



SINGAPORE COUNTRY CORRESPONDENT

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Partnering Taxpayers - Helping to turn Innovation and Investments into Savings

The Productivity and Innovation Credit (PIC) scheme was introduced in 2010 by the Singapore Government to improve productivity in Singapore so as to sustain our long-term economic competitiveness. The goal is to spur productivity improvements among businesses through enhanced tax benefits and cash incentives for investing in a broad range of productivity and innovation activities.

The six qualifying activities covered under the PIC Scheme are:

- Acquisition or leasing of prescribed IT & Automation Equipment;
- Training of employees;
- Acquisition and in-licensing of Intellectual Property;
- Registration of Intellectual Property;
- Research and Design; and
- Approved Design.

From Year of Assessment 2011 to 2015, businesses can enjoy a 400% tax deductions/allowance for the first \$400,000 expenditure for each category of investment. Eligible businesses can choose to convert their expenditure into cash payout, to help relieve their cash flow as they invest in productivity and innovation activities. The cash payout rate is 60% of up to S\$100,000 of qualifying expenditure per YA for YA2013 to 2015. For YA 2011 and YA2012, the cash payout rate was 30%.

A PIC bonus was also introduced in Budget 2013. The amount of PIC bonus is determined based on the PIC expenditure a business incurs, and provides a dollar-for-dollar cash payout of up to S\$15,000 for the 3-year period from YA2013 to YA2015 when businesses spend a minimum of S\$5,000 in a YA in qualifying investments.

Take-up Rate

44,000 companies or 37% of active companies benefitted from the PIC scheme in YA2012, up from 36,400 companies or 33% in YA2011. 96% of these companies are Small and Medium Enterprises with turnover of not more than S\$100 million.

You can obtain detailed information about how the PIC Scheme works at our website <http://www.iras.gov.sg/irashome/Plcredit.aspx>, or access our latest 2012 Annual Report at <http://www.iras.gov.sg/irasHome/page.aspx?id=15206> for more information on the take-up rate and profile of the claimants for the PIC Scheme.

Partnering the Tax Community - Building Expertise in the Law and Practice of Singapore Income Tax

The second edition of the Law and Practice of Singapore Income Tax, jointly supported by the Inland Revenue Authority of Singapore (IRAS) and the Tax Academy of Singapore was published on June 20, 2013.

With 55 contributing authors (of which 10 are IRAS staff) and 3 technical editors hailing from the private, public and academic sectors of Singapore's tax community, this book aims to provide a single point of reference for tax professionals, business leaders and the academia to gain authoritative and practice guidance on a broad range of topics that also delve into complex and specialised areas in income tax.