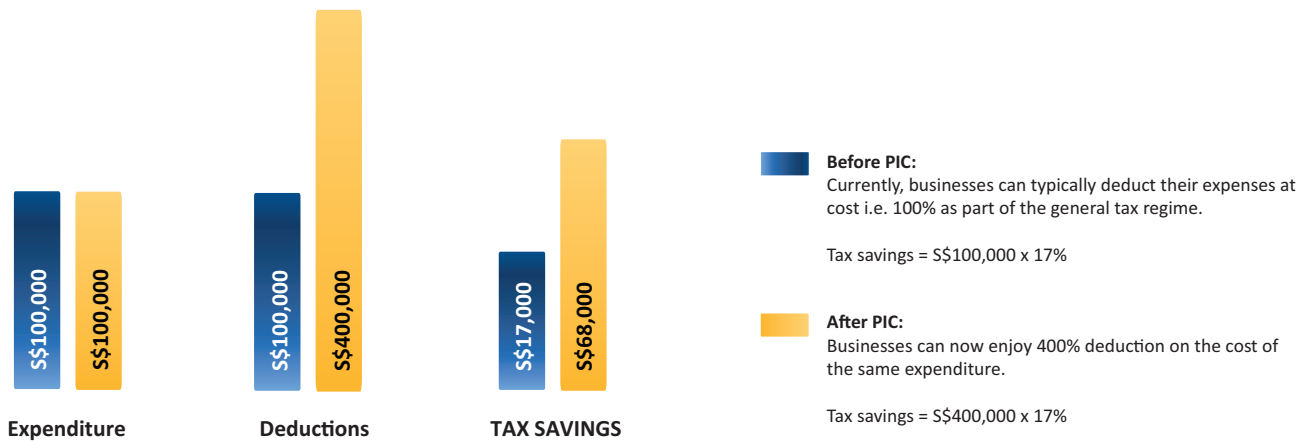


Productivity and Innovation Credit Scheme



PRODUCTIVITY AND INNOVATION SCHEME

The Productivity and Innovation Credit (PIC) Scheme has been further enhanced for Singapore Budget 2011. It is a scheme to provide tax incentives so as to encourage businesses to invest and upgrade along the innovation value chain. The table below outlines the benefits of PIC:



Qualifying activities	Brief description of qualifying expenditures under the PIC	Total deductions/allowances under the PIC (as a % of qualifying expenditure)
Acquisition or Leasing of Prescribed Automation Equipment	Costs incurred to acquire/lease prescribed automation equipment	400% allowance or deduction for qualifying expenditure subject to the expenditure cap, 100% allowance or deduction for the balance expenditure exceeding the cap
Training Expenditure	Costs incurred on: In-house training (i.e. Singapore Workforce Development Agency ("WDA") certified, Institute of Technical Education ("ITE") certified; or All external training.	
Acquisition of Intellectual Property Rights ("IPRs")	Costs incurred to acquire IPRs for use in a trade or business (exclude EDB approved IPRs and IPRs relating to media and digital entertainment contents)	
Registration of Intellectual Property Rights ("IPRs")	Costs incurred to register patents, trademarks, designs and plant variety	
Design Expenditure	Costs incurred to create new products and industrial designs where the activities are primarily done in Singapore	
Research & Development ("R&D")	Costs incurred on staff, costs and consumables for qualifying R&D activities carried out in Singapore or overseas, if the R&D done overseas is related to the taxpayer's Singapore trade or business	400% tax deduction for qualifying expenditure subject to the expenditure cap*. For qualifying expenditure exceeding the cap for R&D done in Singapore, deduction will be 150%. For balance of all other expenses, including expenses for R&D done overseas, deduction will be 100%

Notes:

Total expenditure cap for YA 2011 and YA 2012 - \$800,000 for each of the six qualifying activities.

Total expenditure cap for YA 2013 to YA 2015 - \$1,200,000 for each of the six qualifying activities.

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