Appendix I

MAXIMISATION OF TAX DEDUCTIONS, ALLOWANCES AND RELIEFS

The following are some common matters which a company may consider:

1. Ensure all expenditure are properly accrued at year end.

2. Write off damaged, slow-moving and obsolete stock where appropriate or reflect its decreased value in the closing stock figures.

3. Make specific provisions for trade debts (identifying the amount owing by each debtor) which are unlikely to be recovered instead of a general provision, and write off all debts which are bad.

4. Minimise adjustments to interest expense by the IRAS by reducing your non-trade debtors balances and non-income producing investments.

5. Make donations in cash to an Institution of a Public Character in Singapore / or in kind (gifts of computers) to a prescribed educational, research institution in Singapore.

6. Incur capital expenditure before the financial year end and ensure that capital expenditure is maximised by taking into account indirect as well as direct expenditure e.g. consultant's fees.

7. Consider acquiring PIC IT and automation equipment which qualify for 400% allowance up to S$400,000 (S$600,000 under PIC+) of expenditure incurred (or a combined cap of S$1.2 million (S$1.4 million under PIC+) for Years of Assessment 2013 to 2015) and 100% allowance for the balance expenditure.

8. When incurring capital expenditure on new plant and machinery, consider the application for investment allowance. Generally, purchase of new plant and machinery for the establishment of new operations, upgrading of existing operations or production methods, integrating, rationalising, expanding and diversifying of operations and products, may qualify for the investment allowance. The investment allowance is in addition to the normal capital allowance.

9. When incurring expenditure which qualify for double tax deduction (such as expenses relating to trade fairs, exhibitions or trade missions, certain expenditure on research and development project), consider making the application to the relevant government authorities.

10. Consider making an election under the group relief system to transfer/claim the current year unabsorbed capital allowances, current year unabsorbed trade losses and current year unabsorbed donations to/from qualifying member company(s) in the same group if the relevant conditions have been met.

11. Consider making an election under the carry-back relief system to set-off current year unabsorbed capital allowances and current year unabsorbed trade losses against the assessable income of the immediate preceding year of assessment.

12. Qualifying companies not expecting to derive taxable profits may consider making an election to convert their first S$100,000 PIC qualifying expenditure into cash at the rate of 60%.

13. Consider incurring qualifying training costs which could qualify for 400% tax deduction up to the first S$400,000 (S$600,000 under PIC+) (or a combined cap of S$1.2 million (S$1.4 million under PIC+) for Years of Assessment 2013 to 2015) of qualifying expenses .

14. Consider making an election under the Foreign Tax Credit Pooling System and the amount of foreign tax credit to be granted will be based on the lower of the pooled foreign taxes paid on the foreign sourced income and the pooled Singapore tax payable on the same foreign sourced income.

15. Consider applying to the IRAS for your specialised equipment in the year of purchase to qualify for PIC benefits if it does not currently fall within the PIC IT and Automation Equipment list.

16. Consider applying to the EDB for Integrated Investment Allowance for fixed capital expenditure incurred on productive equipment placed overseas on approved projects.