Statement A

Your UEN: [ ] (see note 1)

Deloitte & Touche LLP
6 Shenton Way
#32-00 OUE Downtown 2
Singapore 068809

Dear Sirs

Year of Assessment 2015
Accounts For The Year To December 31, 2014

We refer to your recent circular and would advise that the particulars required are as follows:

	(see note 3)	[ ]
1.	Revenue (see note 2)	[ ]
2.	Estimated chargeable income (**before** deducting exempt amount) liable to tax at 17% (excluding pioneer and other exempt income)	[ ]
3.	Estimated chargeable income liable to tax at the concessionary tax rate of 10%	[ ]
4.	Estimated chargeable income of activities qualifying for other tax incentives liable to tax at [ ] %*	[ ]
	Total Estimated Chargeable Income per Statement A-1 (ECI)	[ ]
	Estimated Tax Payable (ECI @ 17%/ 10%/ [ ] %*)	[ ]

We wish/do not wish** to settle the tax liability by [ ] *monthly instalments, via Self Payments/Inter-Bank Giro Systems**.

Yours faithfully

[ ]

Name of Company/Firm: [ ]

* Please complete as appropriate.
** Delete as appropriate.
Note 1: Please provide the UEN if the entity is not a Singapore incorporated company.
Note 2: Refers to a company's main source of income, excluding items like gains on disposals of fixed assets.
Note 3: Please indicate the currency used (which should be the company's functional currency)

<u>Statement A-1</u>

Name of Company/Firm:

Substantial items adjusted to arrive at the estimated chargeable income (excluding pioneer and other exempt income) for Year of Assessment 2015.

Year of Assessment 2015
Basis Period: Accounts For The Year To December 31, 2014

(see note 1)

Net profit per accounts before tax

<u>(Less)</u>: Income from separate source/non-taxable income
Dividend
Interest
Rental
Gain on sale of fixed assets
Exchange gain (relating to capital items)
Others

<u>Add</u>: Disallowable expenses
Depreciation
Impairment loss of non-trade debts
Loss on sale of fixed assets
Exchange loss (relating to capital items)
Private car expenses
Donations
Amount of expenditure converted to cash grant
Others

<u>(Less)</u>: Other allowable expenses
Productivity and Innovation Credit ("PIC") Scheme [see note 2]
- Enhanced deduction of qualifying R&D expenditure
- Enhanced deduction for leasing of PIC IT and Automation Equipment
- Enhanced deduction for in-licensing of IPRs
- Enhanced deduction for qualifying registration of IPRs
- Enhanced deduction for qualifying design expenditure
- Enhanced deduction for qualifying training expenditure
Other

Statement A-1 (cont'd)

Less:	Section 14Q for R&R costs	
Add:	Other taxable income	
	Interest	
	Net rental	
	Others	
Less:	Capital allowances - brought forward (see note 3)	
	Capital allowances – current/PIC for acquisition of prescribed automation equipment and qualifying IPRs (see note 2)	
	Losses - brought forward (see note 3)	
Less:	Land intensification allowance ("LIA") (see note 5)	
Less:	Approved donations – brought forward (see note 3)	
	Approved donations – current (see note 4)	
Less:	Merger and acquisition ("M&A") allowance (see note 6)	
Less:	R&D tax allowance utilised (see note 2)	
Less:	Investment allowance	
Less:	Transferred from transferor company under group relief system	
	- Capital allowances	
	- Losses	
	- Donations	
Estimated Chargeable Income (**before** deducting exempt amount) (see note 7)		

Yours faithfully

Note 1: Please indicate currency used (which should be the company's functional currency).

Note 2: PIC scheme

1. Qualifying R&D expenditure
   - 400% tax deduction for the first S$400,000 (S$600,000 under PIC+) of qualifying expenditure on R&D conducted in Singapore or overseas (if the R&D done overseas is related to the taxpayer's Singapore trade or business) per year of assessment and 150% tax deduction for the balance expenditure performed in Singapore. For balance of all other expenses, including expenses for R&D done overseas, deduction will be 100%.

   - The company may choose to claim either the enhanced deduction on qualifying R&D expenditure or utilise R&D tax allowance[1] in Year of Assessment 2015.

2. Registration costs of qualifying IPRs

3. Qualifying design expenditure

4. Qualifying training expenses
   - 400% tax deduction for the first S$400,000 (S$600,000 under PIC+) of qualifying expenditure incurred per year of assessment and 100% tax deduction for the balance expenditure.

   - Qualifying in-house training (i.e. certified by Singapore Workforce Development Agency certified or Institute of Technical Education) and all external training. With effect from Year of Assessment 2012, the certification requirement is removed for qualifying in-house training expenditure incurred up to S$10,000 per year of assessment.

5. Acquisition and in-licensing of IPRs

6. Prescribed PIC IT and Automation Equipment
   - 400% allowance for the first S$400,000 (S$600,000 under PIC+) of qualifying expenditure costs per year of assessment and 100% allowance for the balance expenditure.

   - Income Tax (Automation Equipment) Rules 2004, Income Tax (Automation Equipment) (Amendment) Rules 2010 and Income Tax (PIC Automation Equipment) Rules 2012 is expanded to include a wider range of equipment and software for automating processes.

7. For Years of Assessment 2013 to 2015, a combined cap of S$1,200,000 (S$1,400,000 for Years of Assessment 2013 to 2015 under PIC+) of expenditure for each of the above activities will be given.

8. Amount converted to cash
   - Qualifying companies can elect to convert to cash qualifying expenditure under PIC scheme of up to S$100,000 per year of assessment. Once a qualifying expenditure is converted into cash, the same amount shall no longer be available for tax deduction or allowance.

Note 3: Subject to no substantial (more than 50%) change in shareholding composition.

Note 4: Approved donations made during January 1, 2014 and December 31, 2014 will qualify for 250% deduction.

Note 5: LIA is computed as follows:

[1] The R&D tax allowance (RDA) scheme was phased out with effect from Year of Assessment 2011. Businesses may continue to utilise their RDA granted against their income up to Year of Assessment 2016

1) Initial allowance (“IA”): 25% of qualifying capital expenditure

The above will be granted in the year of assessment relating to the basis period in which the capital expenditure is incurred.

2) Annual allowance (“AA”): 5% of qualifying capital expenditure

The above will be granted provided the following conditions are met:

- The construction/renovation/extension works have been completed;
- The completed building or structure meets the relevant Gross Plot Ratio (“GPR”) benchmark; and
- At least 80% of the total floor area of the building or structure is in use by a single user for carrying out the qualifying activity.
  If less than 80% of the total floor area is used by the single user for the qualifying activity, AA will not be granted for the year of assessment relating to that basis period.

With effect from 22 February 2014, a qualifying building or structure that has already met or exceeded the GPR benchmark will need to demonstrate a minimum 10% increment in GPR to qualify for LIA.

Note 6: M&A Allowance

The M&A allowance will be granted to qualifying M&A deals executed from April 1, 2010 to March 31, 2015 (both dates inclusive), at 5% of the acquisition value. There will be a cap of S$5 million of allowance granted for all qualifying deals executed per year of assessment.

The allowance will be written down equally over five years.

Note 7: Exempt amount (applicable to 17% tax rate category only)

1. Partial tax exemption scheme:
   - On the first S$10,000, 75% of the income
   - On the next S$290,000, 50% of the income

2. Tax exemption scheme for new companies:
   - On the first S$100,000, 100% of the income
   - On the next S$200,000, 50% of the income

Appendix I

PAYMENT OF SINGAPORE TAX BY INSTALMENTS

The following illustrates the "contracting" basis of payment of tax by instalments:

Company's Financial Year Ended: December 31, 2014

Tax Payable: $100,000

1) E-Filing of ECI

No. of Instalments	10	8	6
2015			
January	$ 10,000	$ x	$ x
February	10,000	12,500	x
March	10,000	12,500	16,700
April	10,000	12,500	16,660
May	10,000	12,500	16,660
June	10,000	12,500	16,660
July	10,000	12,500	16,660
August	10,000	12,500	16,660
September	10,000	12,500	x
October	10,000	x	x
	$100,000	$100,000	$100,000

2) Paper-Filing of ECI

No. of Instalments	5	4	3
2015			
January	$ 20,000	$ x	$ x
February	20,000	25,000	x
March	20,000	25,000	33,333
April	20,000	25,000	33,333
May	20,000	25,000	33,334
	$100,000	$100,000	$100,000

As could be seen from the above illustration, if a company is to apply for the maximum number of instalments, the first instalment should be paid in the month immediately following the company's financial year end. If the instalment payments begin in the 2nd month or 3rd month following the financial year end, the number of instalments is reduced. **No instalments are allowed if the ECI is filed after 3 months following the financial year end**.

To maximise the instalments for ECI to be e-filed, the ECI should be filed by the 26th of the relevant month. If the ECI is filed by the 26th of the month immediately following the company's financial year end, the maximum number of instalments will be granted. For ECI to be paper-filed, the ECI should be filed by the 24th of the relevant month. If the ECI is filed by the 24th of the month immediately following the company's financial year end, the maximum number of instalments will be granted.

Where a request for instalment arrangement is made to the IRAS, an instalment plan showing the instalment details is automatically issued by the IRAS.

Where ECI has been filed electronically and the company has been paying tax through self-payment plan or GIRO plan, i.e. already on instalment scheme, an instalment plan showing the instalment details is automatically issued by the IRAS.

Note of caution:

1. If there is default in payment of any instalment, a late payment penalty will be imposed on the total outstanding tax (not only on the instalment in question) and the instalment payment concession will be withdrawn.

2. Any balance of tax due over and above that provided for in the instalments will become payable within one month from the date of issue of the notice of assessment.

3. The payment of tax by instalments is granted as a concession by the IRAS. Any understatement of the chargeable income could jeopardise such concessionary treatment in future years.

4. With effect from 1 April 2013, all companies would need to join GIRO to enjoy instalment payment for their estimated corporate taxes.

   For companies that have been paying their taxes for the last 12 months (from 1 April 2012 through 31 March 2013) via non-GIRO instalment plan, they can continue with the plan till the plan ends in 2015. This is to ensure a smooth transition to instalments by GIRO. All new instalment plans issued from 1 January 2015 will be for payment through GIRO only.

Appendix II

NAME OF COMPANY: ....
BASIS PERIOD: ....

TAX SCHEDULES AND ANALYSES (Please tick box if information is provided)

- ☐ Other debtors, deposits and prepayments
- ☐ Provision for stock obsolescence (1)
- ☐ Stock written off (2)
- ☐ Reconciliation of fixed assets (3)
- ☐ Fixed assets additions (4)
- ☐ Fixed assets disposals (5)
- ☐ Intellectual Property Rights (6)
- ☐ Investments in quoted and unquoted shares and bonds (7)
- ☐ Interest income (8)
- ☐ Accrued expenses and other creditors (Indicate which are provisions)
- ☐ Dividend income (forward dividend vouchers)
- ☐ Commission paid
- ☐ Rental income
- ☐ Foreign Tax Suffered (18)
- ☐ Borrowing costs other than interest expense (21)
- ☐ Research and Development (R&D) Tax Measures (22)
- ☐ Land Intensification Allowance (24)
- ☐ Other (please specify)
- Other income ☐
- Foreign exchange gain/loss (9) ☐
- Interest expense/Management Fees/Technical fees/Royalties (10) ☐
- Rent expense ☐
- Legal and other professional fees (11) ☐
- Upkeep of motor vehicles/ transport/travelling expenses (12) ☐
- Repairs and maintenance (13) ☐
- Donations (Forward receipts for approved donations) ☐
- Subscriptions (14) ☐
- General expenses (15) ☐
- Medical expenses (16) ☐
- Group Relief (17) ☐
- Adjustments made in accordance with FRS 39 (19) ☐
- Use of treasury shares to fulfil obligations under an employee equity-based remuneration scheme (20) ☐
- Productivity and Innovation Credit (23) ☐
- Merger and Acquisition Allowance (25) ☐
- Investment Allowance / Integrated Investment Allowance (26) ☐

Note:

The above schedules and analyses should be presented in the following format:

1. Provision for Stock Obsolescence

	Specific	General	Total
Balance at beginning of year	X	X	X
Add: Provision during the year	X (Note 2)	X	X
Less: Provision written back	X	X	X
Stock written off	X	X (Note 2)	X
Balance at end of year	XX	XX	XX

2. Specific Provision for Stock Obsolescence/Stock Written Off

Description	Cost	Amount Provided/ Written-Off	Reasons for Provision/Write-Off
X	X	X	X

3. Fixed Assets Reconciliation

	Cost				Depreciation			
Asset Category	Beginning	Addition	Disposal	End	Beginning	Addition	Disposal	End
X	X	X	X	X	X	X	X	X

4. Fixed Assets Additions

State description and cost of each asset purchased, indicating any prescribed automation equipment. If the asset purchased qualifies for investment allowance, please provide copy of the Investment Allowance Certificate.

If the asset purchased qualifies for Integrated Investment Allowance scheme, please provide us the approval from EDB.

The Section 14Q deduction will be granted on the qualifying costs on renovating or refurbishing business premises (R&R costs) over a period of 3 consecutive years, on a straight-line basis, starting from the year of assessment relating to the basis period in which the R&R costs are first incurred and claimed by the taxpayer.

In this regard, please provide an itemised list of the R&R works done on the business premises and confirm that the R&R works do not require approval of the Commissioner of Building Control.

5. Fixed Assets Disposals

Provide following details of each asset disposed of:-

Date of Purchase	Description	Cost	Sales Proceed
XXX	X	X	X

6. Intellectual Property Rights ("IPRs")

Please provide the following for IPRs purchased and/or in-licensed:

i. A brief description of the IPRs.
ii. A breakdown of the expenditure incurred to acquire and/or in-license the IPRs.
iii. Whether the IPRs have been acquired by the company for use in its trade or business and whether the company has legal and economic ownership of the IPRs acquired.
iv. A copy of the valuation report if the IPR is acquired from an unrelated party of which the value is S$2m or more or if the IPR is acquired from a related party of which the value is S$0.5m or more.
v. If IPR is acquired from a related party, please advise the following:
   a. Whether any deduction has been allowed under Section 14, 14D, 14DA or 14E to the related party for payment incurred to create the IPRs.
   b. Whether the proceeds from the sale of the IPRs are chargeable to tax for the related party.
   c. Whether the related party acquired the IPR from another related party. If so, please also provide response to (a) and (b) above.

7. Investments in Quoted and Unquoted Shares and Bonds

	Beginning		Additions		Disposals				End		
Description of Investment	Qty	Cost	Qty	Cost	Qty	Cost	Sales Proceed	Gain/ (Loss)	Qty	Cost	Diminution in Value
XXX	X	X	X	X	X	X	X	X	X	X	X

8. Interest Income

Received From	Interest Received	Interest Receivable	Total Interest Income
XXX	X	X	X

9. Foreign Exchange Gain/Loss

Nature of transactions which give rise to the exchange difference (i.e. revenue / capital)	Gain/Loss
XXX	X

10. Interest Expenses/Management Fees/Technical Fees/Royalties

Name and Address of Payee	Gross Amount	Withholding Tax paid	Remarks
Interest Expense			
XXXX	X	X	In respect of interest payable to non-residents, please state whether withholding tax requirements have been complied with.
XXXX	X	X	
XXXX	X	X	
	XX	XX	
Management Fees/ Technical Fees			
XXXX	X	X	In respect of each management fee/ technical fee paid, state: i) Nature of services rendered. ii) Basis of the fee quantum. iii) Where the services were rendered. iv) Whether withholding tax requirements have been complied with on payments to non-residents.
XXXX	X	X	
XXXX	X	X	
	XX	XX	
Royalties			
XXXX	X	X	In respect of royalties payable to non-residents, please confirm that withholding tax requirements have been complied with.
XXXX	X	X	
XXXX	X	X	
	XX	XX	

11. Legal and Other Professional Fees

State the nature of services rendered for each amount paid.

12. Upkeep of Motor Vehicles/Transport/Travelling Expenses

Give broad analysis into:

	Amount	Remarks
Upkeep expenses for:		
Each Q-plate car (state car registration number)	X	
Singapore-registered cars/Hired cars in Singapore	X	
Other vehicles	X	
Taxi and bus fares	X	
Overseas business travelling expenses	X	
	XX	

13. Repairs and Maintenance

If transactions are voluminous, your confirmation that expenditure of a capital nature is not included will suffice. If you are unable to provide this confirmation, please provide details of each capital expenditure included.

14. <u>Subscriptions</u>

Analyse into entrance fees and subscription fees.

15. <u>General Expenses</u>

Give broad analysis showing the nature and amount of expenses incurred. Items of similar nature may be grouped together.

16. <u>Medical Expenses</u>

Provide a schedule as follows for the purpose of determining whether there is a restriction on the medical expenses:

	Amount
Medical expenses including all medical fees and treatment	X
Medical insurance	X
Expenses re: provision of a medical clinic within company (if applicable)	X
	XX

As you may be aware, effective from April 1, 2004, employers who choose not to implement either the Portable Medical Benefits Scheme ("PMBS") or Transferable Medical Insurance Scheme ("TMIS") schemes or do not meet the qualifying conditions as stipulated in the ITA, the tax deductibility of the medical benefits will be capped at 1% of the total remunerations of his employees. With effect from Year of Assessment 2008, in recognition that employers' provision of portable medical shield plans or ad-hoc contributions to the Medisave accounts of employees achieve the same objective as the PMBS and TMIS, a tax deduction of up to 2% of the total remuneration will be allowed if the company (i) has provided the employees with inpatient medical insurance benefits in the form of portable medical shield plans (but the deduction will <u>exclude</u> premiums for riders that cover deductibles and co-payments); or (ii) has made ad-hoc contributions to the employees' Medisave accounts (subject to a cap of S$1,500 per employee per year) during the relevant basis period. In this regard, please indicate whether the company has implemented the PMBS or TMIS schemes or has provided portable medical shield plans or make ad-hoc medisave contributions for the employees.

17. <u>Loss Transfer System of Group Relief (Group Relief System)</u>

If the company is claiming/transferring current year unabsorbed capital allowances, current year unabsorbed trade losses or current year unabsorbed donations (collectively known as "qualifying deductions") from/to another Singapore incorporated company within the group for which group relief applies, please provide the information in the following format:-

<u>Names of companies from which you are receiving the qualifying deductions (in order of priority)</u>

1. (Name of qualifying member company)
2. (Name of qualifying member company)
3. (Name of qualifying member company)

Names of companies to which you are transferring the qualifying deductions (in order of priority)

1. (Name of qualifying member company)
2. (Name of qualifying member company)
3. (Name of qualifying member company)

18. Foreign Tax Suffered

Please furnish us with the following information if the company had suffered any foreign tax in the financial year:-

i. nature of income subject to foreign tax(for dividend income, please also advise if the company owns at least 25% in the dividend paying company);
ii. country in which the foreign tax is suffered;
iii. the profit and loss account under which the above was charged to; and
iv. relevant withholding tax receipt(s).

19. Adjustments made in accordance with Financial Reporting Standards ("FRS") 39

Please provide details of adjustments made in the accounts in accordance with FRS 39, such as, interest income, interest expense, dividend income, investment in subsidiaries, loan receivables, etc.

20. Use of treasury shares to fulfil obligations under an employee equity-based remuneration scheme

As you may be aware, tax deduction will be allowed for treasury shares transferred under an employee equity-based remuneration ("EEBR") scheme and recharges from parent company for treasury shares transferred to subsidiary company's employees. As such, please provide the following details:

i. Treasury shares transferred under an EEBR scheme
   a. The cost actually incurred by the company to acquire treasury shares transferred to the employee under the EEBR scheme and the amount payable by the employee for the treasury shares.

ii. Recharges from parent company for treasury shares transferred to company's employees
   a. The cost actually incurred by the parent company to acquire the treasury shares transferred to the company's employee and the amount payable by the company's employee for the treasury shares.
   b. The date on which the parent transfers its treasury shares to the company's employee or the date the parent recharges the company for the shares transferred, whichever is the later.

With effect from Year of Assessment 2012, a company is allowed to deduct costs incurred to acquire its parent company's shares if it sets up a Special Purpose Vehicle ("SPV") to facilitate its EEBR obligation, provided that:

a. The SPV is set up solely to administer the EEBR scheme; and
b. The SPV acquires the parent company's shares from the market or from the parent company and holds them in trust for the EEBR scheme.

If this is applicable to you, please provide:

a. The costs incurred by the SPV to acquire the parent company's shares transferred to the company's employee and the amount payable by the company's employee for the shares; and
b. The date on which the shares are transferred to the company's employee or the date the company is liable to pay the SPV for the shares transferred, whichever is the later.

21. <u>Borrowing costs other than interest expenses</u>

With effect from Year of Assessment 2008, tax deduction will be allowed for prescribed borrowing costs other than interest expenses which are incurred as a substitute for interest expense or to reduce interest costs. As such, please provide brief details of how the borrowing costs to be claimed have been incurred as a substitute for interest or to reduce interest cost.

22. <u>Research and Development ("R&D") tax measures</u>

Please provide the following details:
i. A detailed description of the R&D activities and advise whether the R&D activities were carried out in or outside Singapore.
ii. A detailed breakdown of qualifying R&D expenditure for Year of Assessment 2015.
iii. Amount of expenditure incurred on R&D cost sharing agreements.
iv. Amount of expenditure funded/subsidised by a government grant.

23. <u>Productivity and Innovation Credit</u>

Please provide the following:
i. <u>Acquisition or leasing costs of PIC IT and Automation Equipment</u>
   a. <u>Acquisition of PIC IT and Automation Equipment</u>
   Please refer to item (4) above.

   b. <u>Leasing costs of PIC IT and Automation Equipment</u>
   Please provide the following:
   - The type of leases (i.e. finance, finance lease treated as sale agreement or operating lease).
   - A breakdown of the leasing costs of PIC IT and automation equipment.
   - If the PIC IT and automation equipment is subleased, please identify such leasing costs.

ii. <u>Acquisition or in-licensing costs of IPRs</u>
   Please refer to item (6) above.

iii. Registration costs of qualifying IPRs
   a. Whether the company is the owner of the IPR.
   b. The amount of official fees and professional fees incurred in relation to the registration of IPR.

iv. Qualifying R&D expenditure
   Please refer to item (22) above.

v. Qualifying training expenditure
   a. The name of the training programme
   b. If the training is conducted in-house but courses are not accredited / approved / certified by the Singapore Workforce Development Agency ("WDA") or Institute of Technical Education ("ITE"), please provide the following:
      - Salary and other remuneration of in-house trainers for the delivery of the training courses (i.e. based on hours spent delivering the courses)
      - Rental of external training premises
      - Costs of meals and refreshments provided during the courses
      - Costs of training materials and stationery
   c. If the training is conducted in-house and courses are accredited / approved / certified by the WDA or the ITE, please provide the following:
      - Salary and other remuneration of in-house trainers for the delivery of the training courses (i.e. based on hours spent delivering the courses)
      - Rental of external training premises
      - Costs of meals and refreshments provided during the courses
      - Costs of training materials and stationery
   d. If the qualifying training is conducted by external training provider, please provide the following:
      - Training fees payable to the external training service provider
      - Registration or enrolment fees
      - Examination fees
      - Tuition fees
      - Aptitude test fees

vi. Qualifying design expenditure
   a. A copy of the Letter of Approval from Design Singapore.
   b. If the approved design project is conducted in-house, please provide the remuneration cost of qualified design professionals engaged to carry out the approved design project.
   c. If the approved design project is outsourced to approved design service providers, please provide the total fees payable, with details of the remuneration cost of qualified professionals engaged by the design service providers (if available).

vii. The amount of grant or subsidy received from the Government.

viii. If the company has applied for the cash payout option directly to the IRAS, please provide a copy of the PIC Cash Payout Application Form and the relevant annexes.

24. Land Intensification Allowance ("LIA")

As you may be aware, businesses may claim LIA on qualifying capital expenditure incurred for the construction of a qualifying building or structure. LIA is administered by the Economic

Development Board ("EDB") and approval will be granted from July 1, 2010 to June 30, 2020 (both dates inclusive).

In view of the above, please furnish the following:-

a. A copy of the letter of offer from EDB;
b. Details of qualifying capital expenditure incurred on the construction or renovation / extension of the approved LIA building or structure and a computation of the amounts of initial or annual allowance to be claimed;
c. A certificate from a qualified quantity surveyor to certify the floor area used by another user, where part of the approved LIA building or structure is used by another user; and
d. A copy of the verification form submitted to EDB previously (This is to be submitted in the relevant year of assessment in which the construction or renovation / extension is completed.)

25. <u>Merger and Acquisition ("M&A") Allowance</u>

Please provide the following details:-

a. Date of execution of M&A deal;
b. Acquisition value (excluding transaction cost); and
c. Amount of transaction costs incurred on share acquisition.

26. <u>Investment Allowance / Integrated Investment Allowance</u>

Please forward copies of the Investment Allowance Certificate and/or Integrated Investment Allowance Certificate issued by EDB, where applicable.

Appendix III

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.