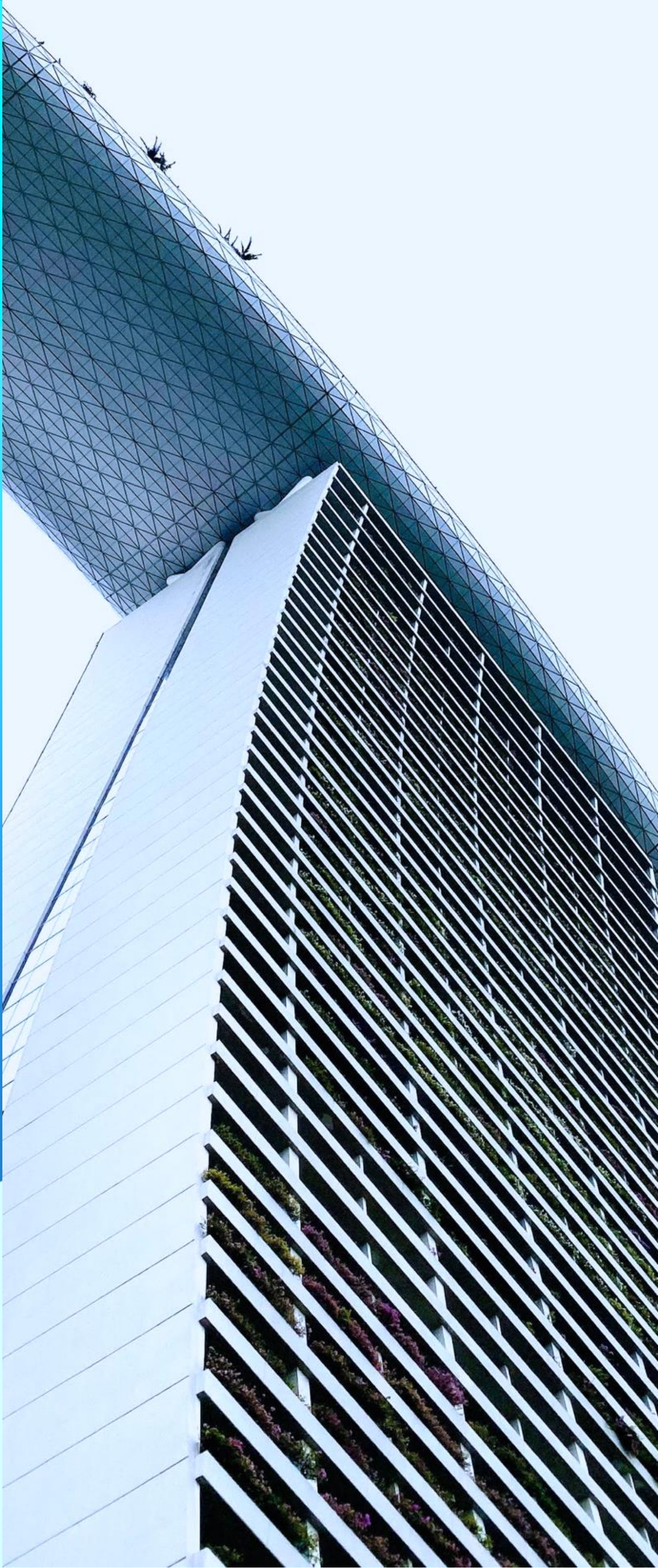
Singapore Budget 2026:

Priming Singapore for growth amid global disruption

February 2026



H/ADVISORS

Budget 2026 is framed against a backdrop of continued geopolitical fragmentation, selective trade flows, and persistent global economic uncertainty. Despite these challenges, Singapore is aiming not only for short-term growth in 2026 but also for long-term structural transformation that will strengthen the country's competitive advantage for decades to come. The Budget reaffirms Singapore's long-term strategy to remain a stable, high-quality, and innovation-driven economy.

Deploying AI at the national level for growth

Budget 2026 is arguably Singapore's most AI-centric budget to date, positioning AI as a core economic strategy. Key initiatives include the formation of a National AI Council, chaired by Prime Minister Lawrence Wong; sectoral National AI Missions covering advanced manufacturing, connectivity, finance, and healthcare; and the expansion of both the Enterprise Innovation Scheme and the Productivity Solutions Grant to support AI-related adoption.

Singapore's approach to AI deployment uniquely leverages its size, cohesion, and reputation as a trusted hub. By organising AI efforts at the national level, the government aims to deploy AI effectively, responsibly, and at speed to bring together companies and researchers to develop, test, and implement AI solutions more coherently than larger countries.

Singaporeans will also receive significantly enhanced support to build AI skills under Budget 2026, including a redesigned SkillsFuture website to make AI learning pathways clearer and easier to navigate, helping workers identify courses that match their job needs and proficiency levels. However, implementation may be challenging given Singapore's historically uneven SkillsFuture participation. Only 3 in 10 eligible Singaporeans had used the $500 credit top-up as of September 2025, reflecting persistent behavioural barriers to voluntary training uptake. Overall resident training participation fell to 40.7% in 2024, suggesting structural limits to sustained engagement even when courses are available. This indicates that Budget 2026's AI-upskilling ambitions face significant execution risks unless there is a deeper behavioural and mindset shift among Singaporeans to accompany the new incentives.

Maintaining Singapore’s hub status through internationalisation and growth support

Budget 2026 aims to bolster Singapore’s position as a regional innovation and capital hub, enhancing the overall investment climate. Early and growth-stage deep-tech firms can access S$1 billion in funding through Startup SG Equity, alongside a further S$1.5 billion for the Anchor Fund and a S$1.5 billion top-up to the Financial Sector Development Fund.

The Budget also increases overseas expansion support for SMEs to up to 70%, extends the S$100,000 grant cap, and allows firms to tap up to S$50 million across schemes for financing overseas projects. The Double Tax Deduction for Internationalisation (DTDi) receives a major uplift, with the automatic expenditure cap raised from S$150,000 to S$400,000 from YA2027, and additional qualifying activities such as feasibility studies, overseas business development, franchising, and corporate outreach. These measures strengthen Singapore’s strategic push to anchor globally competitive companies and diversify risk beyond the domestic market.

Although Budget 2026 reflects Singapore’s ambition to anchor more companies with high growth potential, the government may still face challenges in converting these incentives into real anchoring and expansion outcomes. PM Wong acknowledged that the global operating environment has become far more fragmented and protectionist, making overseas expansion riskier even with government support. Domestically, firms continue to face relatively high operating and manpower costs compared to the region, complicating Singapore’s efforts to attract and retain HQ activities. These structural pressures mean that while Budget 2026 strengthens the policy framework, many factors outside Singapore’s control will ultimately influence corporate decisions on hub anchoring and overseas expansion.

Translating growth into opportunities and higher incomes for Singaporeans

The government is also taking steps to ensure that growth translates into better opportunities and higher incomes for Singaporeans. From 2027, CPF contribution rates for senior workers will increase, although the government will provide a CPF Transition Offset covering 50% of the employer-side increase to ease near-term cost pressures. This recognises the need for economic growth to benefit senior workers while supporting businesses through the transition.

Meanwhile, SkillsFuture Singapore and Workforce Singapore will be merged to form a new statutory board to streamline workforce development. The new entity will serve as a one-stop platform integrating training, skilling, and employer support. This move aligns national training strategies with industry needs and enables quicker workforce upskilling at a time when employment cycles may shift rapidly due to AI-related disruptions.

Moving Singapore forward

Budget 2026 is a forward leaning, structurally transformative budget that makes bold, strategic investments in AI, innovation, talent development, and global expansion. Companies anchored in Singapore can expect to benefit from the government’s push towards innovation, digitalisation, and sustainability—assuming implementation proceeds effectively. Companies using Singapore as a springboard for regional expansion will also find a more supportive environment as the country continues to strengthen its status as the region’s leading hub.

Thank you

For enquiries, contact:

Shih-Huei Ang

CEO, Singapore

shih-huei.ang@h-advisors.global

H/ADVISORS