



Right place, right
remedies

Tax optimisation for
the life sciences and
health care industry
in Singapore

Singapore as a global life sciences and health care hub

It is crucial for life sciences companies to achieve a streamlined, transparent, and efficient tax function – one that can address compliance and planning issues while expanding its strategic support to the broader business enterprise.

The life sciences and health care industry faces one of the toughest periods in recent history. Pharmaceuticals, biotechnology, and medical equipment companies are not only emerging from a period of extreme economic turmoil, but also have to adjust to fundamental and transformative changes in the markets they serve.

Amidst these shifts, Singapore has firmly established itself as a global hub for life sciences and health care. As leading companies expand their presence in Singapore by investing in local research and development (R&D) and manufacturing facilities, the time has come for organisations to reevaluate their tax functions.

Singapore has a number of attributes that are attractive to investors:

- World class intellectual property (IP) protection
- Liberal and investor-friendly economic system
- Stable legal, financial and political environment
- A gateway for investments into the region
- One of the leading places for living and working
- Fastest growing bio-cluster in Asia
- Global scientific community fostered by the Agency for Science, Technology and Research (A*Star)
- Reputation for clinical excellence in an integrated research ecosystem
- Diverse partnership opportunities with research institutes in the public sector
- Excellent physical and regulatory infrastructure with global connectivity
- Strong global talent pool of about 6,000 researchers



Overview of tax incentives

Tax systems can be complex and hard to navigate. While the Singapore tax system is one of the friendliest and most competitive in the world, understanding its key features and incentives can help you get it right from the very first step.

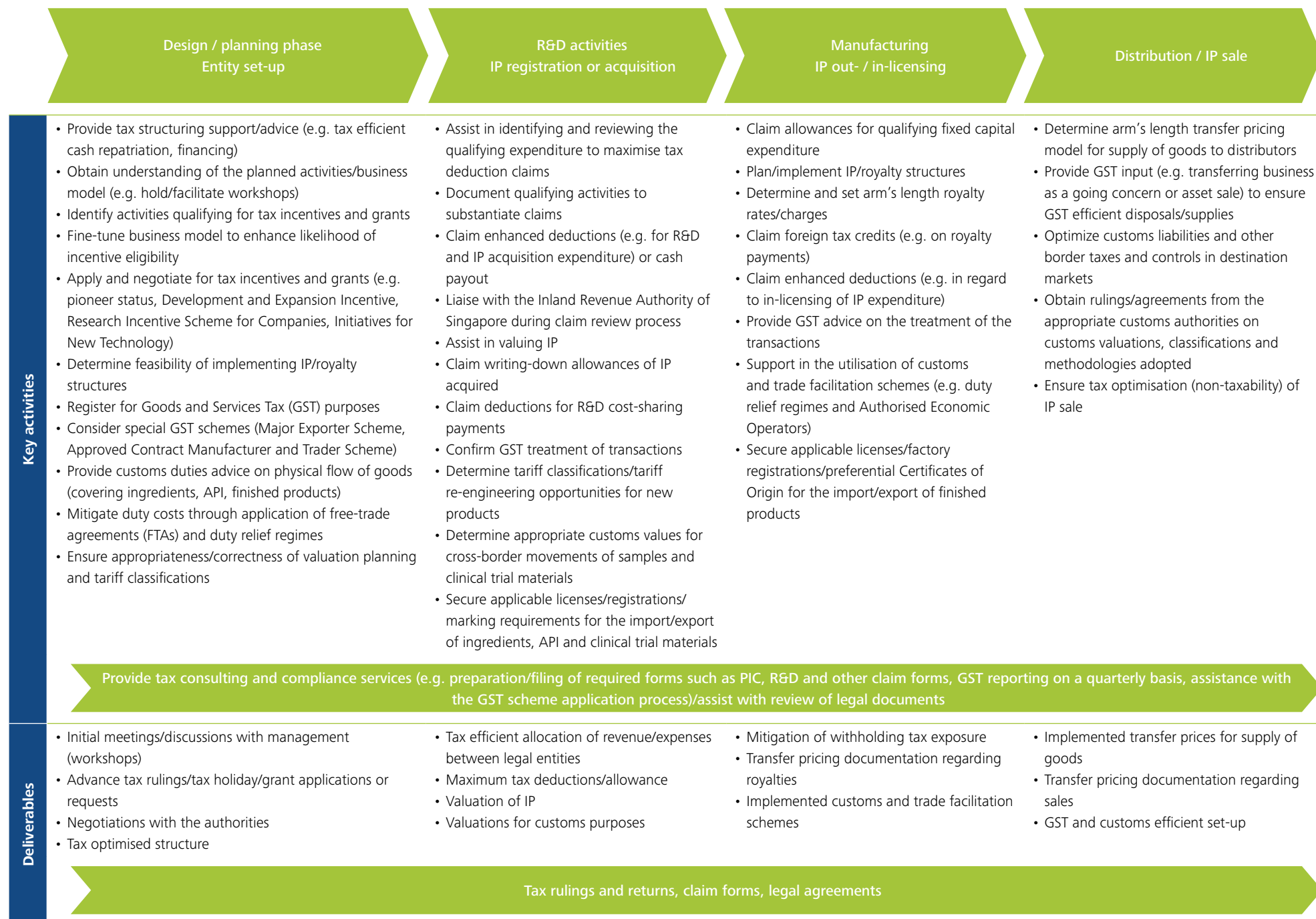
Key tax features

- Friendly tax environment for life sciences companies with a wide range of investment incentives including tax holidays and enhanced deductions / depreciation schemes
- No dividend withholding tax and capital gains tax
- Extensive double tax treaty network
- Qualifying tax exemption
- Extensive advance ruling practice, including advance pricing agreements

Different deductions, allowances, as well as (partial) tax holidays may be applied depending on the functions that are performed.

	Incentive	Benefit
Tax holiday	Pioneer status	Tax exemption for qualifying income for up to 15 years
	Development and expansion incentive (DEI)	Reduced rate (5-15%) for up to 20 years on incremental income from qualifying activities
	Regional and international headquarters programme	Reduced rate of between 0-15% for up to 5 years on qualifying income negotiable
	Approved foreign loan incentive	Reduced withholding tax on interest payments on loans to purchase productive equipment
	Approved royalties incentive	Reduced withholding tax on royalty payments to access advanced technology and know-how
Allowances / deductions	Writing-down allowance for acquired IP	Automatic 5-year write-down of IP acquired
	Writing-down allowance for R&D payments under an approved cost-sharing agreement	Enhanced deduction of 100% for R&D cost-sharing payments
	Productivity and Innovation Credit (PIC) scheme	Enhanced deduction of 400% of qualifying expenditure (e.g. acquisition / registration of IP rights, R&D and in-licensing of IP) subject to expenditure caps
	Investment allowances	Enhanced deduction of 100% on qualifying fixed capital expenditure on top of normal allowance
Subsidies / grants	Initiatives in New Technology (INTECH)	Co-funding to support the manpower development in the application of new technologies, industrial R&D and professional know-how
	Research Incentive Scheme for Companies (RISC)	Co-funding to support the set-up of R&D centers and / or the development of in-house R&D capabilities in strategic areas of technology

How Deloitte can help you get it right



In some instances, companies may achieve both cash flow savings and reduced tax liabilities through the use of tax incentives. Are you aware of all the incentives that Singapore offers?

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