

**Deloitte.**



Investments and  
incentives in Singapore  
See what we see



# 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, remains competitive while remaining compliant with 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 Organisation for Economic Co-operation and Development's (OECD) Base Erosion and Profit Shifting (BEPS) framework.

In view of international tax developments, particularly the global minimum tax to be implemented under the BEPS 2.0 initiatives in 2025, 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 may affect their businesses and help them interpret their significance. We assist our clients in identifying suitable tax methodologies. We also help clients identify appropriate tax incentives and grants from relevant Government authorities and help provide company advises for consideration in making key investment decisions.

## 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
<b>All-encompassing support for companies</b>	
<b>Refundable Investment Credit ("RIC")</b>	<p>The RIC is awarded on qualifying expenditures incurred by the company in respect of a qualifying project, during the qualifying period. Each RIC award will have a qualifying period of up to 10 years.</p> <p>The quantum of RIC that a company can receive will depend on the support rates predetermined for the company's different qualifying expenditure categories. Companies can receive up to 50% of support on each qualifying expenditure category. The total quantum of RIC that a company is eligible for will be determined by Economic Development Board (EDB) or EnterpriseSG.</p> <p>The credits are to be offset against Corporate Income Tax payable. Any unutilised credits will be refunded to the company in cash within four years from when the company satisfies the conditions for receiving the credits.</p>
<b>Headquarter and internationalisation activities</b>	
<b>International Headquarters (IHQ) Award</b>	Tax exemption or concessionary tax rates of 5%, 10%, or 15% 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.
<b>Mergers &amp; Acquisitions (M&amp;A) Scheme</b>	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).
<b>Double Tax Deduction for Internationalisation (DTD<sub>i</sub>)</b>	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.
<b>Manufacturing and services activities</b>	
<b>Pioneer Certificate Incentive (PC)</b>	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.
<b>Development &amp; Expansion Incentive (DEI)</b>	Reduced tax rate of 5%, 10%, or 15% 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.
<b>Investment Allowance (IA)</b>	Allowance (on top of normal capital allowance) on a percentage of approved fixed capital expenditure.
<b>Land Intensification Allowance (LIA)</b>	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.
<b>Approved Foreign Loan (AFL) Incentive</b>	Reduced or nil withholding tax rates on interest payments on loans taken to purchase productive equipment.



Incentives available	What they offer
<b>Trading activities</b>	
<b>Global Trader Programme (GTP)</b>	Reduced tax rates of 5%, 10%, or 15% on qualifying income from physical trading, brokering of physical trades and trading in futures and derivatives (including structured commodity financing).
<b>Finance and treasury activities</b>	
<b>Finance &amp; Treasury Centre (FTC) Incentive</b>	Reduced tax rate of 8% or 10% 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.
<b>Financial Sector Incentive (FSI)</b>	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.
<b>Monetary Authority of Singapore (MAS) Regulatory Sandbox</b>	Relaxed legal and regulatory requirements for the duration of the sandbox to allow financial institutions to experiment with innovative financial services.
<b>Financial Training Scheme (FTS)</b>	Co-funding to support financial sector-specific training programmes that raise the competency of the financial sector. Up to 70% support for direct training costs, subject to a cap of S\$500 per participant per programme. Available for training programmes commencing 1 January 2023 onward.
<b>Financial Sector Technology and Innovation (FSTI) Scheme</b>	<p>The FSTI scheme provides up to 50% co-funding for qualifying expenses and funds can be used for six purposes:</p> <p><b>Centre of Excellence:</b> To attract financial institutions (FIs), Corporate Venture Capital entities (CVCs), and global Technology companies to set up centres of excellence in Singapore to testbed innovative ideas and roll out market solutions.</p> <p><b>Industry-wide Technological Infrastructure or Utility:</b> To build industry-wide technological/utility infrastructure and/or improve efficiency and boost productivity in the financial services sector.</p> <p><b>Innovation Acceleration:</b> To support experimentation, development, and dissemination of nascent innovative technologies in the financial services sector.</p> <p><b>Artificial Intelligence and Data Analytics (AIDA) Grant:</b> To promote AIDA adoption and strengthen the ecosystem. It is specifically catered for projects focused on AIDA adoption with the objectives to improve decision making and/or generate better insights.</p> <p><b>Environmental, social, and governance (ESG) FinTech Grant:</b> To spur the financial sector's adoption of ESG technology solutions. These solutions should empower financial institutions in addressing their key ESG data and infrastructure challenges.</p> <p><b>Regulatory Technology Grant:</b> To support financial institutions based in Singapore to enhance the efficiency of their risk management and compliance functions through the use of technological solutions.</p>
<b>Institute of Banking and Finance (IBF) Standards Training Scheme (IBF-STTS)</b>	Co-funding to support training and assessment programmes that are accredited under the IBF standards. Up to 70% support for direct training costs, subject to a cap of \$3,000 per participant per programme. Available for training programmes commencing 1 January 2023 onward.

Incentives available	What they offer
<b>Research and Development (R&amp;D) activities and intellectual property (IP) management</b>	
<b>Intellectual Property Development Incentive (IDI)</b>	<ul style="list-style-type: none"> <li>• Reduced tax rate of 5%, 10%, or 15% 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.</li> <li>• Qualifying IP income means royalties or other income receivable as consideration for the commercial exploitation of an elected qualifying Intellectual Property Rights (IPR).</li> <li>• 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.</li> </ul>
<b>Enhanced tax deduction on qualifying R&amp;D expenses</b>	Up to 400% tax deduction on qualifying expenses for R&D projects performed in Singapore.
<b>Tax deduction on IP registration costs under the EIS Scheme</b>	Up to 400% tax deduction on the first S\$400,000 of qualifying IP registration costs.
<b>Tax deduction on IP in-licensing expenses under the EIS Scheme</b>	Up to 400% tax deduction on the first S\$400,000 of qualifying IP in-licensing expenses.
<b>Research and Innovation Scheme for Companies (RIS(C))</b>	<p>Co-funding to support the development of R&amp;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"> <li>• Manpower cost for qualifying personnel</li> <li>• Equipment</li> <li>• Materials and consumables</li> </ul>
<b>Approved Royalties Incentive (ARI)</b>	Reduced or nil withholding tax rate on royalty payments to access advanced technology and know-how.
<b>Writing-down allowances for IP acquisition (S19B)</b>	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.
<b>Human capital and capability development</b>	
<b>Training Grant for Company (TGC)</b>	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.
<b>Enterprise Development Grant (EDG)</b>	Co-funding up to 50% to support Singapore companies in the upgrading of business capabilities, innovation, and internationalisation. From 1 April 2023 to 31 March 2026, sustainability-related projects may be supported at up to 70%.

Incentives available	What they offer
<b>Maritime, shipping and logistics activities</b>	
<b>Maritime Sector Incentives</b> <ul style="list-style-type: none"> <li>• <b>Singapore Registry of Ships (MSI-SRS)</b></li> <li>• <b>Maritime Leasing (Ships) ("MSI-ML(ship)")</b></li> <li>• <b>Approved International Shipping Enterprise (MSI-AIS)</b></li> </ul>	<p>Tax exemption or an alternative basis of tax based on the net tonnage of the ships 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. The alternative basis of tax will apply to all qualifying ships of MSI entities that are subjected to it.</p>
<b>MSI-Shipping Related Support Services (MSI-SSS) Award</b>	<p>Concessionary 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.</p> <p>Or an alternative basis of tax where qualifying income of qualifying shipping entities is taxed by reference to the net tonnage of their ships.</p>
<b>MSI-Maritime Leasing (Ships) ("MSI-ML(ship)") Award</b>	<p>Concessionary tax rate of 10% or an alternative basis of tax based on the net tonnage of the ships for up to 5 years on qualifying leasing or management income.</p>
<b>Maritime Innovation &amp; Technology (MINT) Fund</b>	<p>Co-funding to support R&amp;D or test-bedding of new or better products, processes and applications relevant to the maritime industry in Singapore.</p> <p>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.</p>
<b>Partnership and co-innovation</b>	
<b>Partnerships for Capability Transformation (PACT)</b>	<p>The PACT scheme co-funds costs incurred by original equipment manufacturers (OEMs) and their suppliers to validate the supplier's procedure compliance with the OEM's requirement. The scheme also provides wage support for managers hired by the OEMs to undertake supplier identification, procurement and setting up of manufacturing/quality systems.</p> <p>Up to 70% of total project costs consisting of manpower cost for qualifying personnel, hardware and equipment, materials and consumables, software, and professional services.</p>
<b>Corporate Venture Launchpad 3.0 (CVL3.0)</b>	<p>Up to 50% co-funding to support established corporates, regional family businesses and high growth companies with Singapore-based operations to build new ventures quickly and effectively.</p>

## Enterprise Innovation Scheme

## Enterprise Innovation Scheme (EIS)\*

As announced in Budget 2023, existing tax measures will be enhanced under EIS to encourage businesses to engage in R&D, innovation, and capability development activities.

Eligible businesses may opt to convert the total qualifying expenditure into cash payout. This is capped at 20% of up to S\$100,000 and applies across all 5 activities.

## Qualifying R&amp;D undertaken in Singapore\*

For qualifying R&D costs incurred for eligible R&D projects\*\*:

- **400%** tax deduction on the first S\$400,000
- **250%** tax deduction on balance in excess of S\$400,000

*\*Overseas R&D expenditure may qualify for 100% deduction*

*\*\*As defined by Section 2 of the Singapore Income Tax Act*

## Registration of Intellectual Property

For qualifying costs incurred for IP registration\*:

- **400%** tax deduction on the first S\$400,000
- **100%** tax deduction on balance in excess of S\$400,000

*\*The taxpayer must own the related IPRs registered for at least 1 year; claw-back provisions apply if not complied with*

## Acquisition &amp; Licensing of IPRs

For qualifying costs incurred for IPR acquisition or licensing:

- **400%** allowances and/or tax deduction on the first S\$400,000\*
- **100%** WDA on balance acquisition costs
- **100%** tax deduction on balance licensing expenditure

*\*Combined cap of qualifying IPR acquisition costs and qualifying IPR licensing expenditure*

## Training/Upskilling of employees

For qualifying\* training expenditure\*\*:

- **400%** tax deduction on the first S\$400,000
- **100%** tax deduction on balance in excess of S\$400,000

*\*Course fees paid by employers to SSG-funded courses, net of any grants/subsidies*

*\*\*Other training expenditure may qualify for 100% deduction*

## Innovation projects with partner institutions\*

For qualifying innovation\*\* expenditure:

- **400%** tax deduction on first S\$50,000

*\*Polytechnics, the Institute of Technical Education (ITE), and other qualified partners*

*\*\*The taxpayer must be the beneficiary of the qualifying innovation project to qualify for the tax deduction*

\*Note: All information pertaining to EIS is subject to updates by the Inland Revenue Authority of Singapore (IRAS).

Sustainability incentives



Depending on the incentive or grant being sought, applications may need to be made to the relevant approving Government authorities such as the Singapore EDB, Enterprise Singapore, 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:

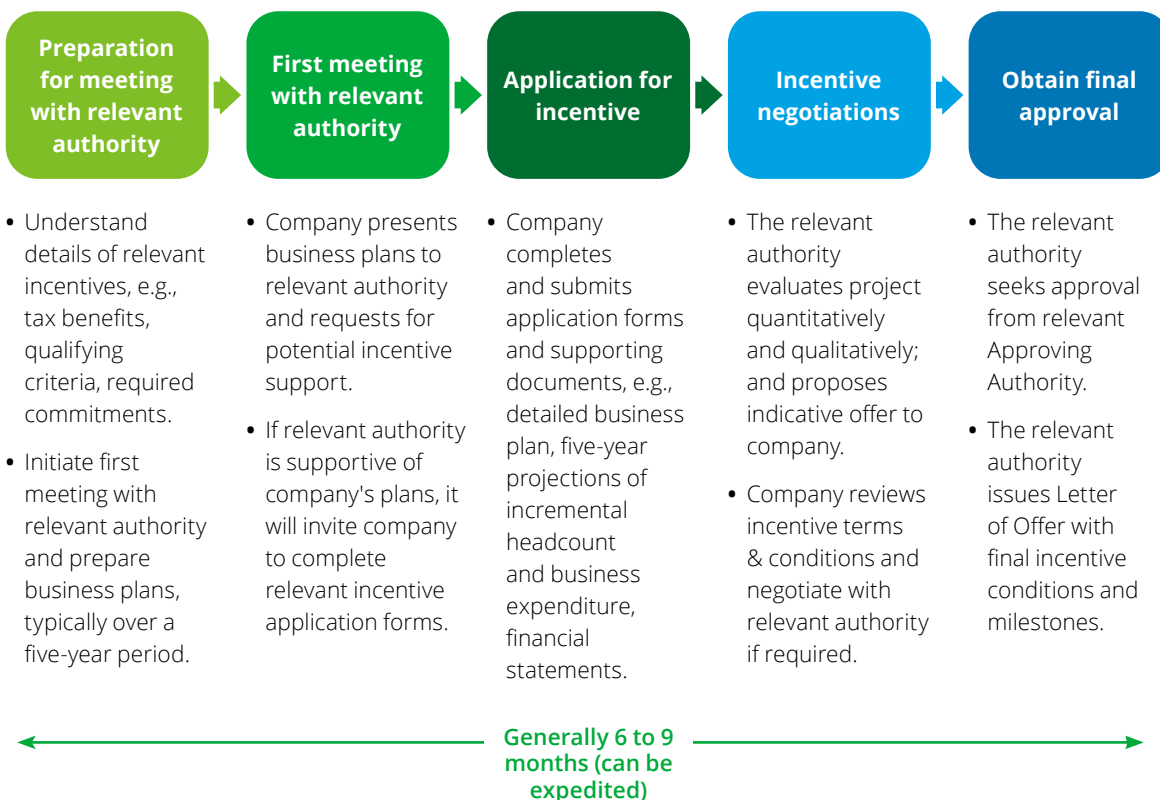
## Business strategy and preparation

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 provide guidance on this journey. 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.

In addition, 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 compliance 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.

### Our partnership journey

*Partnering on your investments, innovations and incentives*

#### Consideration of new schemes/ renegotiations of existing incentives

- Review current and future investments, perform scenario planning on potential impact of BEPS Pillar 2 rules on specific tax incentives
- Facilitate discussions with authorities to renegotiate current incentive package or explore alternative forms of support

#### Holistic investment and incentives approach

- Engage with key stakeholders (e.g., leadership, business leads, R&D teams) to evaluate investment considerations and incentives opportunities on global/ regional scale
- Connect the dots with players in the ecosystem

#### Incentives implementation and integration with business

- Support implementation to integrate incentives requirements with business operations and innovation/ R&D activities
- Manage check-ins, progress updates, audits from authorities

#### Strategise and secure holistic incentives package

- Negotiate for full suite of support—tax incentives, grants, cash payouts, land allocation, talent/mobility facilitation, etc.
- Navigate intricacies of application processes to achieve maximum benefits with minimum effort



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