to live and work for global finance professionals.

Overall, the incentive framework at the Da Nang IFC is built on three main pillars:

- strong tax incentives
- flexible regulatory frameworks for financial innovation
- greater openness to global capital and international talent

These mechanisms are expected to help Da Nang rapidly develop into an emerging financial ecosystem in the Asia–Pacific region, strengthening Vietnam’s position in the global financial landscape.

Our team provides practical guidance on market entry, regulatory frameworks, and structuring opportunities within Vietnam’s evolving financial landscape. Contact us at info@fidinamgw.com to explore how the Da Nang IFC can fit into your regional strategy.



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SINGAPORE BUDGET 2026: STRENGTHENING COMPETITIVENESS IN A CHANGING GLOBAL LANDSCAPE

**On 12 February 2026,
Singapore’s Ministry of Finance
delivered the national Budget
for the fiscal year ahead under
the theme “Secure Our Future
Together in a Changed World.”**

The Budget sets out Singapore’s economic priorities for the coming years, focusing on maintaining fiscal prudence while investing strategically in innovation, workforce development, and international connectivity.

Against a backdrop of global uncertainty and shifting economic dynamics, the 2026 Budget aims to strengthen Singapore’s long-term competitiveness while continuing to support businesses and households.

Economic Context and Outlook

The 2026 Budget builds on Singapore’s strong economic performance in 2025. The country recorded GDP growth of 4.8%, outperforming earlier forecasts and marking one of its strongest growth years since 2021. Growth was driven primarily by manufacturing, wholesale trade, finance and insurance, and transport-related sectors. In particular, a surge in biomedical manufacturing and demand for semiconductors linked to artificial intelligence supported strong growth in the final quarter of the year.

Despite these positive results, global conditions remain uncertain. Trade tensions, geopolitical risks, and shifting global economic alliances continue to influence international trade flows. As an export-oriented economy, Singapore must remain adaptable to these developments. Reflecting cautious optimism, the Ministry of Trade and Industry has revised Singapore’s GDP growth forecast for 2026 to between 2% and 4%, signalling steady but moderate expansion in the year ahead.



Supporting Businesses and Managing Costs

A key component of the 2026 Budget focuses on helping businesses manage operational costs while continuing to invest in growth and transformation.

One of the headline measures is a 40% Corporate Income Tax rebate, capped at SGD 30,000 per company. To ensure that smaller businesses also benefit, a minimum benefit of SGD 1,500 will be provided to active companies that employed at least one local worker in 2025. These measures are designed to provide immediate financial relief and allow companies to retain more earnings for reinvestment and operational needs.

In addition, the Progressive Wage Scheme (PWS) will see increased government funding support. The scheme will cover 30% of wage increases, up from the previously announced 20%, and will be extended for an additional two years. The minimum wage increase required to qualify for the scheme will also rise from SGD 100 to SGD 200, further encouraging businesses to improve wages of lower-income workers while maintaining productivity growth.

Strengthening Global Connectivity and Internationalization

Another priority in the 2026 Budget is to deepen Singapore's global economic integration in a more complex and selective global trading environment.

The government emphasized that globalization is evolving, with economic flows increasingly shaped by strategic partnerships and supply chain resilience. In response, Singapore plans to strengthen international cooperation through initiatives such as the Future of Investment and Trade Partnerships, aimed at facilitating collaboration in technology, trade facilitation, and supply chain resilience.

Singapore is also expanding its engagement with emerging markets in Latin America, Africa, and the Middle East,

while continuing to strengthen regional integration through initiatives such as the **Johor-Singapore Special Economic Zone** and economic collaboration projects in Indonesia, including Batam and Bintan.

To support Singapore-based companies expanding internationally, several financing and grant schemes will be enhanced. The Market Readiness Assistance (MRA) Grant will continue to support overseas expansion activities, while the Double Tax Deduction for Internationalisation (DTDi) scheme will allow companies to claim 200% tax deductions on qualifying expenses related to international expansion. The cap on automatic DTDi claims will increase from SGD 150,000 to SGD 400,000, with the scheme extended until 31 December 2030.

Furthermore, the Enterprise Financing Scheme (EFS) will be enhanced to increase loan limits for companies at different stages of growth, and an additional SGD 1 billion will be allocated to the Startup SG Equity programme to support high-growth companies.



Accelerating Innovation and AI transformation

A defining feature of the 2026 Budget is the strong emphasis on innovation and artificial intelligence as drivers of long-term economic growth.

Under the Research, Innovation and Enterprise 2030 (RIE2030) plan, the government will invest SGD 37 billion to expand research capabilities, strengthen talent pipelines, and accelerate the translation of research into commercial applications. The program will focus on key sectors including advanced manufacturing, trade and connectivity, healthcare and healthy longevity, urban sustainability, and the digital economy.

In addition, Singapore will launch National AI Missions to accelerate the adoption of AI across sectors such as manufacturing, logistics, finance, and healthcare. A new National AI Council will oversee governance and regulatory frameworks, while an AI park at One-North will support collaboration between companies, researchers, and technology developers.

To encourage businesses to adopt AI technologies, the Enterprise Innovation Scheme will allow 400% tax deductions for qualifying AI-related expenditures, capped at SGD 50,000 per year of assessment for YA 2027 and YA 2028.

Building a Resilient Workforce

Workforce development remains a central pillar of the 2026 Budget. The government aims to strengthen local skills while maintaining access to global talent.

One measure includes raising the Local Qualifying Salary (LQS) from SGD 1,600 to SGD 1,800, increasing the minimum salary that firms must pay local employees if they hire foreign workers.

The government will also merge SkillsFuture Singapore and Workforce Singapore into a new statutory board, creating a single platform that provides training, career guidance, and job-matching services. Programmes such as the SkillsFuture Level-Up Programme will continue to support mid-career workers aged 40 and above through training allowances and reskilling opportunities.

At the same time, Singapore will adjust foreign workforce policies to ensure that global talent complements the local workforce. For example, the qualifying salary for Employment Pass applications will increase to SGD 6,000 (and SGD 6,600 for financial services roles) starting in January 2027, while S-Pass salary thresholds will also rise.

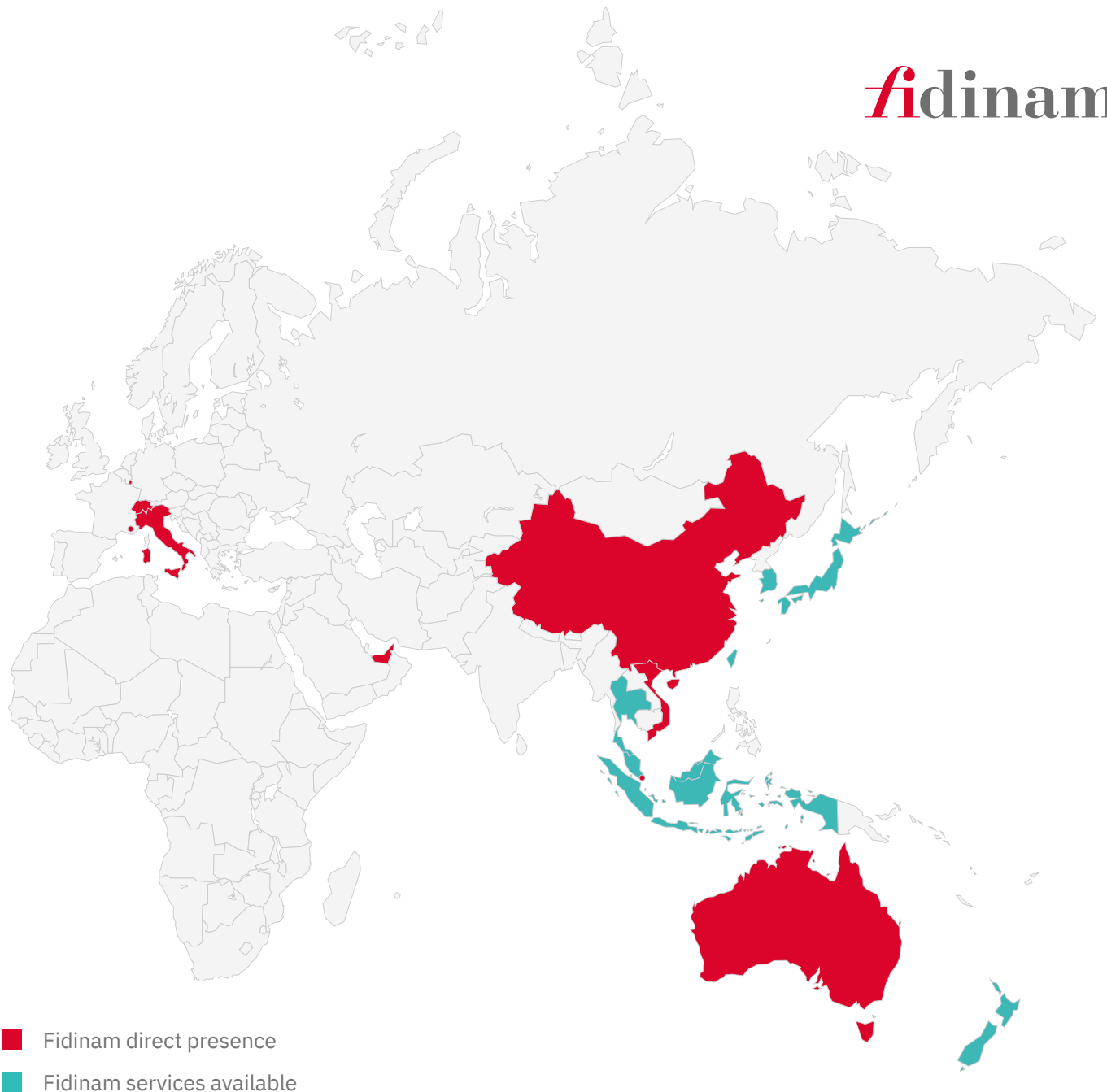
Overall, Singapore's 2026 Budget reflects a balanced strategy that combines immediate support with long-term investments in innovation, skills development, and global engagement. By strengthening its economic foundations while adapting to global changes, Singapore aims to remain competitive and resilient in the years ahead.

We support businesses and investors in understanding how these policy developments apply to their specific circumstances and in identifying practical opportunities aligned with their long-term objectives. Contact us at info@fidinamgw.com.



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