



INLAND REVENUE
AUTHORITY OF
SINGAPORE



**6 ways to boost
your tax savings
with Productivity &
Innovation Credit (PIC)**

What is PIC?

The PIC scheme supports investments in Innovation and Productivity. Businesses can enjoy huge tax savings in the form of Cash Payout and/or Tax Deduction when they invest in any of these six productivity improvement activities:



Training of Employees



Registration of Patents, Trademarks, Designs and Plant Varieties



Acquisition or Leasing of PIC Automation Equipment



Acquisition of Intellectual Property Rights



Research and Development Activities



Investment in Design Projects Approved by the DesignSingapore Council



How PIC benefits you?

On your spending for
accounting years 2010 to 2014
[Years of Assessment (YA)
2011 to 2015]

400% Tax Deduction

- * You can enjoy 400% tax deduction on up to \$400,000 of your spending each year in each of the six activities.
- * This means a tax deduction of up to \$1.6 million (\$400,000 x 400%) for each activity per YA. At the corporate tax rate of 17%, your tax savings can be up to \$272,000 for each activity per YA.
- * In addition, you can combine your spending across YAs for each activity to enjoy the maximum PIC benefits as follows:

YA	2011 & 2012	2013 to 2015
Combined spending cap per activity	\$800,000 (\$400,000 x 2)	\$1,200,000 (\$400,000 x 3)
Maximum tax deduction per activity	\$3.2 million (\$800,000 at 400%)	\$4.8 million (\$1.2 million at 400%)
Potential tax savings @ 17%	\$544,000	\$816,000

Cash Payout Option

- * You can apply to convert up to \$100,000 of your total spending in all six activities into a non-taxable cash payout instead of claiming tax deduction. This option may be more beneficial for businesses with low or no taxable income.
- * The maximum cash payout is:
 - A total of \$60,000 for YA 2011 and YA 2012 combined (30% x combined spending cap of \$200,000);
 - A sum of \$60,000 (60% x \$100,000) for each YA from YA 2013 to YA 2015.

To qualify for cash payout, your company must:

- employ at least three local employees (Singapore Citizens or Permanent Residents with CPF contributions, excluding shareholders who are directors of the company); and
- carry on business operation in Singapore.

Commonly
Claimed

Training of Employees

You can claim PIC benefits on training costs to upgrade the skills of your employees.

EXTERNAL TRAINING

Training of your employees by external service providers

IN-HOUSE TRAINING

Training of your employees by your in-house trainers

Qualifying Training Costs

- Course fees

- Salary and other remuneration paid to in-house trainers for conducting the training

- Rental of training facilities for the training
- Training materials and stationery used for the training
- Meals and refreshments provided during the training

In-house training must be:

- ✓ A Workforce Skills Qualification (WSQ) training course accredited by the Singapore Workforce Development Agency (WDA) and conducted by a WSQ in-house training provider
- ✓ A course approved by the Institute of Technical Education (ITE) under the ITE Approved Training Centre scheme
- ✓ On-the-job training by an on-the-job training centre certified by ITE
- ✓ In-house training not accredited / certified by WDA/ITE (with effect from YA 2012 and subject to spending cap of \$10,000 per YA)*

* Note: Spontaneous consultation, day-to-day problem-solving or meetings and coaching/mentoring sessions between supervisors and subordinates are excluded.



The list of automation equipment qualifying for PIC, called the PIC Automation Equipment List, is available at www.iras.gov.sg (*Businesses > For companies > Productivity and Innovation Credit*).

If the automation equipment is not in the PIC Automation Equipment List, you may apply to IRAS to have the equipment approved for PIC on a case-by-case basis. The criteria and application procedure are available on IRAS website.

Examples from PIC Automation Equipment List:

- Computer
- Software
- Point-of-sale system
- Computer numerical control (CNC) cutting machine
- Self-climbing scaffold system
- Automated warehousing equipment and software

How do I apply?

	How to Claim/Apply	When to Submit
400% Tax Deduction	Claim tax deduction in your Income Tax Return (Form C/Form C-S)	By the filing due date of 30 Nov or 15 Dec (if you e-File Form C-S)
Cash Payout	Submit PIC Cash Payout Application Form (www.iras.gov.sg > <i>Businesses > For companies > Productivity and Innovation Credit</i>)	Any time after the end of your financial quarter(s), but not later than the filing due date of the Income Tax Return (Form C/Form C-S)

Case Study

Applying for CASH PAYOUT

Investment in accounting year 2012

Invested in a point of sale (POS) system and sent your staff for customer service courses



Claiming TAX DEDUCTION



For more information on PIC, contact us:

Helpline for Companies: 1800-356 8622 | Email: picredit@iras.gov.sg

Website: www.iras.gov.sg

Businesses > For companies > Productivity and Innovation Credit