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Frequently Asked Questions

S/N	Questions & Answers
1	<p>Will the carbon price differ across sectors in Singapore? Is this tax levied on 100% of a company's emissions or only on emissions above the 25,000 tCO₂e threshold?</p> <p>A single, uniform carbon price will be levied on all large emitters emitting more than 25,000 tCO₂e of greenhouse gases annually, across all sectors. For direct emissions, companies emitting more than 25,000 tCO₂e annually will be taxed on 100% of their emissions.</p>
2	<p>Which are the emitters being taxed? How much of Singapore's emissions can be attributed to these emitters?</p> <p>The carbon tax will be applied upstream, for example, on power stations and other large direct emitters, such as refineries, petrochemical plants, semiconductor fabrication plants, etc. Based on the 2014 emissions data, the tax will affect around 30 to 40 companies which account for about 79% of Singapore's greenhouse gas emissions.</p>
3	<p>How will imports be affected by the tax? For companies with operations in other countries, does the carbon tax apply to emissions generated overseas?</p> <p>The carbon tax is applied only on emissions that are generated in Singapore. As such, imports will not be subject to the carbon tax. The carbon tax will not be applied to operations abroad.</p>
4	<p>Will the carbon tax be applied to transport fuel?</p> <p>The existing fuel taxes seek to encourage users to consider cleaner sources of energy for transport. We are assessing if fuel taxes need to be adjusted.</p>
5	<p>Does the carbon tax feature in the aviation and maritime sectors?</p> <p>The carbon tax is only applicable to emissions within our national boundaries. International emissions from shipping and aviation are addressed by the International Maritime Organisation (IMO) and the International Civil Aviation Organisation (ICAO) respectively.</p>

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6	<p>How will the carbon tax be computed?</p> <p>The tax range of \$10-20/tCO₂e will be levied on companies emitting more than 25,000 tCO₂e of greenhouse gas annually. This means that if a company emits 30,000 tCO₂e, it will pay: 30,000 x (\$10 to \$20) = \$300,000 to \$600,000 annually.</p>
7	<p>How is the tax levied?</p> <p>The tax will be levied on direct emissions when released upstream at power plants, refineries, etc. The extent to which an upstream producer may pass through a carbon tax will depend on its overall cost competitiveness and market dynamics.</p>
8	<p>Why is the carbon tax not directly imposed on consumers?</p> <p>One of the objectives of the carbon tax is to shape the behaviour of large emitters upstream and end-users downstream. When applied upstream, it will encourage large emitters to reduce cost by installing equipment which are more efficient, when their current ones are due for replacement. It will also encourage generation companies to consider tapping on renewable energy, which does not contribute to emissions. When the tax is passed on to end-users, it will encourage them to also seek energy efficiency improvements and reduce energy consumption. By providing end-users information on the expected impact of the tax, we hope to promote behaviour change.</p>
9	<p>What is the implementation timeline?</p> <p>Details on the implementation timeline will be provided when confirmed.</p>
10	<p>Will the Government look into competitiveness issues?</p> <p>Yes, the tax has implications on Singapore's competitiveness in the region and around the world. We are currently engaging businesses to study modes of assistance to help companies with the transition. For example, providing support to encourage greater energy efficiency will help companies reduce their overall long term cost structure.</p>

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11	<p>Are there plans to allow companies to use carbon offsets? Many schemes produce carbon credits, how fungible are these schemes?</p> <p>We are in the process of designing the mechanism and will provide more information when available. Should offsets be allowed, we will ensure the offsets allowed are aligned with international rules and meet certain standards. This allows good quality offsets to be differentiated from bad quality offsets.</p>
12	<p>Will the Government provide credits or rebates for companies planning to enhance energy efficiency?</p> <p>There are existing grants and schemes to support companies' energy efficiency efforts. We are studying ways to enhance the schemes so as to make them more effective and encourage more companies to tap on them.</p>