



## **SBF's Media Statement on Singapore Budget 2026**

Singapore Business Federation (SBF) welcomes the 2026 Budget as a forward-looking and pragmatic roadmap for Singapore to strengthen competitiveness and our hub status, particularly as we look forward to Singapore Chairmanship of ASEAN in 2027.

We are pleased that some of the measures took into consideration feedback from the business community.

About 60% of SBF X PwC budget recommendations 2026 were accepted by the government.

In an increasingly complex global environment, businesses face widening structural pressures, from geopolitical fragmentation to rapid technological disruption. There is a growing risk of an emerging AI divide, where businesses with greater resources and capabilities accelerate while smaller firms struggle to keep pace. Against this backdrop, Budget 2026 takes important and practical steps to ensure that transformation remains broad-based and inclusive. For Singapore businesses, particularly Small and Medium Enterprises (SMEs), we welcome moves towards targeted support designed to close the gap.

### **1. Establishing an AI-ready nation**

The launch of the National AI Missions and the formation of the National AI Council signal a strategic transition from isolated pilot projects to comprehensive, sector-wide transformation. This unified direction provides the clarity and stability businesses need to invest in and scale AI responsibly. To bridge the gap between policy intent and industry action, SBF will collaborate with tripartite partners and Trade Associations and Chambers (TACs) to translate these national objectives into practical, sector-specific pathways that address ground sentiments and operational realities.

Beyond strategic alignment, SBF is committed to driving coordinated execution, with a sharp focus on AI diffusion and workforce upskilling within the SME ecosystem. We welcome the government's adoption of our recommendations to enhance the Productivity Solutions Grant (PSG) and implement sectoral AI pathfinder programmes. These essential capability-building frameworks and flexible assistance schemes will empower smaller firms to harness AI effectively, ensuring that technological advancement drives sustainable, broad-based growth across Singapore's economy.

### **2. Building confidence for Singapore companies to succeed internationally**

The enhancement of internationalisation grants, with higher support levels for SMEs and non-SMEs, alongside improvements to the Market Readiness Assistance scheme, will give firms greater confidence to enter new markets and deepen their presence in existing ones. The expansion of the Double Tax Deduction for Internationalisation and enhancements to the Enterprise Financing Scheme will further strengthen companies' ability to pursue cross-border opportunities with greater flexibility. SBF will complement these measures through our trade advisory services, overseas networks and business missions, working with partners to help firms navigate regulatory complexity, connect with in-market partners, and de-risk their internationalisation journeys.

### **3. Staying competitive and future-ready**

SBF backs the Government's push to enhance the Progressive Wage Credit Scheme to defray the increase in the Local Qualifying Salary, and initiatives to encourage lifelong learning. At the same time, it is important for businesses, especially those in manpower-intensive sectors to have access to foreign talent to effectively transform. This calibrated approach gives firms the confidence to invest



in automation and job redesign while supporting sustainable wage growth for Singaporeans. To bridge the policy-to-practice gap, SBF will continue to work with the business community in implementing these changes on the ground through mid-career conversions and local talent pipeline development, ensuring Singapore's growth remains inclusive and competitive.

While decarbonisation is necessary, we recognise that a balanced approach is required to manage business costs and benefits. We welcome the calibrated approach to carbon pricing, including the adjustment to the carbon tax trajectory, which aligns with SBF's earlier recommendation to lower the upper target for 2028–2030 from S\$80 to S\$50 per tonne. This provides businesses with greater certainty and a more manageable transition pathway as they invest in greener technologies and processes. The extension of the Energy Efficiency Grant and enhanced green financing support will further help firms adopt sustainable solutions while managing cost pressures.

SBF will continue working closely with the Government to ensure that Singapore advances its climate ambitions in a way that remains pro-enterprise, competitive and sustainable.

#### **4. Tapping capital for growth**

The Government's expansion of initiatives such as Startup SG Equity scheme to encapsulate early, growth to late stage ensures that startups in all life cycles are well covered. However, to support the effectiveness of these schemes, more can be done to uplift overall financial literacy to ensure that businesses understand how and where the support provided can be complementary in their growth and operations.

#### **Quote to be attributed to Mr Kok Ping Soon, Chief Executive Officer, SBF:**

"We welcome Budget 2026 as the economic blueprint for a post-SG60 era. By placing strong emphasis on AI, innovation, workforce transformation and internationalisation, these measures provide businesses with clearer pathways to access new growth markets, anchor global value chains and build future-ready capabilities. The enhanced measures will support firms in innovating and venturing abroad, strengthening Singapore's broader enterprise ecosystem while ensuring we remain an attractive hub and trusted gateway to ASEAN. In particular, the establishment of a Prime Minister-chaired National AI Council, the launch of national AI Missions and sustained efforts to raise AI literacy across the workforce signal a coordinated push to position Singapore as one of the world's first AI-ready nations."