

Tax and Financial Incentive Schemes Available in Singapore

Over the years, the Singapore Government has through its various statutory boards and government organisations rolled out many tax and financial incentive schemes to encourage and incentivize business entities in Singapore to employ older Singaporean workers, upgrade and grow their businesses. Below is a summary of some of the tax and financial incentive schemes currently available:-

Statutory Board / Government Organisation	Tax and Financial Incentive Scheme	Purpose	Qualifying Criteria	Incentives Available
CENTRAL PROVIDENT FUND BOARD	Enhanced Special Employment Credit (SEC)	To encourage company to employ older Singaporean workers.	SEC is given to employers who employed older Singaporean workers aged ≥ 50 and earning up to \$4,000 per month. Its applicable to employees who are employed by the company from 1 January 2012 to 31 December 2016. SEC payments received by the company from CPF Board are taxable.	Monthly wages of eligible older employee \leq \$3,000 : Monthly SEC payout is 8% of wages
				Monthly wages of eligible older employee \$3,001 - \$4,000: Monthly SEC payout is \$960 less 24% of wages.
INLAND REVENUE AUTHORITY OF SINGAPORE (IRAS)	SME Cash Grant	Tax Incentive	Companies must have made CPF contributions to ≥ 1 employee who should not be a shareholder of the company	A One-off cash grant pegged at 5% of company's revenue (main source of income) and capped at S\$5,000 (whichever lower) in Year of Assessment (YA) 2012. Cash Grant received will not be taxed.
	Enhanced Productivity and Innovation Credit (PIC) Scheme	To encourage companies to invest in innovation and productivity improvement	Companies which invest in the following Six Qualifying Activities: <ul style="list-style-type: none"> • Purchase/lease of automation equipment • Training • Investment in R&D • Approved design • Acquisition of intellectual property • Registration of intellectual property 	<ul style="list-style-type: none"> • 400% tax deduction <u>or</u> • non-taxable cash payout at conversion rate of 30% (YA2011 & YA2012) ; 60% (YA2013 to YA2015)
	Tax Exemption Scheme	Tax Incentive	All companies with normal chargeable income	A partial tax exemption is given to companies on normal chargeable income of up to S\$300,000 as follows: First S\$10,000 at 75% Next S\$290,000 at 50%

INLAND REVENUE AUTHORITY OF SINGAPORE (IRAS)	Tax Exemption Scheme for new start-up companies	Tax Incentive	New start-up companies must: <ul style="list-style-type: none"> • be incorporated in Singapore • be a tax resident in Singapore for that YA • have less than 20 shareholders throughout the basis period for that YA where all shareholders are individuals beneficially and directly holding the shares in their own names or at least one shareholder is an individual beneficially and directly holding at least 10% of the issued ordinary shares of the company. 	Tax exemption on the first S\$300,000 of a company normal chargeable income (YA2008 onwards) as follows: First S\$100,000 at 100% Next S\$200,000 at 50% For each company first three consecutive years of assessment.
	Double Tax Deduction (DTD) for Internationalisation	To encourage SMEs to venture abroad	Singapore Companies which incurred qualifying expenditure in the following 4 activities: <ul style="list-style-type: none"> • Overseas business development trips/missions; • Overseas investment study trips/missions; • Participation in overseas trade fairs; and • Participation in approved local trade fairs 	Tax deduction of up to 200% on qualifying expenditure, up to S\$100,000 per Year of Assessment. DTD for Qualifying Expenditure more than S\$100,000 needs approval from International Enterprise Singapore or Singapore Tourism Board.
	Merger and Acquisitions (M&A) Allowance	The M&A allowance is given to encourage companies in Singapore to grow their businesses through mergers and acquisitions.	For share acquisitions completed from 17 Feb 2012 to 31 Mar 2015	The M&A allowance is at 5% of the value of acquisition, subject to a maximum amount of S\$5 million for all qualifying share acquisitions in the basis period for each Year of Assessment (YA). The cap of S\$5 million will effectively allow for acquisitions of up to \$100 million in any one YA. The M&A allowance is expensed over five years and cannot be deferred. Double tax deduction up to \$100,000 of transaction costs (e.g. legal fees and tax advisory fees) incurred on qualifying M&A per YA. The deduction of the transaction costs will be allowed in the YA in which M&A allowance is claimed.

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IRAS - GOODS AND SERVICES TAX (GST)	Import GST Deferment Scheme (IGDS)	IGDS aims to ease the import GST cash flow arising from the time lapse between the payment of import GST and the claiming of import GST for GST registered businesses	The companies' business must be importing or will be importing goods for business purposes. In addition, the companies must be filing its GST returns on a <u>monthly</u> basis	GST-registered importer are allowed to defer payment of import GST until its monthly GST return due dates, whereby the companies will account for the deferred import GST and claim it as input tax in the same GST return.
	Major Exporter Scheme (MES)	MES is designed to ease the cash flow of businesses that import and export goods substantially.	The companies' zero-rated supplies must account for more than 50% of the total supplies, or the value of the companies' zero-rated supplies is more than S\$10 million for the past 12 months.	Under MES, companies can import non-dutiable goods with GST suspended.

GST is imposed on all importations of goods into Singapore regardless of whether the importer is GST registered. Import GST is collected by Singapore Customs at the point of importation, unless the GST-registered importer:

- Has been granted a relief under the GST (Imports Relief) Order ; or
- Is under one of various import GST suspension schemes, for example the Major Exporter Scheme (MES)

With effect from 1 January 2013, companies would need to perform a self-reviewing using the Assisted Self-Help Kit (ASK) and submit the certified ASK declaration form for application or renewal of GST Schemes. The ASK declaration form has to be certified by an accredited Tax Practitioner (GST) or Accredited Tax Advisor (GST) with the Singapore Institute of Accredited Tax Professional.

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SINGAPORE WORKFORCE DEVELOPMENT AGENCY (WDA)	Capability Development Grant	To help companies to adjust HR practice to recruit, retain and re-employ older workers aged ≥ 62.	Applicants should qualify as an SME *	A fixed payout of \$10,000 will be provided for SMEs to defray the adjustment costs based on criteria of the Tripartite Guidelines under the ADVANTAGE! Scheme. Approximately 80% course fee subsidy provided by WDA.
	Employability Enhancement Grant	The grant will offset cost incurred by companies to redesign jobs and workplaces to improve employability of their older workers	Applicants should qualify as an SME *	(No. of new workers to be recruited aged 40 & above + No. of existing staff aged 55 to 61 to be retained + No. of existing staff aged 62 & above to be re-employed) X S\$3,000 Or 80% of declared Project costs Whichever is lower, capped at \$150,000

* SMEs refer to companies that have at least 30% shareholding comprising Singaporeans or Singapore Permanent Residents (PR) and with group annual sales of not more than S\$100 million or group employees headcount of not more than 200.

The ADVANTAGE! Scheme, is an initiative by Singapore Workforce Development Agency (WDA), together with its Tripartite Partners aims to help companies to adjust HR practice to recruit, retain and re-employ older workers aged ≥ 62.

Companies registered or incorporated in Singapore would eligible for this scheme.

The total cumulative grant for all ADVANTAGE! projects will be subjected to an overall cap of \$400,000 per company

Statutory Board / Government Organisation	Tax and Financial Incentive Scheme	Purpose	Qualifying Criteria	Incentives Available
SPRING SINGAPORE	Angel Investors Tax Deduction Scheme (AITD)	A tax incentive for business angels to invest in local startups	Investee companies should : <ul style="list-style-type: none"> • be a private limited companies incorporated in Singapore for no more than 3 years from date of first investment; • have at least 50% of its issued share capital held by no more than 20 individual shareholders • does not hold more than 25% of the issued share capital or 25% of the debts capital within 2 years prior to the date of first investment • have business operations in Singapore • be a Singapore tax resident. 	Approved angel investor can enjoy a tax deduction of 50% of his investment amount (minimum S\$100,000) at the end of a 2 year investment holding period.
	Business Angel Scheme (BAS)	Co-invests with business angels in local early-stage companies with innovative products and/or services, for up to \$1.5 million	Applicants should: <ul style="list-style-type: none"> • be a Singapore-based company, • have core activities carried out in Singapore • incorporated as a private limited company less than 5 years • have paid up capital of at least S\$50,000 • show evidence of substantial innovative and intellectual content for its product, service or application • have high growth potential with clear scalability for the global market 	If the startup is able to attract investment interest and commitment from any of the business angel funds, SPRING SEEDS Capital could match the intended investment dollar-for-dollar, up to a maximum of S\$1.5 million. Both SPRING SEEDS Capital and the business angel funds will take equity stakes in the company in proportion to their investments.
	Biomedical Sciences Accelerator (BSA)	Co-invests with pre-approved accelerator operators in local medical technology (MedTech) start-ups, for up to \$4 million	Applicants should: <ul style="list-style-type: none"> • be raising its first round of institutional funding, • be a Singapore-based company, • have core activities carried out in Singapore • not be a subsidiary company • show evidence of substantial innovative 	If the startup is able to attract investment interest and commitment from any of the two BSA Operators, SPRING SEEDS Capital could match the intended investment dollar-for-dollar, up to a maximum of S\$4 million. Both SPRING SEEDS Capital and the BSA Operator will take equity stakes in the company in

SPRING SINGAPORE			<p>and intellectual content for its product, service or application, including rights to the Intellectual Property to commercialise</p> <ul style="list-style-type: none"> • demonstrate a business model with high growth potential with clear scalability for the global market 	proportion to their investments
	Work Pass for Foreign Entrepreneurs (Entrepass)	An employment pass for foreign entrepreneurs to relocate and start a business in Singapore	<p>Applicants should:</p> <ul style="list-style-type: none"> • Own a new company registered as a Private Limited Company with Accounting and Corporate Regulatory Authority (ACRA) for not more than 6 months at the point of application • Have at least 30% of shares in the company • Have at least S\$50,000 paid-up-capital • show bank statement from Singapore based company bank account of at least S\$50,000 	The Entrepass allows eligible entrepreneurs to stay in Singapore to manage their business
	Incubator Development Programme (IDP)	Co-funds incubators and venture accelerators to mentor and develop local startups	<p>Applicants should:</p> <ul style="list-style-type: none"> • Be full-suite incubators and venture accelerators with a unique value proposition and/or programme that cater specifically to nurture innovative startups. The emphasis of the programme should include access to markets, talent building, financing, entrepreneurship training, management guidance and mentorship • Have a proven management team with the necessary experience and expertise to effectively groom innovative startups in the early stage into high growth companies. • Have a sustainable incubation model. e.g. investment into the innovative startups or charge “sweat equity” for incubation services. • Not be a consultancy firms. 	<p>IDP provides up to 70% grant support for:</p> <ul style="list-style-type: none"> • Costs of introducing programmes that help startups develop new products/ services, obtain business financing, improve market access, etc. • Hiring mentors to provide management guidance to startups • Costs incurred to market services/events, hire incubator managers, train staff, provide shared services/ equipment for startups, etc.

SPRING SINGAPORE	SPRING Startup Enterprise Development Scheme (SPRING SEEDS)	Co-invests with third-party investors in local startups with innovative products and/or services, for up to \$1 million	<p>Applicants should:</p> <ul style="list-style-type: none"> • be a Singapore-based company, • have core activities carried out in Singapore • incorporated as a private limited company less than 5 years • have paid up capital at least S\$50,000 and not more than S\$1 million • show evidence of substantial innovative and intellectual content for its product, service or application • have high growth potential with clear scalability for the global market • have identified a ready, independent third-party investor(s) who is prepared to invest at least S\$75,000 in the business and conduct due diligence on the company 	SPRING SEEDS Capital co-invests in commercially viable local startups together with independent third-party investor(s), matching dollar-for-dollar up to S\$1 million.
	Technology Enterprise Commercialisation Scheme (TECS)	Co-funds early-stage companies to develop and commercialise innovative technology ideas	<p>Applicants should:</p> <ul style="list-style-type: none"> • Qualify as an SME • Be registered for less than 5 years at time of award • Incorporated & physically present in Singapore <p>At least one in-house research scientist or engineer (RSE)</p>	<p>Projects for Proof of Concept (develop proprietary ideas at conceptualisation stage), TECS provide up to 100% fund support on qualifying costs at a maximum of S\$250,000</p> <p>Projects for Proof of Value (further research and development on a technology project, including the development of a working prototype) TECS provide up to 85% fund support on qualifying costs at a maximum of S\$500,000</p>
	Action Community for Entrepreneurship Startups (ACE Startups)	Provides funding of up to \$50,000 to entrepreneurial Singaporeans who want to start their first business	<p>Applicants should be:</p> <ul style="list-style-type: none"> • A Singaporean or Singapore Permanent Resident (PR). Parental consent must be sought for applicants 18 years old and below on the date of the application • A first time entrepreneur • The key driver in the company, and must be committed to the business on a full-time basis 	<p>ACE will match S\$7 for every S\$3 raised by the entrepreneur for up to S\$50,000.</p> <p>For selected ventures more than initial S\$50,000, ACE will match S\$3 for every S\$7 raised by the entrepreneur.</p>

SPRING SINGAPORE			<p>In addition, the Company must fulfil the following conditions:</p> <ul style="list-style-type: none"> • Must not have been registered or incorporated for more than 6 months from the date of application • Must not have received any funding for the proposed business idea from another government organisation • The eligible applicant(s) must hold or propose to hold at least 51% equity in the underlying company; and • Proposed business idea must not be in the objectionable list. This includes night clubs, lounges, bars, foot reflexology, massage parlours, gambling, prostitution, social escort services, employment agencies (including recruiting foreign work permit holders and workers/ support staff, relocation services, and manpower services), and geomancy etc. 	
	Management Associate Partnership (MAP)	Co-funds the training of local graduates with less than three years of working experience	<p>The Management Associate (MA) must be a Singaporean/PR local university graduate with less than three years of working experience.</p> <p>Applicants must qualify as an SME and have group annual sales of at least S\$10 million</p>	<p>Supports 70% of training costs, up to a maximum grant amount of \$21,000 per Management Associate (MA). Eligible support items include on-the-job training, external course fees and overseas training including airfare and cost of living expenses</p> <p>Additional support extended to SMEs under the MAP include 90% grant support to attend SPRING's Talent Management & Coaching Workshop and 70% grant support for the implementation of the HR Capability Package Consultancy project</p>
	Enterprise Internship Programme (EIP)	Co-funds the engagement of interns from polytechnics and universities	Applicants must qualify as an SME and have group annual sales of at least S\$10 million.	Supports up to 70% of costs per intern from local polytechnics or universities. Eligible items include the internship allowance and completion book prize

SPRING SINGAPORE	Management Development Scholarship (MDS)	Co-funds MBAs, part-time degrees and executive programmes for young executives	Applicants must qualify as an SME and have group annual sales of at least S\$10 million. Individuals should be a Singaporean / Permanent Resident who is currently working in an SME with 3 to 8 years of working experience.	Grant support up to 70% of expenses, e.g. tuition fee, course material
	Advanced Management Programme (AMP)	Co-funds executive programmes and EMBA's for business owners and senior management	Applicants must qualify as an SME and have group annual sales of at least S\$10 million.	Funding support of up to 70% to take up courses at local universities and reputable corporate institutions.
	Business Advisors Programme (BAP)	Co-funds the engagement of Business Advisors as qualified professionals to SME projects	Applicants must qualify as an SME and have group annual sales of at least S\$1 million.	SPRING co-funds 70% of the fees paid to the business advisor, which is fixed at S\$5,000 per month. The company pays the other 30% plus an administration fee which is fixed at 3% of the total project cost
	HR Capability Programme – Consultancy Support	Co-funds consultancy services for SMEs to customise the HR Capability Package to their needs	Applicants should : <ul style="list-style-type: none"> • Qualify as an SME. • Be prepare to invest resources for at least 6 months • Be committed to building and implementing a HR system • Assign HR staff to the project team to attend relevant courses prior to commencement of the project. 	Up to 70% funding support of qualifying consultancy costs
	Intellectual Property Management Programme (IPM)	Co-funds consultancy fees and project implementation for SMEs to protect and manage their intellectual property	Applicants should qualify as an SME.	Up to 70% funding support of the consultancy fees of qualifying costs.
	Customer-Centric Initiative (CCI)	Co-funds local companies to upgrade their service standards in their industry	Applicants should qualify as an SME.	Up to 70% funding support of the qualifying costs

SPRING SINGAPORE	Innovation and Capability Voucher (ICV)	Help SMEs upgrade their business in Innovation, Productivity, Human Resources and Financial Management	Applicants should qualify as an SME.	A \$5,000 voucher
	Technology Innovation Programme (TIP)	Co-funds technology projects which lead to new products or processes	Applicants should qualify as an SME. Applicants must show a commitment to technology innovation as part of the company's overall business strategy and projects must be carried out in Singapore.	Up to 70% funding support of the qualifying costs
	Design Engage Programme	Co-funds the integration of design strategies into business processes	All Singapore-based companies may apply.	Up to 70% funding support of the design facilitator's fees.
	BrandPact	Co-funds and provides resources for local companies to build their brand	Applicants should qualify as an SME with group annual sales of at least \$5 million. Applicant must first undergo the SMART initiative.	Funding support of the qualifying costs. Spring determines funding support on a case by case basis. SPRING works with business associates and brand experts to provide branding forums, workshop, brand assessment and consultancy.
	Quality for Enterprises through Standards (QUEST) Programme	Co-funds the adoption of standards for increased productivity in new emerging areas	Applicants should qualify as an SME.	Grant of S\$30,000 to S\$56,000 (depends on projects) or 70% funding support of qualifying cost, whichever is lower.
	SME Management for Action Results Initiative (SMART)	Helps SMEs develop a capability roadmap to strengthen their management systems and processes	Applicants should qualify as an SME.	Up to 70% funding support of qualifying cost for consultancy costs, subject to a maximum of S\$4,200.
	Merger & Acquisition (M&A) Support Programme	Helps companies explore Merger & Acquisition (M&A) as a strategy to build capabilities and restructure for growth	Applicant should be Singapore-based companies	Consultancy fees relating to target identification can be supported for up to 3 months, capped at \$10,000 per month

SPRING SINGAPORE				
	Loan Insurance Scheme (LIS)	To help SMEs secure short term trade financing and working capital loans	Applicants should qualify as an SME.	The government subsidises 50% of the insurance premium payable to the third-party insurer for the loan insurance
	Local Enterprise Finance Scheme (LEFS)	Provides factory or machinery loans for business upgrading and expansion	Applicants should qualify as an SME.	<ul style="list-style-type: none"> • Maximum Loan quantum of S\$15 million • Minimum 4.75% interest rate for loan tenure of 4 years and below • Minimum 5.25% interest rate for loan tenure of more than 4 years
Micro Loan Programme (MLP)	Provides working capital, factory or machinery loans for micro businesses	Applicants should have at least 30% local shareholding and have less than 10 employees or a turnover less than S\$1 million	Maximum Loan quantum of S\$100,000 and minimum 5.75% interest rate for tenure of 4 years	

Statutory Board / Government Organisation	Tax and Financial Incentive Scheme	Purpose	Qualifying Criteria	Incentives Available
INTERNATIONAL ENTERPRISE (IE) SINGAPORE	Internationalisation Finance Scheme	Financing for fixed asset investments abroad or confirmed overseas projects	Applicants should: <ul style="list-style-type: none"> • Be a Singapore-based company, registered with ACRA and have at least 3 strategic business functions in Singapore • Have group turnover of not more than S\$300 million for Non-Trading companies or S\$500 million for Trading companies. • The loans are to finance the company's overseas expansion. 	The Internationalisation Finance (IF) Scheme is a system of co-sharing of default risks between IE Singapore and Participating Financial Institutions (PFIs). The type of credit facilities are: <ol style="list-style-type: none"> 1. Asset-based financing 2. Structured loans 3. Banker's guarantee Interest rates, repayment structures and collateral requirement would be determined by the Participating Financial Institutions.
	Trade Credit Insurance Scheme (TCI)	Companies can be better protected against their counterparty risks and more confident to explore new markets and buyers	Applicants should: <ul style="list-style-type: none"> • Be a Singapore-based company, registered with ACRA and have at least 3 strategic business functions in Singapore • Have group turnover not more than S\$100 million. • Have minimum paid up capital of S\$50,000 • Have at least 3 managerial staff who are Singaporean / Permanent Resident. 	The Government support up to 50% on the minimum premium for TCI Policies held with Singapore-registered credit insurers, but subject to maximum support of S\$100,000 per qualified company for policy period of 1 year.
	Loan Insurance Scheme (LIS)	This is a joint programme between IE Singapore and SPRING Singapore to help Singapore-based companies secure short term trade financing lines by getting them insured by commercial insurers against insolvency risks	Applicants should qualify as an SME.	A portion of the insurance premium is supported by the Government. Interest rates, repayment structures and collateral requirement would be determined by the Participating Financial Institutions