

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are set against a clear, bright blue sky. The perspective creates a sense of height and architectural grandeur. The glass reflects the sky and each other, creating a complex pattern of light and color. The buildings are the central focus of the image, with their lines converging towards the top of the frame.

Deloitte.

Applying for government
incentives in Singapore
See what we see

See opportunities



Deloitte tax professionals keep clients abreast of developments that affect their businesses and help them interpret their significance

Despite having one of the lowest corporate tax rates in the world, Singapore still offers a wide range of investment incentives for investors including tax holidays and concessions, accelerated depreciation schemes, grants and favourable loan conditions to attract substantive investments. The tax incentives and grants offered in Singapore are generally in the form of exemption from tax, reduction in the rate of tax or subsidies, and are available to a broad spectrum of industries.

How we can help

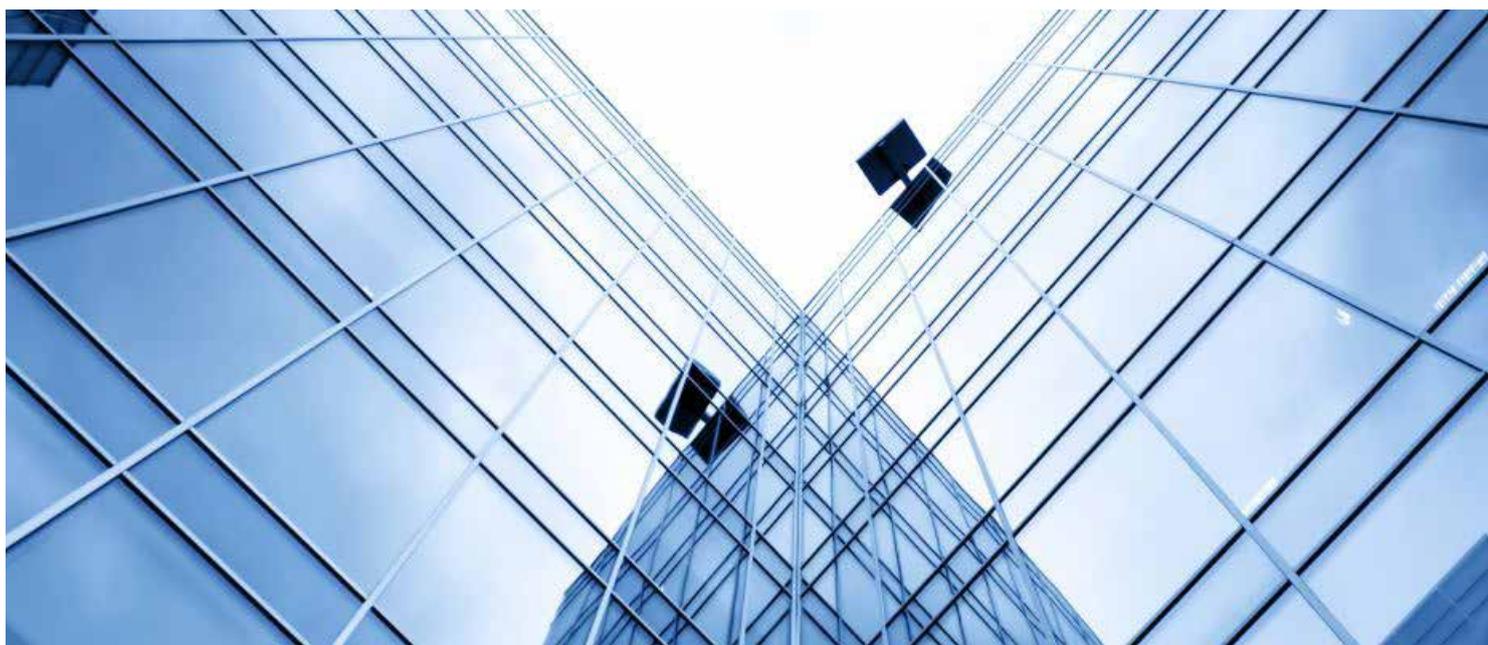
At Deloitte, our tax professionals keep our clients abreast of developments that affect their businesses and help them interpret their significance. We collaborate to identify and implement tax methodologies that work best for our clients. We also help clients identify appropriate tax incentives and grants from relevant government authorities and help organisations to manage their tax affairs cost effectively.

Overview of government incentives

Depending on your company's business plans, you may consider various tax incentives and grants as follows:

| Incentives available | What it offers |
|--|---|
| Headquarter and internationalisation activities | |
| Regional Headquarters (RHQ) Award | Reduced tax rate of 15% on incremental income from qualifying HQ activities. |
| International Headquarters (IHQ) Award | For companies that commit to exceed the minimum requirements of the RHQ Award, customised incentive packages with lower concessionary tax rates (0%, 5% or 10%) on qualifying income could be considered in discussion with the Singapore Economic Development Board (EDB). |
| Mergers & Acquisitions (M&A) Scheme | The acquiring company is granted an M&A allowance of 25% (capped at S\$10 million) of the qualifying acquisition value capped at S\$40 million per Year of Assessment (YA), and stamp duty relief on the transfer of ordinary shares (capped at S\$80,000). |
| International Growth Scheme (IGS) | Qualifying Singapore companies will enjoy a concessionary tax rate of 10% for a period not exceeding 5 years on their incremental income from approved qualifying activities. |
| Double Tax Deduction (DTD) for Internationalisation Scheme | Up to 200% tax deduction on qualifying expenditure incurred on a range of qualifying market expansion and investment development activities which include qualifying salary expenses incurred for employees posted overseas in an overseas entity. |
| Market Readiness Assistance (MRA) grant | Up to 70% funding support of eligible cost for pre-determined activities such as overseas market set-up, business matching and market promotion, capped at S\$20,000 per company per fiscal year. |
| Manufacturing and services activities | |
| Pioneer Incentive | Tax exemption on income from qualifying activities. |
| Development & Expansion Incentive (DEI) | Reduced tax rate from 5% to 15% on incremental income from qualifying activities. |
| Investment Allowance (IA) | Allowance (on top of normal capital allowance) on a percentage of approved fixed capital expenditure. |
| Integrated Investment Allowance (IIA) | Allowance (on top of normal capital allowance) on a percentage of approved fixed capital expenditure to be incurred on productive equipment that is placed outside Singapore for an approved project. |
| Land Intensification Allowance (LIA) | Initial allowance of 25% and annual allowance of 5% on qualifying capital expenditure incurred for the construction or renovation/extension of a qualifying building or structure. |
| Approved Foreign Loan Incentive (AFL) | Reduced withholding tax of 0%, 5% or 10% on interest payments on loans taken to purchase productive equipment. |
| Automation Support Package | <ul style="list-style-type: none"> a) Support under SPRING's Capability Development Grant (CDG): Up to S\$1 million grant support for the roll-out or scaling-up of automation projects at up to 50% of the qualifying cost. b) IA: Qualifying projects may be eligible for an IA of 100% on the amount of approved capital expenditure, net of grants. The approved capital expenditure is capped at S\$10 million per project. c) Enhanced financing support: Under SPRING's Local Enterprise Finance Scheme (LEFS), the government's risk-share with participating financial institutions will be increased from 50% to 70% for qualifying projects undertaken by SMEs. The LEFS will also be expanded to cover equipment loan for non-SMEs at 50% risk-share with participating financial institutions. d) IE Singapore will work with SPRING where relevant to help businesses to access overseas markets. |
| Trading activities | |
| Global Trader Programme | Reduced tax rates of 5% or 10% on qualifying transactions/trades in qualifying commodities, futures and derivatives (including structured commodity financing). |
| Financial services activities | |
| Finance & Treasury Centre (FTC) | Reduced tax rate of 8% on fees, interest, dividends and gains from qualifying services/activities. Withholding tax exemption on interest payments on loans from banks and approved network companies for FTC activities. |
| Financial Sector Incentive (FSI) | Reduced tax rate of 5% for qualifying Enhanced Tier financial activities and 12% or 10% for Standard Tier financial activities. |

| Incentives available | What it offers |
|---|---|
| Research and Development (R&D) activities and intellectual property (IP) management | |
| Productivity and Innovation Credit (PIC) and PIC+ schemes | <p>Allowance of 400% on up to S\$400,000 of qualifying expenditure incurred per year in each of the following 6 activities:</p> <ul style="list-style-type: none"> • Acquisition and leasing of PIC information technology and automation equipment • Acquisition and in-licensing of intellectual property rights (IPRs) • Registration of patents, trademarks, designs and plant varieties • R&D activities • Training of employees • Investment in approved design projects <p>Eligible companies may opt to convert 60% or 40% (from 1 August 2016 onwards) of qualifying expenditure of up to S\$100,000 into cash.</p> <p>PIC+ scheme is available to qualifying SMEs* and provides an allowance of 400% on up to S\$600,000 of qualifying expenditure incurred per year for each qualifying activity. Applicable from YAs 2015 to 2018, the combined expenditure cap is up to S\$1.8 million for YAs 2016 to 2018.</p> <p><i>* An entity is a qualifying SME if its annual turnover is not more than S\$100 million or employment size is not more than 200 workers. This criterion will be applied at the group level if the entity is part of a group.</i></p> |
| Research Incentive Scheme for Companies (RISC) | <p>Co-funding to support the development of strategic technologies, capabilities and the establishment of centres of competence in Singapore.</p> <p>Supportable project costs include expenditure in the following:</p> <ul style="list-style-type: none"> • Manpower cost (30% to 50% support) • Equipment, materials, consumables and software (30% support) • Singapore-based professional services (30% to 50% support) • IPRs, e.g. licensing, royalties, technology acquisition (30% support) |
| Initiatives in New Technology (INTECH) | Co-funding to support manpower development in the application of new technologies, industrial R&D and professional know-how. 30% support for qualifying items for either trainee OR training cost, subjected to various sub-caps. |
| Approved royalties incentive (ARI) | Reduced or nil withholding tax rate on royalty payments to access advanced technology and know-how. |
| Writing-down allowances for IP acquisition (S19B) | Automatic 5/10/15-year write-down if legal and economic ownership of IP are acquired. EDB's approval is required if only economic ownership of IP rights is acquired. |



| Maritime, shipping and logistics activities | |
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| Maritime Sector Incentive (MSI) – Singapore Registry of Ships (MSI-SRS) and Approved International Shipping (MSI-AIS) | Tax exemption on qualifying shipping income from operating Singapore and foreign-flagged ships, provision of specified ship management services, and income from foreign exchange and risk management activities which are carried out in connection with or incidental to the operations of ships for 5 or 10 years. |
| MSI - Shipping Related Support Services (MSI-SSS) Award | Concessionary tax rate of 10% for 5 years on incremental income derived from the provision of qualifying approved shipping-related support services, such as ship broking, forward freight agreement (FFA) trading, ship management, ship agency, freight forwarding and logistics services; and corporate services rendered to qualifying approved related parties carrying on the business of shipping-related activities. |
| MSI - Maritime Leasing (MSI-ML) Award | Tax concessions for up to 5 years on qualifying leasing or management income. |
| Maritime Innovation & Technology (MINT) Fund | Co-funding to support R&D or test-bedding of new or better products, processes and applications relevant to the maritime industry in Singapore. Up to 50% of total project costs consisting of manpower, equipment, material, professional services, IP and other ancillary costs. |

Depending on the incentive or grant being sought, applications will need to be made to the relevant approving government authorities such as the Singapore Economic Development Board (EDB), International Enterprise Singapore (IE Singapore), Monetary Authority of Singapore (MAS) and Maritime and Port Authority of Singapore (MPA). Upon application, the relevant approving government authorities have certain discretion in administering the incentives and grants, and therefore the incentives and grants available may be negotiated, reviewed and agreed on a case-by-case basis. In general, award periods may vary from 3 to 10 years depending on various metrics set by the relevant authorities. In practice, some of these metrics include the level of Singapore business spending, fixed asset commitments, headcount in Singapore and turnover in Singapore, as well as the scope of activities undertaken by the applicant.

Our services

We understand that companies face a range of challenges that affect the success of their businesses. Almost every business decision has a tax implication, yet what makes this area even more complex is that tax rules are constantly changing. Companies face a difficult task to manage their tax affairs efficiently and cost effectively, and especially in the tax incentive and grant application process.

Our services include, but are not limited to, the following:

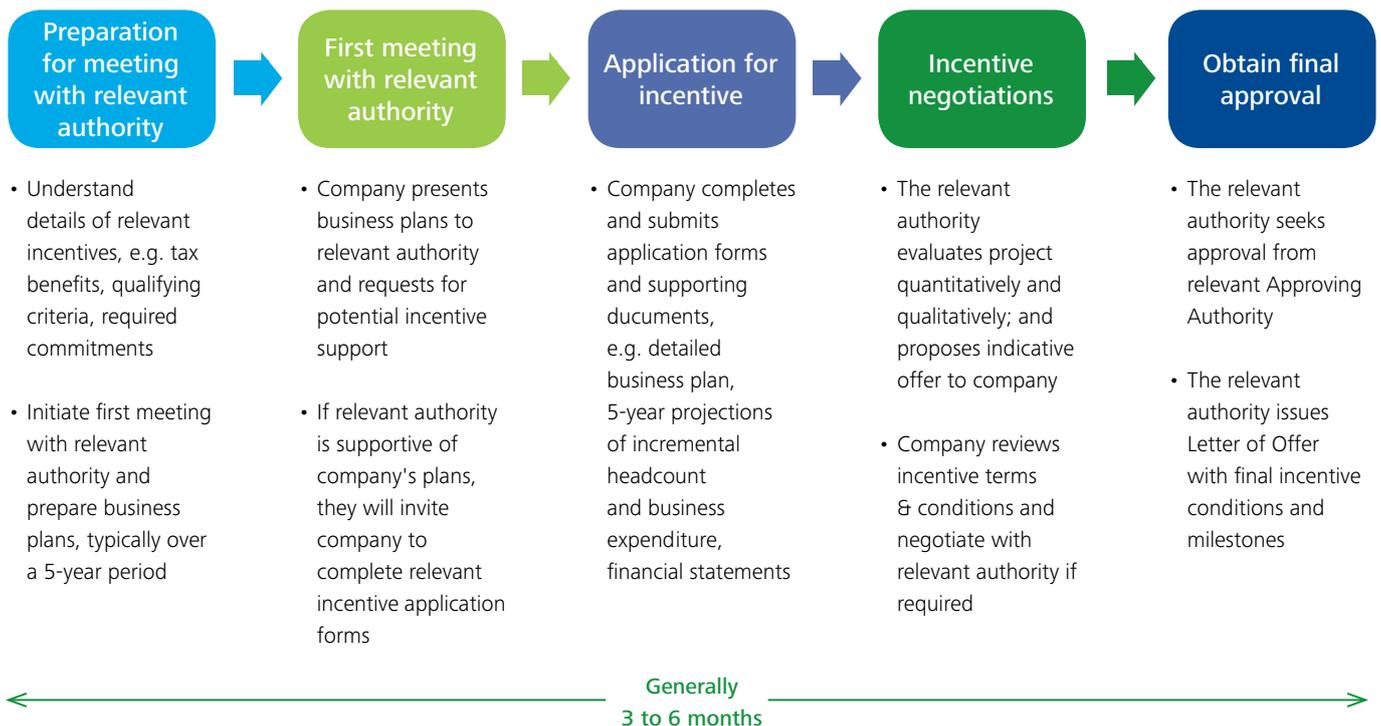
Business strategy and preparation

Prior to an application for tax incentives or grants, knowing the ins and outs of what is available and identifying eligible options is half the battle. To start the tax incentive or grant application process, Deloitte can assist with reviewing your business strategy and work with your team to enhance the likelihood of a successful application. Through close communication with your team and alignment of the business and tax objectives of your business, we can assist you in confirming the aspects of an incentive or grant are fully understood and considered.

As an added benefit, when undertaking a review of the business model, we may bring to your attention any other opportunities we identify that, with proper consultation, can result in better management of the company's tax matters.

Government incentives application support

We understand that the application for and negotiation of government incentives may often be unfamiliar territory, especially for those applying for tax incentives or grants for the first time. We have summarized the incentives application process into key activities illustrated below.



At Deloitte, our professionals are highly experienced in the practicalities of applying for and negotiating of incentives and grants including all aspects from initial reviews to document submission. Our knowledge and experience in this specialised area, acquired through assisting many companies over the years, enables us to duly understand and evaluate all the nuances of this process and allows you to be confident that you have realised your potential benefits with minimum time and effort.

After approval of government incentives

We continue to provide assistance even after you have been awarded your desired government incentive. Since authorities regularly monitor your company's progress in implementing your business strategy and fulfilling investment commitments, we can assist you in preparing and reviewing progress reports typically required for submission annually. In the event that you need to amend your incentive, or are unable to fulfil certain incentive conditions, we can also support you in re-negotiations with relevant authorities to enable you to enjoy equitable incentive benefits.

Tax controversy support related to government incentives

Companies enjoying government tax incentives and grants can receive scrutiny from the Inland Revenue Authority of Singapore (IRAS). Deloitte provides assistance in resolving claims and disputes with the IRAS as well as support related to information requests from the IRAS. The team includes professionals who have an in-depth understanding of the tax audit and review processes. Deloitte delivers an inside-out perspective, and you can be confident that you are receiving sound advice.

If you would like to arrange for a one-on-one discussion or have any enquiries on the application of government incentives and grants in Singapore, please contact one of the Deloitte specialists listed opposite.

At Deloitte, our professionals are highly experienced in the practicalities of applying for and negotiating of incentives and grants including aspects from initial reviews to document submission. This allows you to be confident that you have realised your potential benefits with minimum time and effort .

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