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Investments and
incentives in Singapore
See what we see

**MAKING AN
IMPACT THAT
MATTERS**
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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.

Singapore is committed to ensuring that its business environment, including incentives remain competitive while remaining compliant to international standards. Like many other countries, tax incentives form part of Singapore's suite of fiscal tools in strengthening its value proposition as a compelling global hub for businesses and foreign investments, and Singapore's tax incentives have been reviewed to be compliant with the OECD's BEPS framework.

In view of international tax developments, particularly the global minimum tax to be implemented under the BEPS 2.0 initiatives, the Singapore government has been in close consultation with industry players and tax professionals to refine its incentive toolkit and measures to enhance the country's value propositions. What is certain is that Singapore's incentive regime will stay and reduced tax rates can continue to be relevant for investors who are not subject to or can still benefit under the BEPS 2.0 rules.

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), double tax deduction on transaction costs incurred in respect of qualifying share acquisitions (capped at S\$100,000).
Double Tax Deduction for Internationalisation (DTDi)	200% tax deduction on eligible expenses for international market expansion and investment development activities in 4 key categories such as market preparation, market exploration, market promotion and market presence.
Market Readiness Assistance (MRA) grant	Up to 70% funding support of eligible cost for pre-determined activities such as overseas market setup, business development and market promotion, capped at up to S\$100,000 per company per new market. The maximum support level will be raised up to 80% from 1 November 2020 to 31 March 2022.
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 Services Companies Incentive (PC-S) awards approved from 1 July 2018, and the exclusion of IP income will follow grandfathering timelines based on international standards.
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, and the exclusion of IP income will follow grandfathering timelines based on international standards.
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 or any second-hand productive equipment (other than productive equipment sold and repurchased by the company) 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
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.
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 90% support for direct training costs, subject to a cap of \$2,000 per participant per programme. Available for training programmes commencing between 8 April 2020 and 31 December 2021 (both dates inclusive).
Financial Sector Technology and Innovation (FSTI) Scheme	<p>The FSTI scheme provides up to 70% co-funding for qualifying expenses and funds can be used for seven purposes:</p> <p>Innovation centres: to attract financial institutions (FIs) to set up their R&D and innovation labs in Singapore to test-bed innovative ideas and roll out market solutions.</p> <p>Institution-level projects: to catalyse innovative ideas and market solutions to advance the competitiveness of the financial institution and the sector.</p> <p>Industry-wide technological or utility projects: to support the building of industry-wide technology infrastructure that is required for the delivery of new, integrated services to improve efficiency and boost productivity in the financial services sector.</p> <p>Proof of concept (POC): to support experimentation, development and dissemination of nascent innovation technologies into the financial sector.</p> <p>Artificial intelligence and data analytics (AIDA): to support the strengthening of the AIDA ecosystem within Singapore's financial sector.</p> <p>Cybersecurity capability grant: to deepen cybersecurity capabilities and develop local cybersecurity talent in Singapore's Financial Services Sector.</p> <p>Digital Acceleration Grant: supports Singapore-based smaller financial institutions and FinTech firms in adopting digital solutions to improve productivity, strengthen operational resilience, and managing risks better etc.</p>
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 90% support for direct training costs, subject to a cap of \$7,000 per participant per programme. Available for training programmes commencing between 8 April 2020 and 31 December 2021 (both dates inclusive).

Incentives available	What they offer
Research and Development (R&D) activities and intellectual property (IP) management	
Intellectual Property Development Incentive (IDI)	<ul style="list-style-type: none"> • Reduced tax rate of 5% or 10% on a percentage of qualifying IP income derived, as determined by the modified nexus approach and capped at 100%. The incentive period is limited to an initial period capped at 10 years. • Qualifying IP income means royalties or other income receivable as consideration for the commercial exploitation of an elected qualifying IPR. • Qualifying IPR means any patent or patent application, and any copyright subsisting in software. Qualifying IPRs that are interlinked such that it is not possible to identify income/expenditure of such IPRs to each qualifying IPRs can be grouped into families of IPRs.
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 and Innovation Scheme for Companies (RIS(C))	<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 for qualifying personnel • Equipment • Materials and Consumables
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)	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. The scheme provides support on qualifying costs such as trainee salaries and overseas trainee expenses, subject to various sub-caps.
Enterprise Development Grant (EDG)	Co-funding to support Singapore companies in the upgrading of business capabilities, innovation, and internationalisation. The maximum support level will be raised to 80% from 1 April 2020 to 31 March 2022.

Incentives available	What they offer
Sustainability initiatives	
Decarbonisation	Investment allowance for Emissions reduction- The Investment allowance is granted on capital expenditure incurred for energy-efficient or green data center projects.
Energy efficiency	<p>Co-funding of up to 50% of qualifying cost to support Singapore-based companies to be more energy efficient and improve competitiveness. Initiatives such as the Energy Efficiency Fund (E2F) and Resource Efficiency Grant for Energy (REG(E)) are open to companies, including small, medium enterprises in the manufacturing sector with the energy efficiency project sited in Singapore.</p> <p>In addition, a training grant is provided to support co-funding to develop local expertise and capability in professional energy management.</p>
Investment allowance for Emissions reduction	The Investment allowance is granted on capital expenditure incurred for energy-efficient or green data center projects
Enterprise Sustainability	Support for local enterprises to develop capabilities in sustainability and capture new opportunities in the green economy in three key thrusts: 1. develop capabilities in sustainability strategy, resource efficiency, adoption of sustainability standards; 2. development of products, services in the green economy; and 3. strengthening the sustainability business ecosystem etc.
Sustainability Finance	The Sustainable Bond Grant Scheme (SBGS) encourages the issuance of green, social, sustainability and sustainability-linked bonds in Singapore and is open to first-time and repeat issuers. Co-funding support of up to 100% or S\$100,000 of the eligible expense per qualifying issuance.
Sustainability transport	Funding support to facilitate innovation and technological advances in Singapore's land transport eco-system for conceptual-stage research and pilot trials of innovative ideas. In addition, reduction on initial registration fees, annual tonnage tax and up to 25% of concession in port dues may be granted as well for ship owners who voluntarily adopt solutions that enable ships to exceed environmental regulatory standards and encourage Singapore-flagged ships to reduce greenhouse gas emissions as well as ocean-going vessels to adopt solutions to reduce the emission of pollutants.
Water Technology	<p>Co-funding and technical support for approved projects in collaboration with industrial water users and to support high-impact and innovative projects in relation to the treatment and reclamation of fresh water from industrial used water.</p> <p>In addition, grants may also be granted for companies to accelerate the commercialisation of new promising water technologies by incentivising early adoption locally. Qualifying costs include manpower, training, equipment and professional services cost etc.</p>
Waste management	Co-funds up to 80% of qualifying cost to encourage reducing waste and disposal at designated incineration plants and facilities through the implementation of waste minimisation and recycling projects. Approved projects must result in an increase in the quantity of solid waste recycled or a reduction in the quantity of solid waste generated.
Urban solutions	Open innovation platform for innovators to co-develop solutions that improve the living environment and quality of life. There are 5 focus areas in energy, urban greenery, living environment, water and waste, and building technology. The support is open to entrepreneurs and enterprises to develop, implement and commercialise solutions, and co-funding is up to 70% of qualifying development costs.
Food production	Support local farmers to expand production capability, boost yield, raise productivity, sustainability by providing grant support for pre-scoped farming system, test bedding component for prototyping and development of new farming technologies system.

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	Concessional 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	Concessional tax rate of 10% for up to 5 years on qualifying leasing or management income.
Maritime Innovation & Technology (MINT) Fund	Co-funding to support R&D or test-bedding of new or better products, processes and applications relevant to the maritime industry in Singapore. 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.



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), Enterprise Singapore (ESG), 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:

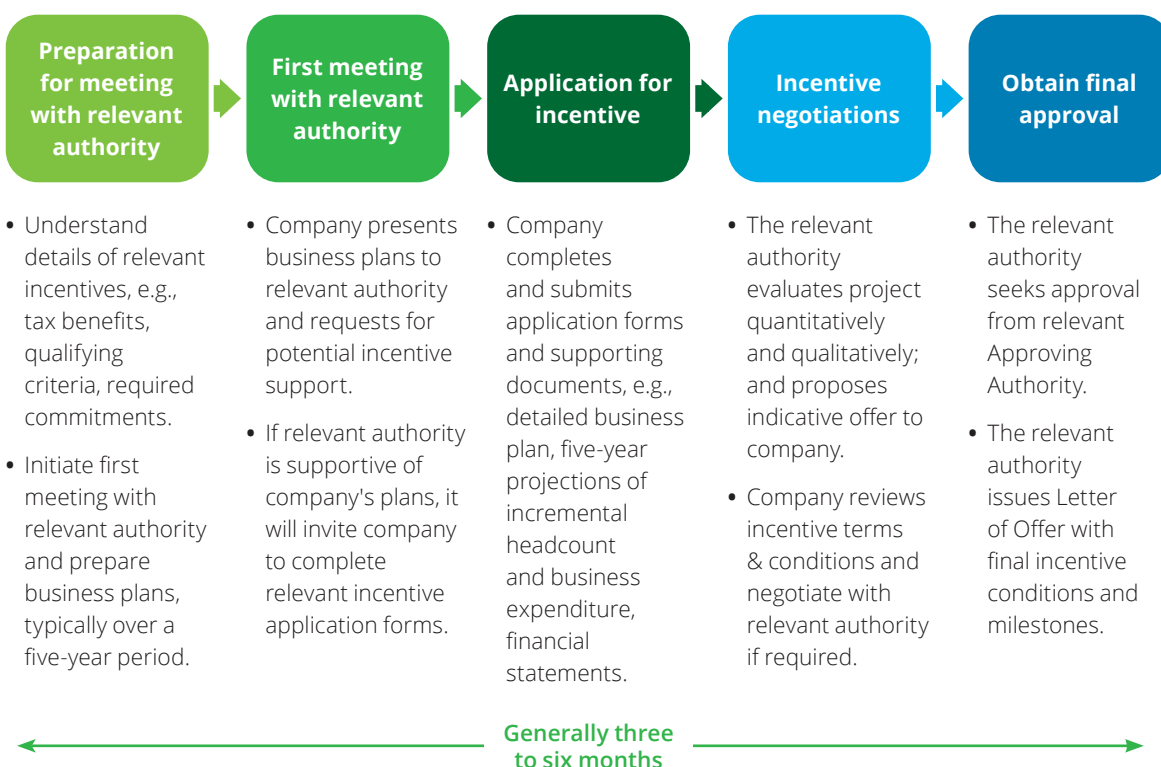
Business strategy and preparation

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.

Incentive management and compliance

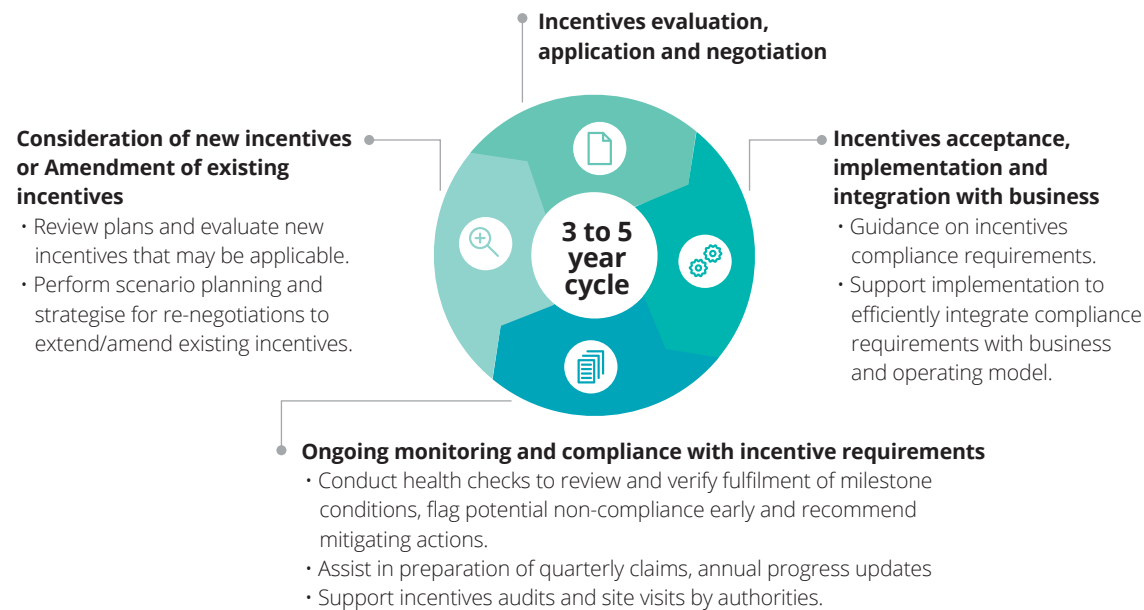
The incentive management life-cycle typically consist of incentives acceptance, implementation and integration with business, monitoring and compliance with requirement.

We continue to provide assistance by supporting the acceptance process and completion of the necessary forms, provide guidance on specific compliance requirement and the implementation of incentives operating model to achieve operational efficiency and compliance.

We further support in monitoring your investment commitments by preparing claims, annual progress reports, verification of actual achievements and conduct incentives health-check to review milestones conditions.

In the event that you need to amend your incentive, or are unable to fulfill certain incentive conditions, we can also support you in re-negotiations with the relevant authorities.

Incentives management cycle



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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