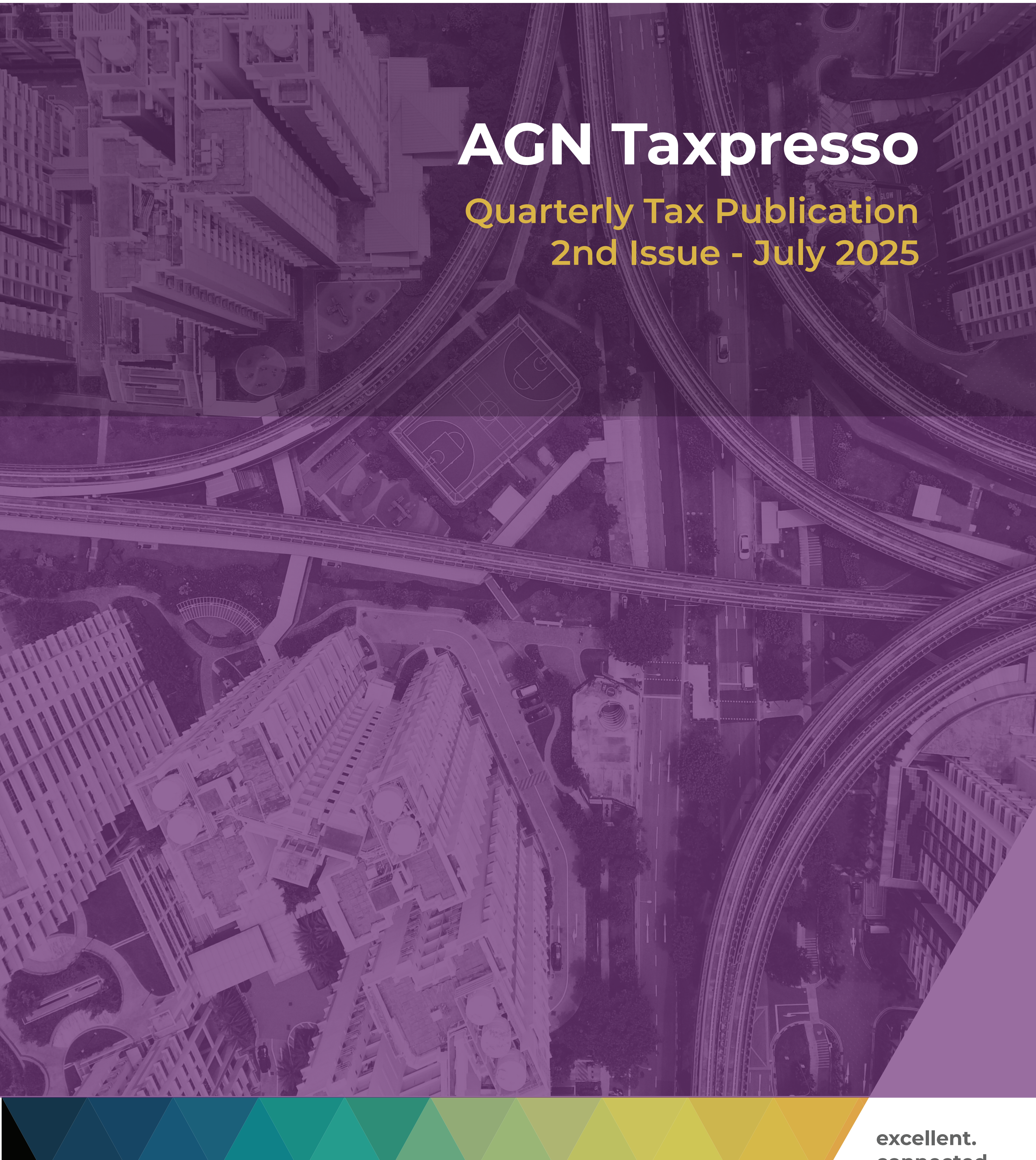
AGN Taxpresso

Quarterly Tax Publication
2nd Issue - July 2025



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SINGAPORE

Singapore’s 2025 Budget: Balancing Immediate Relief with Long-Term Growth and Sustainability

The Singapore 2025 Budget, unveiled in conjunction with the nation’s 60th anniversary of independence, is a comprehensive and forward-looking financial plan aimed at addressing immediate challenges while securing long-term growth and stability. The budget, which totals $143 billion, reflects Singapore’s unwavering commitment to the well-being of its people, the growth of its economy, and the nation’s sustainable future.

A key focus of the 2025 Budget is alleviating the financial pressure caused by rising inflation. To help households manage the cost of living, the government is providing $800 in Community Development Council (CDC) vouchers to every Singaporean household. Additionally, every Singaporean aged 21 and above will receive either $600 or $800 in SG60 vouchers to mark the nation’s 60th anniversary. These measures aim to directly ease financial burdens, alongside targeted utilities rebates, credits, and top-ups for children up to the age of 20. These initiatives collectively offer substantial financial relief to citizens at a time of rising prices.

Prime Minister and Finance Minister Lawrence Wong emphasized the importance of balancing short-term relief with long-term economic resilience. To that end, the government’s $143 billion budget lays the groundwork for both immediate support and strategic investments in areas crucial to Singapore’s future. One such area is fostering a thriving and supportive business ecosystem. To promote growth and resilience among businesses, the budget introduces a $2,000 cash rebate for businesses and a 50% tax rebate, capped at $40,000. These incentives are designed to encourage innovation and sustainability, particularly in sectors poised for growth.

Supporting innovation is a central theme of the 2025 Budget, with a significant focus on advancing technology and research. The government is allocating $3 billion to the National Productivity Fund to enhance research and development (R&D) efforts, ensuring that Singapore continues to lead in technological innovation. In addition, $150 million has been earmarked for a new Enterprise Compute Initiative, which aims to strengthen Singapore’s capabilities in artificial intelligence (AI) solutions. This initiative is crucial for positioning the nation as a global leader in AI technology and its application across various sectors.

To further bolster the nation’s business landscape, the budget also introduces a new $1 billion Private Credit Growth Fund. This fund will provide financing options for high-growth local enterprises, enabling them to scale their operations and compete more effectively on the global stage. The fund will help bridge the financing gap for companies that are too large for traditional small-business loans but are not yet large enough to access capital markets.

As part of its ongoing commitment to sustaining Singapore’s position as a global air hub, the government has set aside $5 billion for the Changi Airport Development Fund. This funding will support the construction of Terminal 5, a critical infrastructure project aimed at expanding the airport’s capacity and enhancing its global connectivity. The development of Terminal 5 will ensure that Changi Airport remains at the forefront of global aviation, helping to secure Singapore’s position as a vital international transit point.

Environmental sustainability remains a priority in the 2025 Budget. Recognizing the growing global interest in clean power, the government is focusing on exploring and implementing alternative energy solutions. One notable initiative is the $5 billion top-up to the Future Energy Fund, which will support efforts to develop nuclear energy capabilities. The government is also looking into small modular reactors, a promising technology for generating cleaner energy. These investments are in line with Singapore's broader commitment to reducing its carbon footprint and achieving long-term environmental sustainability.

In addition to these investments, the 2025 Budget reflects the government's commitment to prudent fiscal management, with a projected surplus of $6.8 billion, compared to a surplus of $6.4 billion in FY2024. This surplus signals a well-balanced approach to fiscal policy, ensuring that Singapore remains financially secure while meeting the needs of its people and preparing for future challenges.

Overall, the 2025 Budget strikes a thoughtful balance between addressing immediate needs, such as cost-of-living relief, and making strategic investments in areas like business innovation, technological advancement, and environmental sustainability. The budget's comprehensive measures are designed to build a resilient economy, support a vibrant business ecosystem, and secure a sustainable future for Singaporeans. With a projected surplus and a long-term vision for economic growth, the 2025 Budget exemplifies Singapore's commitment to both its people and its future prosperity.

Compiled by N Vimala Devi

BSL TAX SERVICES PTE LTD

Contact: +65 6833 6322 - devi.vimala@bsl.sg

PAKISTAN

Key highlights from the proposed amendments through the finance bill, 2025

The Federal Government of Pakistan presented the annual budget of the Country on June 10, 2025 along with proposed amendments in the taxation laws through the Finance Bill 2025. This is an annual event which grabs the attention of the entire nation including but not limited to the business community of Pakistan. The annual budget and finance bill sets the tone for the upcoming fiscal year with regards to the policies of the Federal Government and what the business community and public at large can expect.
This year's finance bill was no different as various changes were proposed across Income Tax, Sales Tax, and other taxation laws of the Country. These proposed amendments primarily aimed at enhancing compliance, enforcement and increasing tax revenue. A brief of the major proposed amendments is summarized as under:

PROPOSED AMENDMENTS IN THE INCOME TAX ORDINANCE, 2001

- **Digital Transaction Tax:** The Finance Bill 2025 proposes a new withholding tax on e-commerce transactions, to be collected by payment intermediaries and courier services, with varying rates based on payment method and product type (e.g., 0.25% to 2% for digital/COD payments). Both intermediaries and online platforms will be required to submit regular statements to ensure compliance and broaden the tax net on digital sales.
- **Super Tax Reduction:** Super tax rate for income exceeding PKR 200 million is proposed to be reduced by 0.5%.
- **Commercial Property Rent:** A minimum fair market rent of 4% of the property's fair market value is proposed for commercial properties.
- **Disallowed Expenditure:** The Finance Bill 2025 tightens expenditure disallowance rules: 10% is proposed to be disallowed for purchases from non-NTN holders (excluding agricultural produce from growers), 50% for cash/non-digital payments exceeding PKR 200,000 per invoice, and depreciation will be disallowed if required withholding tax (under Sections 152 or 153) was not deducted on the asset's payment.
- **Business Loss Restriction:** Adjustment of business losses against income from property is proposed to be restricted.
- **Group Relief Eligibility:** Only those group companies which are subject to tax under the normal tax regime are now proposed to qualify for group relief.
- **Low-Cost Housing Tax Credit:** A proposed reintroduction of a tax credit for interest paid on housing loans for personal homes (up to 2,500 sq ft land or 2,000 sq ft flat).
- **Eligibility of taxpayers:** The Finance Bill 2025 has also proposed restrict non-filers and filers without "sufficient resources" (defined as 130% of transaction value in cash/equivalent assets) from undertaking major economic transactions like buying high-value vehicles, transferring immovable property, selling securities, or opening/maintaining most bank accounts.
- **Pension Tax:** A 5% tax deduction has been proposed on pension amounts exceeding PKR 10 million for individuals under 70, if pension is their sole income.

- **Debt Securities Gain:** A 15% tax deduction has been proposed by custodians on capital gains from debt securities, unless traded on a registered stock exchange or settled via NCCPL.
- **Restoration of the first appeal forum:** The Finance Bill 2025 has restored the first appellate forum i.e. the Commissioner Inland Revenue (Appeals). The taxpayers now have the option to either bypass the Commissioner Inland Revenue (Appeals) by directly approaching the Appellate Tribunal, thereby removing pecuniary jurisdiction limits or file an appeal before the Commissioner Inland Revenue (Appeals) as their first appellate stage.
- **Teacher/Researcher Rebate:** 25% tax rebate has been proposed to be restored retrospectively for full-time teachers/researchers (excluding medical professionals with private practice income) for tax years 2023-2025.
- **Salaried Individual Tax Rates:** Revised tax slabs are proposed, significantly lowering rates for lower and middle-income earners. The surcharge for salaried individuals with income exceeding PKR 10 million is reduced from 10% to 9%.
- **Dividend Tax (Mutual Funds):** 15% tax rate for mutual funds, contingent on proportional income from debt securities and equities.
- **Profit on Debt Tax:** 20% tax on profit paid by banking/financial institutions while 15% in other cases.
- **Advance Tax on Immovable Property:**The Finance Bill 2025 proposes to decrease advance tax on property purchases while increasing it on property sale or transfer.

PROPOSED AMENDMENTS IN THE SALES TAX ACT, 1990:

- **Cargo Tracking System & E-Bilty:** A new concept has been proposed to enhance traceability of goods i.e. “E-Bilty” (electronic transportation receipt) to combat sales tax evasion.
- **E-commerce Taxability:** The definition of of e-commerce and online marketplace is proposed to be expanded to cover more taxable activities. The sales tax withholding rate is proposed to be increased from 1% to 2% on online transactions (both digital and COD).
- **Mandatory registration for online marketplace supply chain:** The Finance Bill 2025 will require online marketplaces to only allow sales by suppliers registered for both Sales Tax and Income Tax. These platforms, along with payment intermediaries and couriers, must also submit regular statements detailing supplier transactions and taxes.
- **Retail Price of Imported Goods:** The retail price of imported goods subject to sales tax at their market retail price is proposed to be at least 130% of their value determined at the time of import.
- **Input Tax Adjustment Limit:** It has been proposed to authorize the Federal Board of Revenue to use an automated risk management system to defer or set limits on input tax adjustments.
- **Restrictions on Unregistered Persons:** New sections are proposed to restrict bank accounts, property transfers, and allow sealing of businesses/seizure of property for unregistered persons to compel compliance.
- **Enhanced Enforcement & Deterrence:** The definition of “tax fraud” is proposed to be enhanced and the concept of “abettor” is also proposed to be introduced which aims to enhance enforcement and deterrence against those involve in facilitating tax fraud through various means.
- **Appointment of Experts & Auditors:** The Finance Bill, 2025 also proposes to authorize The Federal Board of Revenue to appoint experts for audits/investigations and up to 2,000 auditors directly or through third parties.

- **Appeal Mechanism Reorganization:** Pecuniary jurisdiction limits for Sales Tax appeals are proposed to be omitted, similar to Income Tax and the first appellate forum has been restored, offering taxpayers flexibility in choosing appellate forums.
- **Audit Firm Inspection:** Chief Commissioner Inland Revenue is now proposed to be authorized to refer audit firms to the audit oversight board if audited accounts do not reflect a true and fair view of sales, purchases, and related sales tax liability.
- **Significant sales tax exemption removed:** Photovoltaic cells (for solar panels) are proposed to no longer be exempt and will be taxed at 18%.

Contact: 0092-21-34942629 (Ext: 20) - kamal@rasgco.com

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For further information, or to become involved, please contact:

AGN International
Email: info@agn.org | Office: +44 (0)20 7971 7373 | Web: www.agn.org