Singapore Tax Incentives

Various types of tax incentives are available for companies and these are provided in the Singapore Income Tax Act and Economic Expansion Incentives Act. Singapore is an "associate" jurisdiction under the base erosion and profit shifting (BEPS) project, and under the BEPS inclusive framework. Singapore's status as a BEPS associate has been reviewed by the Forum on Harmful Tax Practices. Singapore's tax incentives therefore conform to international tax standards. Several of the tax incentives available are listed in the table below.

Nature of Incentive	**Tax Incentive**		**Approving Authority**
Promoted/New Activities or Products	Pioneer Industries	An approved company under the Pioneer tax incentive is eligible for corporate tax exemption on income derived from qualifying activities. The incentive period is for five years. Extension of the incentive is subject to the company's additional capital commitment and expansion plans. The total tax relief period for a pioneer product, together with all extensions, is not to exceed 15 years	EDB
Promoted/New Services	Pioneer Service Companies	An approved company under the Pioneer tax incentive is eligible for corporate tax exemption on income derived from qualifying activities. The incentive period is for five years. Extension of the incentive is subject to the company's additional resource commitment and expansion plans. Qualifying activity includes the following: • any engineering or technical services including laboratory, consultancy and research and development activities; • computer-based information and other computer related services; • the development or production of any industrial design; and • such other services or activities as may be prescribed.	EDB

		No company may be approved as a pioneer service company on or after 1 January 2024. The Pioneer incentives for Pioneer Industries and Pioneer Service Companies will however, be extended till 31 December 2028 as proposed in the Budget 2023 announcement.	
Business Expansion & Operational Headquarters	Development and Expansion Incentive (“DEI”)	The Pioneer Certificate Incentive (PC) and the Development and Expansion Incentive (DEI): The PC and DEI will be extended till 31 December 2028 as proposed in the Budget 2023 announcement. Companies that carry out global or regional headquarters (HQ) activities of managing, coordinating and controlling business activities for a group of companies may also apply for the PC or DEI for the HQ activities Objective • Promote the expansion or upgrading of existing operations • Attract high value added and advanced technology projects • Encourage companies to grow capabilities and conduct new or expanded economic activities in Singapore Tax Concession • A 5%, more than 5%, or 10% concessionary corporate tax rate • Initial incentive period not more than 10 years (normally for a period of 5 years) • Renewable for not more than 5/10 years for each period that it is extended • Aggregate of total incentive period is capped at 20/40 years • Income in excess of a pre-determined base income from qualifying activities enjoy the applicable concessionary tax rate	EDB

		• The pre-determined base income is taxable at the normal corporate tax rate Qualifying activities • Manufacturing or increased manufacturing of any product in any industry that would be of economic benefit to Singapore • Any engineering or technical services including laboratory, consultancy and research and development activities; • Computer-based information and other computer related services; • Development or production of any industrial design; • Other services or activities as may be prescribed; and • Oversight, management or control of any activity on a regional or global basis	
Venture Capital	Exemption of income of venture company	1. Section 13G The Venture Capital Fund Incentive (VCFI) /Fund Management Incentive (S13G/FMI) The tax incentive applies to approved venture capital and private equity funds. The FMI for S13G approved funds is a tax incentive for fund management companies. Eligibility: The venture capital/private equity funds and fund management companies should minimally fulfil the following conditions: • The funds should be incorporated and based in Singapore and; • The fund management companies should be incorporated and based in Singapore. • They should also have obtained the necessary approvals and licenses (e.g., Capital Markets Services License, Registered Fund Management Company) from the	ESG

		Monetary Authority of Singapore for their proposed activities Tax Incentive: S13G The Venture Capital Fund Incentive (VCFI) allows an approved fund a zero-rated tax relief for a period of up to 15 years in respect of: • Gains arising from the divestment of approved portfolio holdings and; • Dividend income from approved foreign portfolio companies and; • Interest income arising from approved foreign convertible loan stock. Fund Qualifying Criteria The VCFI scheme requires that the fund: (a) Has a minimum fund size of S$10 million; (b) Incurs cumulative local business spending (LBS) of at least S$100,000 multiplied by the incentive tenure, to be met by the end of the incentive tenure; (c) Invests a certain percentage into unlisted Singapore based companies by year five of the incentive or by the end of the incentive, whichever is earlier. *Note that investments into unlisted Singapore-based companies made before being granted the Venture Capital Fund Incentive award would not be counted towards meeting the investment criteria.* No approval may be granted to a venture company on or after 1 January 2026 FMI allows an approved fund management company a tax relief at a concessionary rate of 5% for a period of up to 5years in respect of: • Management fees derived from an approved venture capital fund and; • Performance bonus received from the said approved venture capital fund	

		Qualifying criteria The FMI requires that the fund manager: (a) Has a minimum Assets under Management (AUM) of S$40 million comprising VCFI funds; (b) Hires at least one additional investment professional by the end of the FMI award. For renewals, the fund manager must hire at least one additional investment professional by the end of the renewal tranche. 2. The Angel Investors Tax Deduction (AITD) scheme (**Lapsed on 31.03.2020**) refer IRAS's website: IRAS AITD Applicable to angel investors who can commit a minimum of S$100,000 in a qualifying startup. Tax Concession: Tax deduction of 50% of the investment at the end of a two-year holding period. For each Year of Assessment (YA), the eligible investments will be subject to a cap of S$500,000, and the corresponding maximum tax deduction is S$250,000. The tax deduction will only apply to qualified investments made after approval of the application and does not apply retrospectively Eligibility Criteria: Angel Investors must: • Invest at the individual level; hence investment made via corporations, trust, institutionalized funds and other investment vehicles do not qualify; • Belong to one of the following three categories: – Experienced angel investor with track record in early-stage investments; or – Experienced/serial entrepreneur with an entrepreneurial track record;	

		or – Senior management professional/executives with corporate senior management experience • Demonstrate the ability to nurture investee companies	
Operational Headquarters	International Headquarters Award	Companies that carry out global or regional headquarters (HQ) activities of managing, coordinating and controlling business activities for a group of companies may also apply for the Pioneer or DEI for the HQ activities. The award of Pioneer or DEI may be accompanied with the International Headquarters Award status for companies that commit to anchor substantive HQ activities in Singapore to manage, coordinate and control regional business operations.	EDB
Intellectual Property	Intellectual Property Development Incentive	The Intellectual Property (IP) Development Incentive (IDI) aims to encourage the use and commercialization of intellectual property (IP) rights arising from research and development (R&D) activities. An approved IDI company is eligible for a reduced corporate tax rate of either 5% or 10% on a percentage of qualifying IP income derived by it during the incentive period. The concessionary tax rate will also increase by 0.5% at regular intervals as prescribed under the Income Tax Act. Qualifying IP income refers to royalties or other income receivable by the approved IDI company as consideration for the commercial exploitation of qualifying IP rights (IPR) (i.e., patents and copyrights subsisting in software) elected into the IDI (referred to as elected qualifying IPR). Election of qualifying IPR into the IDI is irrevocable. The incentive period is limited to an initial period not exceeding ten years, and may be further extended for a period or periods not exceeding ten years each.	EDB

		The IDI award is subject to renewal after 31 December 2023. To continue supporting the use and commercialization of IP rights arising from R&D activities in Singapore, the IDI will be extended till 31 December 2028.	
Research and Development	Further deductions for expenditure on research and development project	Requirements: • The objective of the project is to: ➢ Acquire new knowledge; ➢ Create new products or processes; or ➢ Improve existing products or processes; • It involves novelty or technical risk; and • It involves a systematic, investigative and experimental ("SIE") study in a field of science or technology. Location of R&D: R&D project is conducted wholly in Singapore or wholly overseas. Tax Incentive: 1. R&D Wholly conducted in Singapore (applicable to any trade carried on) a. In-House • 100% tax deduction subject to expenditure specifically disallowed under the Income Tax Act; and • Additional 150% deduction for qualifying R&D expenditure (i.e., staff costs excluding directors' fees and consumables) incurred during the basis periods for YAs 2019 to 2025 on qualifying R&D projects performed in Singapore. b. Outsourced • 100% tax deduction subject to expenditure specifically disallowed under the Income Tax Act; and	EDB Section 14C and Section 14D of Income Tax Act (ITA)

		• Additional 150% deduction for qualifying R&D expenditure for YAs 2019 to 2025 on qualifying R&D projects performed in Singapore on: ➢ 60% of fee paid; or ➢ Actual staff costs (excluding directors' fees) and consumables incurred if the amount is more than 60% of fee paid 2. R&D Conducted Wholly Overseas • 100% deduction for R&D related to trade subject to expenditure specifically disallowed under the Income Tax Act • No deduction if R&D conducted is not related to trade 3. R&D Cost Sharing Agreement (CSA) a. R&D Wholly conducted in Singapore (applicable to any trade carried on) • 100% tax deduction without being subject to expenditure specifically disallowed under the Income Tax Act; and • Additional 150% deduction for YAs 2019 to 2025 on qualifying R&D projects performed in Singapore. on: ➢ 60% of fee paid; or ➢ Actual staff costs (excluding directors' fees) and consumables incurred if the amount is more than 60% of fee paid b. R&D is conducted overseas	

		• 100% deduction on staff costs (excluding directors' fees) and consumables	
Introduction of the Enterprise Innovation Scheme (EIS)	Research and development (R&D), intellectual property (IP) registration, IP rights acquisition and IP rights licensing	Based on the 2023 Budget Statement: to encourage businesses to engage in R&D, innovation and capability development activities, the following suite of tax measures will be enhanced or introduced under the EIS: a) Enhance the tax deduction to 400% for the first S$400,000 of staff costs and consumables incurred on qualifying R&D projects conducted in Singapore for each YA from YA2024 to YA2028. b) Enhance the tax deduction to 400% for the first S$400,000 of qualifying IP registration costs incurred per YA from YA2024 to YA2028. c) Enhance the tax allowance/deduction to 400% for the first S$400,000 (combined cap) of qualifying expenditure incurred on the acquisition and licensing of IP rights per YA from YA2024 to YA2028. This enhancement will only be available to businesses that generate less than S$500 million in revenue in the relevant YA. d) Enhance the tax deduction to 400% for the first S$400,000 of qualifying training expenditure incurred on qualifying courses (i.e. courses that are eligible for SkillsFuture Singapore funding and aligned with the Skills Framework) per YA from YA2024 to YA2028. e) Introduce a 400% tax deduction for up to S$50,000 of qualifying innovation expenditure incurred on qualifying innovation projects carried out with polytechnics, the Institute of Technical Education, and other qualified partners per YA from YA2024 to YA2028. f) Allow businesses to, in lieu of tax deductions/allowances, opt for a nontaxable cash payout at a cash conversion ratio of 20% on up to S$100,000 of total qualifying expenditure across all qualifying activities in	

		(a) to (e) above per YA. The cash payout option will be capped at S$20,000 per YA, and will only be available to businesses which have at least three full-time local employees (Singapore Citizens or Permanent Residents with CPF contributions) earning a gross monthly salary of at least S$1,400 in employment for six months or more in the basis period of the relevant YA. For the purposes of the cash payout, "employees" may include individuals who are deployed to the business under a centralized hiring arrangement or secondment arrangement g) The sunset dates for section 14A (Deduction for costs of protecting IP), section 14C (Deduction for qualifying expenditure on R&D), section 14D (Enhanced deduction for qualifying expenditure on R&D), section 14U (Enhanced deduction for expenditure on licensing IP rights) and section 19B (WDA for capital expenditure on acquiring IP rights) of the ITA will be extended till YA2028, in line with the above enhancements. All other conditions under sections 14A, 14C, 14D, 14U and 19B of the ITA remain the same.	
Capital Investments	Investment Allowances	1. Investment Allowance (IA) Eligibility: Capital expenditure incurred on productive equipment for qualifying projects. • Tax Concession: Tax allowance is granted on a specified percentage (of up to 100%) of the capital expenditure; and • The tax concession applies to the capital expenditure incurred within a period of up to five years (up to eight years for assets acquired on hire-purchase). • The IA is in addition to the existing capital allowance for plant and machinery. • Investment allowances of 100% of capital expenditure (net of grants) may be granted to businesses	EDB

	Integrated Investment Allowances	seeking to make substantial investment in automation, subject to a cap of S$10 million on the approved capital expenditure per project To continue encouraging businesses to make capital investments in plant and productive equipment in Singapore, the IA scheme will be extended till 31 December 2028. 2. Investment Allowance Scheme ("IAS") for Construction Industry Eligibility: Approved capital expenditure on technologically advanced construction equipment. Minimum capital investment would be S$100,000. Tax Concession: • IA up to 50% of capital expenditure incurred by Singapore-registered companies on new construction related equipment. • The equipment must bring about at least 20% productivity improvement at project level or trade level. **BCA administered IA scheme expires in 2023.** To continue encouraging businesses to make capital investments in plant and productive equipment in Singapore, the IA scheme will be extended till 31 December 2028. 3. The IA-100% Scheme for Automation Projects Businesses can enjoy 100% IA support on the amount of approved capital expenditure, net of grants, for automation projects approved by ESG. To continue to encourage businesses to transform through automation, the IA-100% scheme will be extended till 31 March 2026, with the same parameters.	BCA ESG EDB

		4. Integrated Investment Allowance (IIA) **This incentive lapsed after 31 December 2022** Eligibility: The IIA scheme grants a qualifying company an additional allowance in respect of the fixed capital expenditure incurred on qualifying productive equipment placed with an overseas company for an approved project. Tax Concession: • Tax allowance is granted on a specified percentage (of up to 100%) of the capital expenditure; and • The tax concession applies to the capital expenditure incurred within a period of up to five years (up to eight years for assets acquired on hire-purchase). • The IA is in addition to the existing capital allowance for plant and machinery	
Merger and Acquisitions	Merger and Acquisition (M&A) Allowances	M&A allowance will be granted to a company ("the acquiring company") that acquires the ordinary shares of another company ("the target company") during the period 1 Apr 2010 to 31 Dec 2025 for 5-year writing-down period. Qualifying conditions: • Acquisition companies that are incorporated, tax resident, and carrying on a business in Singapore; • Where the acquiring company belongs to a corporate group, its ultimate holding company must also be incorporated and be a tax resident in Singapore • This requirement for the ultimate holding company in a corporate group to be incorporated and tax resident in Singapore may be waived for companies under the headquarters schemes and the Maritime Sector Incentive (MSI) for shipping-related supporting services in connection with share	

		acquisitions completed from 17 February 2012 to 31 March 2020. • The acquiring company has at least three local employees (excluding company's directors) throughout the 12-month period before the date of share acquisition; and • Is not be connected to the target company for at least two years before the date of share acquisition. Tax Concession: • The M&A allowance will be allowed on a straight-line basis over five years i.e., at 25% of the value of acquisition and the allowance cannot be deferred. • The maximum allowance is capped at S$10 million for all qualifying share acquisitions in the basis period for each YA for qualifying share acquisitions executed from 1 April 2016 to 31 Dec 2025. • Double Tax Deduction ("DTD"): A 200% tax deduction is also granted on qualifying transaction costs (capped at S$100,000 per year of assessment) incurred on qualifying acquisitions during the period 17 Feb 2012 to 31 Dec 2025 (both dates inclusive).	
Shipping	Exemption of international shipping profits	1. Maritime Sector Incentive-Singapore Registered Ships (MSI-SRS): Section 13A Applicable to income arising from operating Singapore ships outside Singapore port limits in connection with qualifying international shipping activities Tax Concession: • Applicable to shipping enterprises operating Singapore-registered and foreign ships • Tax Exemption on qualifying shipping income • Tax exemption is automatic if qualifying criteria are met	MPA

		2. MSI-Approved International Shipping Enterprise award (MSI-AIS): Section 13E Applicable to AIS income arising from operating foreign ships (and Singapore ship/ships) outside Singapore port limits in connection with qualifying international shipping activities Tax Concession: • Available to a company resident in Singapore and approved as an AIS • Tax Exemption on qualifying shipping income Incentive period: • a 10-year renewable period; or • a 5-year non-renewable period, with the option of graduating to the 10-year renewable award at the end of the 5-year period, if qualifying conditions are met.	
Shipping	Exemption of income of shipping investment enterprise	MSI-Maritime Leasing (ML)/Approved Shipping Investment Enterprise (MIS-ML/ASIE) Applicable to income of the ASIE from: • the charter or finance lease of any sea-going ship acquired by the ASIE for use outside the limits of the port of Singapore; • finance leases treated as a sale for tax purposes, of seagoing ships for use outside Singapore port limits • foreign exchange and risk management activities carried out in connection with and incidental to any activity mentioned above; • the sale of a sea-going ship; • the assignment to another of all its rights as the buyer under a contract for the construction of a sea-going ship; or • the sale of all of the issued ordinary shares in a special purpose company of the ASIE where, at the	MPA

		time of the sale of the shares, the special purpose company owns any sea-going ship or is the buyer under a contract for the construction of any sea-going ship Incentive period: • 5-year period; or • a further period subject to Ministerial approval The ASIE incentive is subject to renewal after 31 December 2026	
Shipping	Concessionary rate of tax for shipping investment manager	MSI-ML/Approved Ship Investment Manager (MSI-ML/ASIM) Tax Concession Tax at concessionary rate of 10% on qualifying income Qualifying Income: • managing an approved shipping investment enterprise; or • other prescribed services or activities carried out for an approved shipping investment enterprise Incentive period: • 5-year period; or • a further period subject to Ministerial approval The ASIM incentive is subject to renewal after 31 December 2026.	MPA
Shipping	Concessionary rate of tax for container investment enterprise	MIS-ML/approved container investment enterprise (MIS-ML/ACIE) Tax Concession Tax at concessionary rate of 5% or 10% on qualifying income Qualifying Income: • the operating and finance leasing of sea containers used for international transportation of goods	MPA

		• the leasing of intermodal equipment incidental to the leasing of qualifying containers • foreign exchange and risk management activities carried out in connection with and incidental to qualifying container leasing activities Incentive period: • 5-year period; or • a further period subject to Ministerial approval The ACIE incentive is subject to renewal after 31 December 2026.	
Shipping	Concessionary rate of tax for container investment manager	MSI-ML/Approved Container Investment Manager (MSI-ML/ACIM) Tax Concession Tax at concessionary rate of 10% on qualifying income Qualifying Income: • managing an approved container investment enterprise; or • other prescribed services or activities carried out for an approved container investment enterprise Incentive period: • 5-year period; or • a further period subject to Ministerial approval The ACIM incentive is subject to renewal after 31 December 2026	MPA
Shipping	Concessionary rate of tax for ship broking and forward freight agreement trading	MSI-Shipping-related Support Services (MSI-SSS) Tax Concession Concessionary tax rate at 10% on qualifying income exceeding pre-determined income base Qualifying Income from: • ship broking • forward freight agreement trading	MPA

		• prescribed ship management services • ship agency • freight forwarding and logistics service • corporate services rendered to qualifying approved related parties who are carrying on the business of shipping-related activities Incentive period: • 5-year period; or • a further period subject to Ministerial approval The MSI-SSS incentive is subject to renewal after 31 December 2026.	
Aircraft Leasing	Concessionary tax rate of 8% on income derived from the leasing of aircraft or aircraft engine	An approved aircraft leasing company is eligible for a concessionary tax rate of 8% on income derived from the leasing of aircraft or aircraft engine and qualifying ancillary activities. An approved aircraft leasing company is also eligible for withholding tax exemption on interest and qualifying related payments on loans obtained for the purchase of aircraft or aircraft engines. The incentive period is limited to five years. Extension of the incentive may be considered, subject to the company's commitment to undertake further expansion plans on its aircraft leasing activities. The incentive is set to expire on 31 December 2027	EDB
Approved aircraft investment manager	Concessionary rate of 10% on income derived from by approved aircraft investment manager	An approved aircraft investment manager from: (a) managing an approved aircraft leasing company; or (b) such other services or activities carried out for an approved aircraft leasing company as may be prescribed by regulations. The incentive is set to expire on 31 December 2027	EDB
Financial Services	Concessionary rate of tax for	Approved Finance and Treasury Centre (FTC) company	EDB

	Finance and Treasury Centre	Tax Concession: Reduced corporate tax rate of 8% on income derived from qualifying FTC services to approved network companies (ANCs) as well as qualifying FTC activities carried out on its account with funds obtained from qualifying sources. An approved FTC company is also eligible for withholding tax exemption on interest payments, such as interest on loans obtained by the approved FTC from banks, non-bank financial institutions and ANCs outside Singapore, provided the funds are used for its approved qualifying activities or services. Incentive period: • 5 years • Extension is subject to the FTC company's commitment to undertake further expansion plans on its FTC activities/services.	
Global Trading Program (GTP)	Concessionary rate of tax for global trading company and qualifying company	Eligibility: A company that carries on the business of international trading of commodities or commodities derivatives, and/or brokering international trades in commodities. Approved GTP companies need to ensure that their physical trading activities substantially involves unrelated parties on the buy and/or sell legs of the transactions. Tax Concession: • 5% or 10% corporate tax rate • Incentive period for 3 or 5 years • Renewable for not more than 5 years for each period that it is extended Qualifying income: • Trading as a principal in relation to qualifying commodities • commission and fees from brokering the trade in qualifying commodities • commodity futures trading • over the counter hedging transactions	ESG

		- over the counter or exchange-traded freight derivatives - over the counter or exchange-traded specified derivative instruments - Liquefied Natural Gas (LNG) is specified as a commodity. Qualifying (transactions are taxed at 5%) - structured commodity financing activities - treasury activities - advisory services in relation to mergers and acquisitions. Qualifying commodities: - Energy commodities and products - Agricultural commodities and bulk edible products - Building and industrial materials - Consumer products - Industrial products - Machinery components - Minerals - Electronic and electrical products - Carbon credits Quantitative Criteria: The quantitative requirements include minimum annual turnover, minimum annual local business spending and minimum number of trading professionals employed throughout the incentive period. GTP companies are expected to undertake strategic functions in Singapore subsequently e.g., strategic management, risk management, market research, product portfolio development, marketing and sales planning.	
Financial Services	Concessionary rate of tax for financial sector incentive company	Qualifying income of approved financial sector incentive (FSI) companies is subject to tax at a concessionary rate of 5%, 10%, 12% or 13.5%. A company is approved as a FSI company if it is approved by the Minister for Finance or approving authority. There are two tiers of qualifying FSI activities – standard and enhanced. A broad range of qualifying trading transactions and services e.g., in connection with loans, trade	MAS

		transactions or remittances, bank guarantees or performance bonds, debt securities, foreign exchange transactions, derivatives trading etc. come under the FSI-Standard Tier (FSI-ST) incentive. High-growth and high valued-added transactions and services in connection with debt securities, equity securities, syndicated facilities which is a credit facility or a guarantee facility, financial derivatives, commodity derivatives, emission derivatives or freight derivatives, come under the FSI-Enhanced Tier (FSI-ET) incentive. The FSI scheme is scheduled to lapse after 31 December 2023. Budget 2023 proposed the following: The existing concessionary tax rates will be streamlined to two tiers of 10% and 13.5% for new and renewal awards approved on or after 1 January 2024, as follows: (a) FSI-Capital Market, FSI Derivatives Market and FSI Credit Facilities Syndication – from 5% to 10%; (b) FSI-Fund Management and FSI Headquarter Services – remain at 10%; (c) FSI-Trustee Companies – from 12% to 13.5%; and (d) FSI-Standard Tier – remain at 13.5%. ---	
	FSI-Standard Tier (FSI-ST)	Concessionary Tax Rate: 13.5% Qualifying Activities: (a) where the FSI-ST company is a licensed bank (i) transacting in loans, other than by way of bonds or debentures, with a body of persons, trust, company or firm; (ii) providing services in respect of loans, other than by way of bonds or debentures; (iii) transacting with any bank or branch office in respect of any of the following: • placement of funds	

		• bankers' acceptances on bills relating to trade transactions • bills relating to trade transactions • negotiable certificates of deposit (iv) transacting in or providing services relating to, trade transactions, remittances, bank guarantees or performance bonds; (v) any activity mentioned in sub-paragraphs (i) to (iv), if both of the following conditions are satisfied: (A) the activity is endorsed by any Shari'ah council or body, or by any committee formed for the purpose of providing guidance on compliance with Shari'ah law; (B) the activity is structured in accordance with Murabaha, Ijara Wa Igtina, Musharaka or Istisna; (b) Trading in any loans and their related collaterals (excluding immovable property); (c) Trading or investing in or providing services (including securities lending or repurchase arrangements and services as a broker, nominee or custodian) in respect of debt securities or stocks, shares, or other equity securities issued by a company, collective investment scheme or business trust; (d) Providing services for the purpose of a listing on the Singapore Exchange to a company; (e) Foreign exchange transactions; (f) Trading in derivatives and providing services as an intermediary in connection with transactions relating to derivatives; (g) Transacting in or providing services in respect of transactions in gold bullion, silver bullion or platinum bullion; (h) Managing the funds of, or providing investment advisory services (including	

		through another fund manager) to qualifying funds; (i) Providing other advisory services relating to financial matters (other than investment advisory services in respect of fund management); (j) Providing trustee or custodian services in its capacity as trustee of a trust; (k) Providing trustee services in respect of bond or loan stock issues, including services for monitoring loan covenants and administering loan repayments; (l) Providing trustee services in respect of issue of units of, a collective investment scheme or a business trust; (m) Providing trust management or administration services to any trustee of a trust; (n) in a case where the company is a fund manager, from any activity mentioned in sub-paragraph (*h*), where the activity is endorsed by any Shari'ah council or body, or by any committee formed for the purpose of providing guidance on compliance with Shari'ah law.	
	FSI-Capital Market (FSI-CM)	Concessionary Tax Rate: 5% (10% wef 1 January 2024) Qualifying Activities: (a) Trading or investing in, or providing services (including services as a broker, nominee or custodian, and the grant of a loan of the securities under a securities lending or repurchase arrangement) in respect of: (i) debt securities; or (ii) stocks, shares, or other equity securities issued by a company, a collective investment scheme or a business trust; (b) Providing services for the purpose of a listing on the Singapore Exchange to a company.	
	FSI-Credit Facilities Syndication (FSI-CFS)		

	FSI-Derivative Market (FSI-DM)	Concessionary Tax Rate: 5% (10% wef 1 January 2024) Qualifying Activities: (a) Arranging, underwriting or granting loans under any syndicated facility which is a credit facility or a guarantee facility, subject to conditions; (b) Arranging, underwriting or granting a loan after it has become a syndicated facility, subject to conditions; (c) Trading in secondary loans under any syndicated facility which is a credit facility or a guarantee facility by licensed or approved banks, subject to conditions (d) Providing project finance advisory services in connection with a syndicated facility relating to any prescribed asset or project.	
	FSI-Fund Management (FSI-FM)	Concessionary Tax Rate: 5% (10% wef 1 January 2024) Qualifying Activities: (a) Trading in, or providing services as an intermediary in connection with transactions relating to any financial derivatives, commodity derivatives, emission derivatives or freight derivatives; (b) Incidental physical trading where volume of the incidental physical trading does not exceed 15% of the total volume of incidental physical trading and trading in commodity derivatives;	
		1. Fund management Concessionary Tax Rate: 10% Qualifying Activities:	

		Managing the funds of and providing investment advisory services to qualifying funds 2. Tax Exempt (Qualifying) Funds: (a). The Section 13O fund incentive is targeted at Singapore based or resident funds. The qualifying fund vehicle would therefore, need to be a Singapore incorporated and resident company. The fund has a minimum fund size of S$10 million at the point of application. The fund commits to increasing its AUM to S$20 million within a two-year grace period. The fund is managed or advised directly throughout each basis period relating to any year of assessment by a family office in Singapore, where the family office employs at least two IPs. In the event that the family office is unable to employ two IPs by the point of application, the fund will be given a one-year grace period to employ the second IP. Additionally, there is a minimum annual business spending requirement of S$200,000 in each basis period relating to any year of assessment, subject to a tiered business spending framework, there is the need for the fund to be MAS approved. Non-qualifying investors (i.e., Singapore non-individuals investing above a certain percentage in the fund or known as the 30:50 rule) would need to pay a penalty to the IRAS. (b) The Section 13D fund incentive requires the fund to be non-resident. The fund vehicle may be an individual (non-citizen, non-resident), a company (non-resident) or a trust (non-resident trustee but such trustee may be resident in Singapore with effect from 1 April 2014). There are no capital/business spending commitments required of the fund, nor is MAS approval required. Non-qualifying investors (i.e., Singapore non-individuals investing above a certain percentage in the fund or known as the 30:50 rule) would need to pay a penalty to the IRAS.	

	FSI-Headquarter Services (FSI-HQ)	(c) The Section 13U fund incentive does not require the residency of the fund to be in Singapore. The fund vehicle may be a Trust, Company or Limited Partnership. The fund will incur at least S$ 500,000 in local business spending in each basis period relating to any year of assessment, subject to a tiered business spending framework. There is a need for the fund to be MAS approved. and capital commitment/capital investment of at least S$50 million at the time of application for MAS approval. The fund is managed or advised directly throughout each basis period relating to any year of assessment by a family office in Singapore, where the family office employs at least three IPs with at least one IP who is a non-family member. In the event that the family office is unable to employ one non-family member as an IP by the point of application, the fund will be given a one-year grace period to do so (d) Singapore Variable Capital Company (S-VACC) key features include the creation of sub-funds or cells with segregated assets and liabilities, redemption of shares and payment of dividend out of capital, and making the public disclosure of the register of shareholders non-mandatory. The S-VACC is eligible to apply for tax exemptions under sections 13O and 13U -- Concessionary Tax Rate: 10% Qualifying Activities: (a) general management, risk management and administration; (b) strategic business planning and strategic business development; (c) operational processing services;	

	FSI-Trustee Companies (FSI-TC)	(d) information technology support and technical services; (e) training and personnel management; (f) corporate finance advisory services; (g) economic, financial, investment or market research and analysis; (h) credit control and administration; (i) arranging credit facilities for the approved office where the funds for providing the facilities are obtained from: (i) financial institutions in Singapore; or (ii) the accumulated profits of other approved offices; (j) providing guarantees, performance bonds, standby letters of credit and services relating to remittances where: (i) in the case of a guarantee, performance bond or standby letter of credit, the party in whose favour the facility is issued; and (ii) in the case of services relating to remittances, the person to whom the remittances are made, is a financial institution; (k) arranging interest rate or currency swaps with a financial institution (l) managing the funds of the approved office. (m) tax is also payable at the rate of 10% on the income of a financial sector incentive (headquarter services) company derived from the provision of any prescribed processing services in Singapore to any financial institution or another financial sector incentive	

		(headquarter services) company. Prescribed processing services are specified in the Second Schedule of the Income Tax (Concessionary Rate of Tax for Financial Sector Incentive Companies) Regulations 2017 --- Concessionary Tax Rate: 12% (13.5% wef 1 January 2024) Qualifying Activities: (a) trustee or custodian services in its capacity as a trustee of a trust; (b) trustee or custodian services in respect of bond or loan stock issues and the issue of units of a collective investment scheme, or of a business trust; (c) trust management or administration services; (d) custodian services in respect of debt securities; equity securities; units in a collective investment scheme; or units in a business trust.	
Financial Services	Insurance Business Development Incentive (IBD) umbrella scheme	There are two tiers of qualifying IBD activities – standard and enhanced. The standard tier concessionary tax rate is 10% while the enhanced tier concessionary tax rate is 5%/8%/10%. Arising from the consolidation of the various lines of businesses under the IBD and the lapse of the enhanced tier concessionary tax rate businesses, the applicable tax rate for all lines of the non-life insurance business is 10%. 1. Insurance Business Development Incentive (a) The incentive includes the following Insurance schemes: • Insurance Business Development (IBD); • The Marine Hull and Liability Insurance Scheme (IBD-MHL); • Specialized Insurance Business Scheme (IBD-SI); and	MAS

		• Captive Insurance Scheme (IBD-CI) (b) Qualifying income The scope of activities under IBD will be expanded to cover the following income: • Underwriting income derived from insuring and reinsuring both onshore and offshore insurance risks for IBD and IBD-CI; • Onshore and offshore investment income (being dividend, qualifying interest, gains from sale of onshore and offshore qualifying investment) relating to the incentivized insurance business lines for IBD, IBD MHL, IBD-CI and IBD-SI; and • Onshore and offshore broking business income for IBD-IBB and IBD-SIBB (c) Excluded income The following income will be excluded for new or renewal awards approved on or after 1 June 2017: • all underwriting income, investment income, and insurance broking commission and fee income from onshore and offshore direct life insurance; • all underwriting income, investment income, and insurance broking commission and fee income from onshore and offshore fire, motor, work injury compensation, personal accident and health insurance; • interest income other than qualifying interest; • gains from sale of investments other than qualifying investments; and • investment income relating to immovable properties both inside and outside Singapore, except for those relating to any prescribed asset or project. Expiry of Incentive: (a) IBD Standard Tier (IBD, IBD-MHL, IBD-CI) expires 31 March 2020. The IBD and IBD-CI schemes have been extended to 31 December 2025. The IBD-MHL scheme	

		lapsed on 31 March 2020 without renewal as is now subsumed under the IBD umbrella scheme. Insurers / reinsurers engaged in MHL insurance / reinsurance may apply under the IBD umbrella scheme (b) IBD Enhanced Tier (IBD-SI) expires 31 August 2021. Insurers / reinsurers engaged in specialized insurance / reinsurance may apply under the IBD umbrella scheme. 2. Insurance Broking Business (a) The incentive includes the following Insurance schemes: • IBD-Insurance Broking Business (IBD-IBB); and • IBD-Specialized Insurance Broking Business (IBD-SIBB) (b) Concessionary Tax Rate: 10% (c) Expiry of Incentive The IBD-IBB scheme will be extended till 31 December 2028.	
Business Development	Enhance the Double Tax Deduction for Internationalisation (DTDi) Scheme	Eligibility: Singapore-registered businesses with the primary purpose of promoting the trading of goods or provision of services. Tax Concession: 1. 200% tax deduction on eligible expenses for supported market expansion and investment development activities. Qualifying Activities: • Overseas business development trips and missions • Overseas investment study trips and missions • Overseas trade fairs • Local trade fairs approved by Enterprise Singapore or the Singapore Tourism Board (STB) • Market surveys and feasibility studies • Investment feasibility and due diligence studies • Design of packaging for overseas markets	ESG STB

		- Product or service certification - Overseas advertising and promotional campaigns - Master licensing and franchising - Overseas trade offices - Production of corporate brochures for overseas distribution - Advertising in approved local trade publications - Manpower expenses for Singaporeans posted to new overseas entities 2. 200% tax deduction on the first S$150,000 of eligible expenses incurred up to 31 Dec 2025, for the activities listed below per year of assessment without prior approval from Enterprise Singapore. - Overseas market development trips and missions (ESG to approve certain overseas expenses) - Overseas investments study trips and missions (ESG to approve certain overseas expenses) - Overseas trade fairs - Local trade fairs approved by ESG or STB - Virtual trade fairs approved by ESG - Product/Service certification - Overseas advertising and promotional campaign - Design of packaging for overseas markets - Advertising in approved local trade publication Eligible expenses on qualifying activities outside the nine areas, and expenses exceeding S$150,000 will require ESG approval. Note: Companies will need to apply to ESG for qualifying expenses under overseas market development trips/missions and investment study trips/missions listed here:	

		Fees paid to secure speaking spots at overseas business/trade conferences to pitch products/services to attendees Logistic costs of transporting materials/samples used during the overseas market development trips/missions and investment study trips/missions Third party consultant cost to arrange business networking events to promote products/services 3. 200% deduction on qualifying salary expenses incurred up to 31 December 2025 for Singaporean and Permanent Resident employees posted to an overseas establishment of the approved firm or company. Qualifying Conditions: (a) The employee is a Singaporean or permanent resident of Singapore; (b) The employee's posting lasts at least one year, and is designed to further the applying business's expansion plans and provide the employee with opportunities to gain new skillsets; (c) The employee is contractually employed by the applying business throughout the supported period, and the salary expense is incurred by the applying business; (d) The salary expenditure cannot be deducted against any income that may be liable to tax in the overseas jurisdiction; and (e) The overseas entity was set up or acquired (including equity interests therein) by the applying business for not more than three years. The amount of qualifying salary expenses and qualifying overseas investment development expenses under section 14H of the Income Tax Act ("ITA"). to be allowed double tax deduction is capped at S$1 million per approved entity per YA, subject to conditions.	

		Businesses will have to apply to Enterprise Singapore to enjoy the double tax deduction on qualifying salary expenses. The Budget 2023 Statement proposed the following: To support businesses in their efforts to overcome initial challenges and build up capabilities in internationalising via e-commerce, the scope of the DTDi scheme will be enhanced to include a new qualifying activity "e-commerce campaign". "E-commerce" refers to the business of buying and selling goods and services on the Internet, while in the context of DTDi "campaign" refers to an organized course of action to promote goods and services abroad. The scheme covers the following e-commerce campaign startup expenses paid to e-commerce platform/service providers: (a) Business advisory: Advisory on market promotion and execution plans (e.g., choice of suitable e-commerce platforms); (b) Account creation: Assistance with setting up accounts on e-commerce platforms, and the right to sell on e-commerce platforms; (c) Content creation: Design of e-commerce campaign publicity materials (e.g., e-store banners, online product images); and (d) Product listing and placement: Uploading content on products/services to ecommerce platforms, and selection of suitable frequency and timing to display content on products/services. Prior approval is required from ESG to enjoy DTDi on the new qualifying activity. For each business, ESG will only approve DTDi support for e-commerce campaigns for a maximum period of one year applied on a per country basis. The above enhancement will take effect for qualifying e-commerce	

		campaign startup expenses incurred on or after 15 February 2023.	
Land Intensification Allowance (LIA)	Initial allowance and annual allowances on qualifying capital expenditure	Objective: To promote the intensification of industrial land use towards more land-efficient and higher value-added activities Qualifying Conditions: The LIA incentive is available to businesses in the manufacturing and logistics sectors which have large land takes and low Gross Plot Ratios (GPR). The scheme is also available to support the development of Integrated Construction and Prefabricated Hubs (ICPHs). Tax Concession: Initial allowance of 25% and annual allowances of 5% on qualifying capital expenditure incurred for the construction or renovation/extension of a qualifying building or structure. Expiry of Incentive: For the manufacturing and logistics sectors, approval for the incentive is granted by the EDB from 1 Jul 2010 to 31 Dec 2025 (both dates inclusive). For the development of ICPHs, approval for the incentive is granted by the BCA from 8 Mar 2017 to 31 Dec 2025 (both dates inclusive).	EDB/BCA

Updated: 12 March 2023 DL/FS

Notes:

EDB – Singapore Economic Development Board

BCA – Building and Construction Authority

ESG – Enterprise Singapore

STB – Singapore Tourism Board

MAS – Monetary Authority of Singapore

MPA – Maritime and Port Authority

Contact: David Lee SW Advisory LLP, Singapore: david@shinewing.sg

Fiona Sheng SW Advisory Pte Ltd: fiona.sheng@swgroup.sg