

Deloitte.



**Applying for government
incentives in Singapore**
See what we see

Tax ●

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 assist our clients in identifying tax methodologies that work best. 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 they offer
Headquarter and internationalisation activities	
International Headquarters (IHQ) Award	Tax exemption or concessionary tax rates of 5% or 10% on income from headquarter activities for companies that commit to anchor substantive headquarter activities in Singapore to manage, coordinate and control regional business operations. It is generally awarded with the Pioneer Certificate Incentive or the Development and Expansion Incentive.
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), stamp duty relief on the transfer of ordinary shares (capped at S\$80,000), and double tax deduction on transaction costs incurred in respect of qualifying share acquisitions (capped at S\$100,000).
Double Tax Deduction for Internationalisation (DTD_i)	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 setup, business matching and market promotion, capped at S\$20,000 per company per fiscal year.
Manufacturing and services activities	
Pioneer Certificate Incentive (PC)	Tax exemption on income from qualifying pioneering activities. Intellectual Property (IP) income will no longer be incentivised under new Pioneer Incentive awards approved from 1 July 2018.
Development & Expansion Incentive (DEI)	Reduced tax rate of 5% or 10% on incremental income from qualifying activities. IP income will no longer be incentivised under new DEI awards approved from 1 July 2018.
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 (AFL) Incentive	Reduced or nil withholding tax rates on interest payments on loans taken to purchase productive equipment.

Incentives available	What they offer
Automation Support Package (ASP)	<p>(a) Support under SPRING Singapore's¹ (SPRING's) Capability Development Grant² (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.</p> <p>(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.</p> <p>(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.</p> <p>(d) International Enterprise (IE) Singapore¹ will work with SPRING where relevant to help businesses to access overseas markets.</p>
Trading activities	
Global Trader Programme (GTP)	Reduced tax rates of 5% or 10% on qualifying income from physical trading, brokering of physical trades and trading in futures and derivatives (including structured commodity financing).
Finance and treasury activities	
Finance & Treasury Centre (FTC) Incentive	Reduced tax rate of 8% on income from qualifying FTC services/activities. Withholding tax exemption on interest payments (e.g., on loans) from banks, non-banks financial institutions and approved network companies for FTC activities.
Financial Sector Incentive (FSI)	Reduced tax rates of 5%, 10%, 12%, and 13.5% on income from qualifying banking and financial activities, headquarter and corporates services, fund management, and investment advisory services.
Financial Sector Technology & Innovation (FSTI)	Co-funding to develop financial technologies (FinTech) to enhance Singapore's banking sector, and to provide support for the creation of a vibrant ecosystem for innovation. Various levels of support of up to 70%, for qualifying costs such as manpower, professional services, equipment/technical software, and IP rights, subject to various sub-caps.
FSTI-Artificial Intelligence and Data Analytics (AIDA) Grant	<p>Co-funding to promote the adoption and integration of Artificial Intelligence (AI) and data analytics in financial institutions.</p> <p>Financial Institution Track: Up to 50% support of project costs for Singapore-based financial institutions that leverage AI and data analytics techniques to generate insights, formulate strategy, and assist in their decision making.</p> <p>Research Track: Up to 70% support for research institutions' AI or data analytics projects that have clear applications for Singapore's financial sector.</p>
Monetary Authority of Singapore (MAS) Regulatory Sandbox	Relaxed legal and regulatory requirements for the duration of the sandbox to allow financial institutions to experiment with innovative financial services.
Financial Training Scheme (FTS)	Co-funding to support financial sector specific training programmes that raise the competency of the financial sector. Up to 50% support for direct training costs, subject to a cap of \$2,000 per participant per programme.
Institute of Banking and Finance (IBF) Standards Training Scheme (IBF-STTS)	Co-funding to support training and assessment programmes that are accredited under the IBF standards. Up to 70% support for direct training costs, subject to a cap of \$7,000 per participant per programme.

Incentives available	What they offer
Research and Development (R&D) activities and intellectual property (IP) management	
Intellectual Property Development Incentive (IDI)	Reduced tax rate on IP income arising from R&D activities.
Enhanced tax deduction on qualifying R&D expenses	Up to 250% tax deduction on qualifying expenses for R&D projects performed in Singapore.
Double tax deduction on IP registration costs	Up to 200% tax deduction on the first \$100,000 of qualifying IP registration costs for each YA.
Double tax deduction on IP in-licensing expenses	Up to 200% tax deduction on the first \$100,000 of qualifying IP in-licensing expenses for each YA.
Research Incentive Scheme for Companies (RISC)	<p>Co-funding to support the development of R&D capabilities and technologies in areas of science and technology, and the establishment of centres of excellence in Singapore.</p> <p>Supportable project costs include expenditure in the following:</p> <ul style="list-style-type: none"> • Manpower cost (up to 50% support) • Training cost (up to 30% support) • Equipment, materials, consumables and technical software (up to 30% support) • Singapore-based professional services (up to 30% support) • IPRs, e.g., licensing, royalties, technology acquisition (up to 30% support)
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. The Singapore Economic Development Board's (EDB's) approval is required if only economic ownership of IP rights is acquired.
Human capital and capability development	
Training Grant for Company (TGC)	Co-funding to support manpower capability development in the application of new technologies, industrial skills, and professional know-how. Up to 30% support on qualifying costs such as trainee salaries and overseas trainee expenses, subject to various sub-caps.
Productivity Grant (PG)	Co-funding to support firm-level projects to improve energy, water, land or labour efficiencies through transformation efforts or adoption of technologies. Up to 20% support for qualifying costs for projects that result in significant efficiency improvements in resource utilisation. Up to 30% support may be considered for novel approaches within the group industry.
Enterprise Development Grant² (EDG)	Co-funding to support local enterprises seeking to build deep capabilities, scale up and internationalise. Up to 70% support for qualifying costs from financial year (FY) 2018 to FY 2019.
Enterprise Training Support (ETS)	Co-funding to encourage businesses to implement progressive and innovative human resources. Businesses can receive up to a total of \$347,000 from training grant, capability grant, curriculum contextualisation and alignment grant, HR development grant, and the compensation and benefits system review grant.

¹ SPRING Singapore and IE Singapore will merge in April 2018 to form Enterprise Singapore.

² SPRING's Capability Development Grant and IE's Global Company Partnership will be combined to form an integrated Enterprise Development Grant that will provide co-funding for companies to build a range of capabilities.

Incentives available	What they offer
Maritime, shipping and logistics activities	
Maritime Sector Incentive (MSI)– Singapore Registry of Ships (MSI-SRS) and Approved International Shipping Enterprise (MSI-AIS)	Tax exemption on qualifying shipping income from operating Singapore and foreign-flagged ships, provision of specified ship management services to qualifying parties, mobilisation, holding, or demobilisation of specified ships, and income from foreign exchange and risk management activities that 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	Concessionary tax rate of 10% for up to 5 years on qualifying leasing or management income.
Maritime Innovation & Technology (MINT) Fund	<p>Co-funding to support R&D or test-bedding of new or better products, processes and applications relevant to the maritime industry in Singapore.</p> <p>Up to 50% of total project costs consisting of manpower, equipment, material, professional services, IP and other ancillary costs. Projects deemed as strategic or have industry-wide impact may be considered for increased funding support level.</p>



Depending on the incentive or grant being sought, applications may 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, and revenue 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:

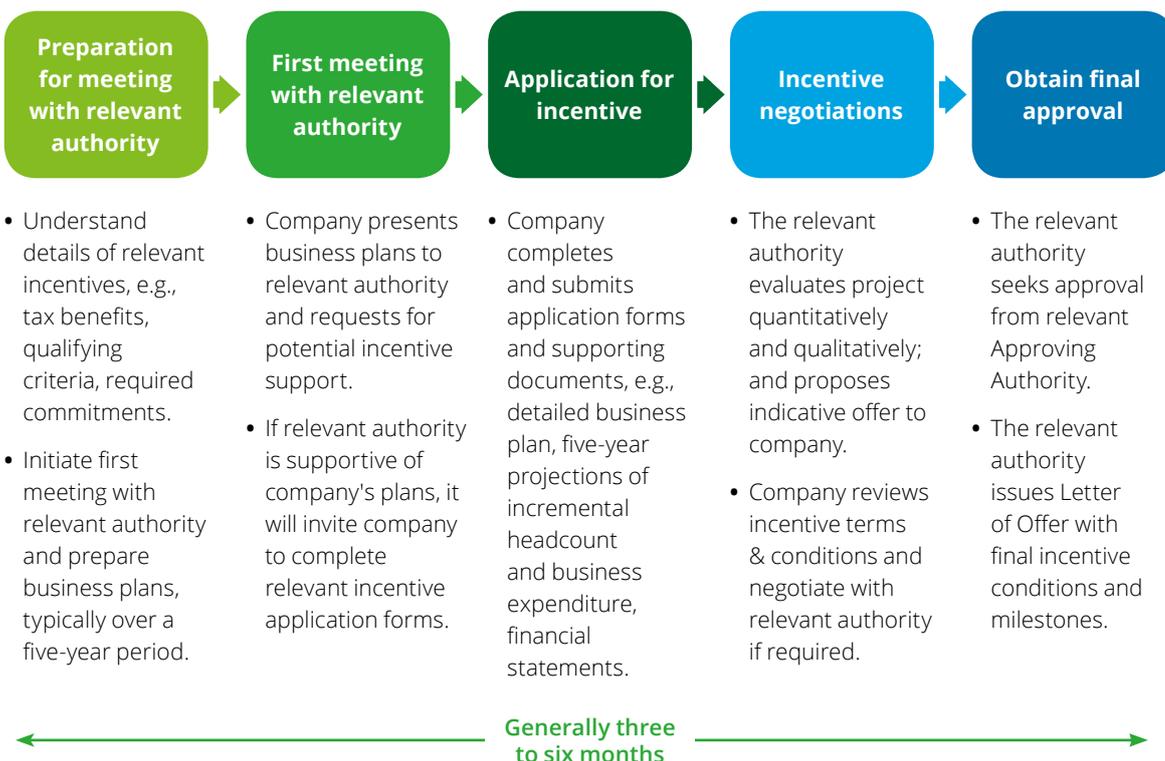
Business strategy and preparation

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 fully understanding and considering the aspects of an incentive or grant.

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 summarised 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. This allows you to be confident that you can achieve your potential benefits with minimum time and effort.

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 the nuances of this process and allows you to be confident that you can achieve 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 the 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 the 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 professionals listed.

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