

# SBF, PwC list 18 recommendations to strengthen S'pore economy

They outline 5 priorities to consider for 2026 Budget

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Singapore's apex business chamber is urging the Government to boost intellectual property (IP) financing, hasten Asean integration, and work with businesses to support the hiring and retention of older workers.

Drawing on 18 recommendations, the Singapore Business Federation (SBF) and its knowledge partner, PwC Singapore, outlined five key priorities for the Government to consider in shaping the 2026 fiscal Budget.

At a media briefing on Jan 12, SBF chief executive Kok Ping Soon said the proposals were grounded in findings from the chamber's business surveys, industry feedback, as well as insights gleaned from the ongoing Singapore Economic Resilience Taskforce and Economic Strategy Review.

Though Singapore's economy grew 4.8 per cent in 2025, the Government's slower 1 per cent to 3 per cent projection for 2026 reflects caution, Mr Kok said, noting that some factors that fuelled growth in 2025 may dissipate this year.

Growth in 2025 was boosted by the front-loading of exports in anticipation of US tariffs, which have yet to be determined for the pharmaceutical and semiconductor sectors. These two sectors collectively account for about 40 per cent of Singapore's exports into the US.

"The truce between China and the US will come to an end sometime in November, so we really don't know what's going to happen," he noted.

SBF and PwC are among the organisations and individuals making recommendations for the 2026 Budget since the Finance Ministry started collecting views from Dec 2. Finance Minister and Prime Minister Lawrence Wong will deliver the Budget statement on Feb 12.

More than half of last year's recommendations made by SBF and PwC, which are partnering for a second year, were taken up, said Mr Kok. "This year's report spotlights new areas that we think are worth paying attention to. One is that whole chapter about capturing new growth," he said.

IP financing, carbon trading, and the opportunity to hasten regional economic integration as Singapore

prepares to assume the Asean chair in 2027 were among them. Compared to 2025, workforce transformation has taken a back seat in this year's recommendations.

"Not that it's not important, but it was a big chunk of what we proposed last year," Mr Kok said. "The Government has introduced various new programmes to support workforce transformation, so I think we should allow some time for them to be implemented."

PwC Singapore executive chairman Marcus Lam said companies now grapple with decisions on "where to invest, what to automate, how fast to decarbonise, and which markets to double down on".

One idea is to expand the Johor-Singapore Special Economic Zone to include Indonesia's Riau Islands Batam, Bintan, Karimun to make it more attractive to global investors.

Mr Lam also mooted the creation of a digital IP collateral registry, with the Government adding another boost by widening its risk-sharing schemes to cover IP-backed loans with higher ratios of 70 per cent to 80 per cent.

He said: "One impediment to our ambition to be an innovation hub is our limited ability to use IP as financing collateral."

"We identified a few reasons for this. One is the lack of valuation expertise amongst our financial institutions. Two is a preference among our financial institutions for traditional forms of collateral like property and equipment."

But places such as China, Hong Kong and South Korea are advancing IP financing initiatives, and Singapore should keep up, he said.

The partners would also like to see the current productivity solutions grant (PSG), administered by Enterprise Singapore to help small and medium-sized enterprises digitalise, be made more accessible.

Mr Lam said the PSG currently helps smaller firms procure mostly pre-packaged software solutions in sales or back office from pre-approved vendors. But as these businesses progress to AI agents or more advanced uses, what they need are customised solutions and sustained AI support.

On decarbonisation, the partners are calling for the set-up of a carbon transition council to develop industry best practices and road maps, and for the Government to extend the Enterprise Financing Scheme - Green beyond March 31.

SBF's chief policy and operating officer Musa Fazal said: "We know that the carbon tax is going up this

## Recommendations at a glance

Theme	Recommendation	Goal
Ease resource constraints	Soften decarbonisation cost impact	Raise carbon credit offset cap from 5 per cent to 10 per cent, lower the 2028 to 2030 carbon tax upper target from \$80 a tonne to \$50 a tonne.
	Extend 50 per cent corporate income tax rebate	Maintain the 50 per cent rebate on income tax payable for all companies in Year of Assessment 2026, regardless of tax residency.
	Expand the Non-Traditional Sources Occupation List	Let construction, civil engineering and logistics sectors hire more higher-skilled work permit holders.
	Raise employment of seniors	Boost sector-specific measures to support hiring of older workers.
Break growth bottlenecks	Implement an "artificial intelligence (AI) booster" and AI pathfinder programmes	Top up support and allow flexibility in funding for small and medium-sized enterprises adopting AI.
	Support decarbonisation	Set up a public-private-led Carbon Transition Council to develop best practices, and extend the Enterprise Financing Scheme - Green beyond March 31.
	Expand the Business Adaptation Grant and raise the risk share of the Enterprise Financing Scheme - Trade Loan	Extend the grant to export-control compliance and training, and lift government risk share on the loan scheme from 50 per cent to a range of 70 per cent to 80 per cent.
Strengthen hub status	Create a Regional Headquarters Service Providers manpower category	Under this category, key service providers to multinationals can have more flexible S Pass quotas and lower employment pass salary thresholds to hire workers with niche skills.
Capture new opportunities	Develop Singapore as an intellectual property (IP) financing hub	Build a digital IP collateral registry and extend risk sharing schemes to cover IP-backed loans by 70 per cent to 80 per cent.
	Expand Johor-S'pore Special Economic Zone to Batam-Bintan-Karimun	Grow the zone to include Indonesia's Riau Islands.
Inclusive Singapore	Introduce a social impact grant and enhance the Corporate Volunteer Scheme	Convert corporate volunteering hours into tender credits, and extend the volunteer scheme with a \$1 million cap and 400 per cent tax deduction.

year, and quite significantly, from \$25 to \$45 per tonne. This will have an impact on businesses, either directly for the heavy carbon emitters, or indirectly for the rest of firms, through energy prices."

On employment, even as the partners asked for more incentives to enhance hiring of older workers, they also made a case for more foreign workers in civil engineering, manufacturing and logistics.

On inclusive growth, PwC Singapore's corporate tax leader Tan Ching Ne called for better support for hiring among vulnerable communities and more incentives to promote corporate volunteering.

Tethered to that is a request for support for initiatives to integrate

foreign talent into the Singapore workforce. The ideas here ranged from orientation programmes for employment pass holders, a central online repository of integration resources for companies, and training courses on local-foreign workplace integration.

Mr Kok said: "We've included it because we think that if we do not address the "us against them" sort of underlying tensions in Singapore, it will reduce our economic potential."

"So how can we increase the absorptive capacity of Singapore for foreigners? I think that's important."