



Q U A R T E R L Y   L E G A L   U P D A T E

# Q1 2026

January – February 2026

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Key legal and regulatory developments  
for businesses operating in Singapore

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Welcome to the first quarterly legal update from Aurora Law for 2026. This edition covers the key legal and regulatory developments from January to March 2026 that are most relevant to businesses operating in Singapore – from the landmark Budget 2026 announcements to important updates in employment law, data protection, corporate compliance, and the digital asset space.

We hope you find this summary useful. As always, please reach out if you would like to discuss any of these developments in more detail.

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## TAX & BUDGET

### 12 Feb 2026 | **Singapore Budget 2026: 40% Corporate Income Tax Rebate**

PM Lawrence Wong delivered Singapore's FY2026 Budget on 12 February 2026. Among the headline measures for businesses is a 40% corporate income tax (CIT) rebate for the Year of Assessment 2026, capped at SGD 30,000 per company. Companies that employed at least one local employee in 2025 will receive a minimum cash benefit of SGD 1,500, even if they are loss-making. The statutory CIT rate of 17% remains unchanged.

→ [Singapore Budget 2026 website](#)

### 12 Feb 2026 | **400% Tax Deduction for AI Adoption and Innovation**

Budget 2026 expands the Enterprise Innovation Scheme (EIS) to include qualifying AI-related expenditure from YA 2027 and YA 2028, with a 400% tax deduction capped at SGD 50,000 in annual AI spend. This builds on the existing EIS framework and signals the Government's strong push towards AI adoption across all sectors. Detailed qualifying criteria are expected to be published by Enterprise Singapore.

→ [IRAS Budget 2026 overview](#)

### 12 Feb 2026 | **Double Tax Deduction for Internationalisation Enhanced**

The automatic track cap for the Double Tax Deduction for Internationalisation (DTDi) scheme has been raised from SGD 150,000 to SGD 400,000 per year, and additional qualifying activities have been added. Grant support levels for internationalisation have also been increased to up to 70% for SMEs and 50% for non-SMEs, encouraging businesses to deepen their overseas presence.

→ [Enterprise Singapore](#)

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## EMPLOYMENT

### 1 Jan 2026 | **Updated COMPASS Benchmarks for Employment Pass Applications**

MOM's updated COMPASS criteria took effect on 1 January 2026 for new EP applications (renewals from 1 July 2026). Key changes include revised sector-specific salary benchmarks under C1, updated lists of recognised qualifications and top-tier institutions under C2, and a refreshed Shortage Occupation List (SOL) under C5. Employers should review their EP workforce planning and use the updated Self-Assessment Tool (SAT) to pre-assess applications.

→ [MOM Employment Pass eligibility](#)

**1 Apr 2025+ | Enhanced Parental Leave: Reminder of Key Changes Now in Effect**

A reminder that since 1 April 2025, Government-paid paternity leave of 4 weeks is now mandatory for eligible fathers (previously employer-voluntary). Additionally, a new shared parental leave scheme of 6 weeks is available for parents of children born on or after 1 April 2025, increasing to 10 weeks for children born from 1 April 2026. Employers should update their leave policies and HR systems accordingly.

→ [MOM leave entitlements](#)

**Q4 2025 | Workplace Fairness Act: Dispute Resolution Bill Passed**

The Workplace Fairness (Dispute Resolution) Bill – the second and final component of Singapore’s first comprehensive anti-discrimination legislation – was passed in Parliament on 4 November 2025. It establishes a three-tiered dispute resolution framework (internal grievance handling, mediation via TADM, and adjudication via a new Employment Claims Tribunal track). Full implementation of the Workplace Fairness Act is expected by end-2027. Businesses should begin preparing their grievance handling processes and reviewing employment practices now.

→ [MOM Workplace Fairness](#)

## CORPORATE & GOVERNANCE

### Apr 2026 | **Corporate and Accounting Laws Amendment Bill: Major Compliance Overhaul**

The Corporate and Accounting Laws (Amendment) Bill, expected to take effect in April 2026, introduces significant changes including mandatory disclosure of nominee arrangements, enhanced requirements for registers of controllers (now immediate upon incorporation with no grace period), strengthened AML/CFT obligations for companies and corporate service providers, and increased director accountability. Companies should review their corporate structures and ensure all nominee and controller records are up to date.

→ [ACRA](#)

### 1 Jan 2026 | **Updated Financial Reporting Standards (SFRS(I) and FRS)**

ACRA has published the 2026 volumes of SFRS(I) and FRS, which are required to be applied for annual reporting periods beginning on or after 1 January 2026. Companies should ensure their accounting and audit teams are aware of the updated pronouncements and assess any impact on financial reporting.

→ [ACRA financial reporting](#)

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## DATA PROTECTION & CYBERSECURITY

### 8 Jan 2026 | **PDPC Enforcement: New Commission Decisions Published**

The Personal Data Protection Commission issued new enforcement decisions on 8 January 2026, imposing financial penalties and directions on organisations that failed to meet their data protection obligations under the PDPA – in particular breaches of the Protection Obligation (inadequate security measures). These decisions serve as a practical reminder that data protection compliance is actively enforced and that security arrangements must be reasonable and current.

→ [PDPC enforcement decisions](#)

### 2026 | **Cybersecurity Act: Expanded Scope and Stricter Reporting**

Singapore's cybersecurity regulatory framework is entering a more mature phase in 2026 with expanded definitions of regulated systems (now including virtualised and cloud-based infrastructure supporting essential services) and stricter incident reporting timelines. Notably, outsourcing does not transfer cybersecurity responsibility – companies relying on third-party systems remain accountable for cybersecurity resilience. Businesses should review vendor contracts and incident response plans.

→ [Cyber Security Agency of Singapore](#)

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## DIGITAL ASSETS & FINANCIAL REGULATION

### 2026 | **MAS Consulting on AI Risk Management Guidelines for Financial Sector**

MAS is currently consulting on comprehensive AI Risk Management Guidelines covering governance, explainability, lifecycle controls, and oversight of third-party AI service providers. At Davos 2026, Singapore also

launched the world's first Model AI Governance Framework for Agentic AI, offering guidance for enterprises deploying autonomous AI agents. A response to consultation feedback is expected by late 2026.

→ [MAS](#)

#### 2026 | **MAS Tokenisation Guide and Capital Markets Developments**

MAS continues to expand its tokenisation framework and has issued detailed guidance for tokenised capital markets products. Budget 2026 also announced a further SGD 1.5 billion top-up to the Equity and Debt Programme to strengthen Singapore's capital markets, complemented by targeted fund management tax incentives. Companies involved in or considering tokenised financial products should review MAS's revised Guide on Tokenisation of Capital Markets Products.

→ [MAS regulatory guides](#)

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## IMMIGRATION & BORDER CONTROL

#### 30 Jan 2026 | **ICA No-Boarding Directives Regime Launched**

From 30 January 2026, the Immigration and Checkpoints Authority (ICA) began issuing No-Boarding Directives (NBDs) to airline operators at Changi and Seletar Airports. Airlines must deny boarding to travellers identified as prohibited or undesirable immigrants, or those who do not meet Singapore's entry requirements. This upstream border security measure may affect international staff travel planning – employers should ensure all foreign employees maintain valid travel documents and visas.

→ [ICA](#)

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### Stay Informed

This quarterly update is published by Aurora Law LLC as a general information service. It does not constitute legal advice. If you would like to discuss any of the developments covered in this update, or require advice on how they may affect your business, please do not hesitate to contact us.

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