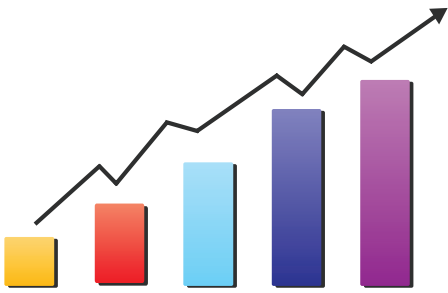


PRODUCTIVITY AND INNOVATION SCHEME





It pays to be productive

You can get up to 400% tax deduction under PIC. Invest in any of these 6 categories to take advantage of the tax savings scheme.

Purchase / lease of PIC Automation Equipment

Includes computer, laptop, printer, fax machine, and office system software.

Training of Employees

Cost spent on internal Workforce Skills Qualification courses for staff's skills upgrading.

Acquisition of Intellectual Property

Cost of patented technology for use in manufacturing process; Price paid for trademark and copyrights.

Registration of Intellectual Property

Costs incurred to register patents, trademarks, designs and plant varieties

Research & Development

Salaries for R&D personnel and fees to R&D institutes for activities undertaken.

Approved Design Projects

Fees to engage in-house qualified designers or outsourced to approved design services providers to carry out approved design activities.

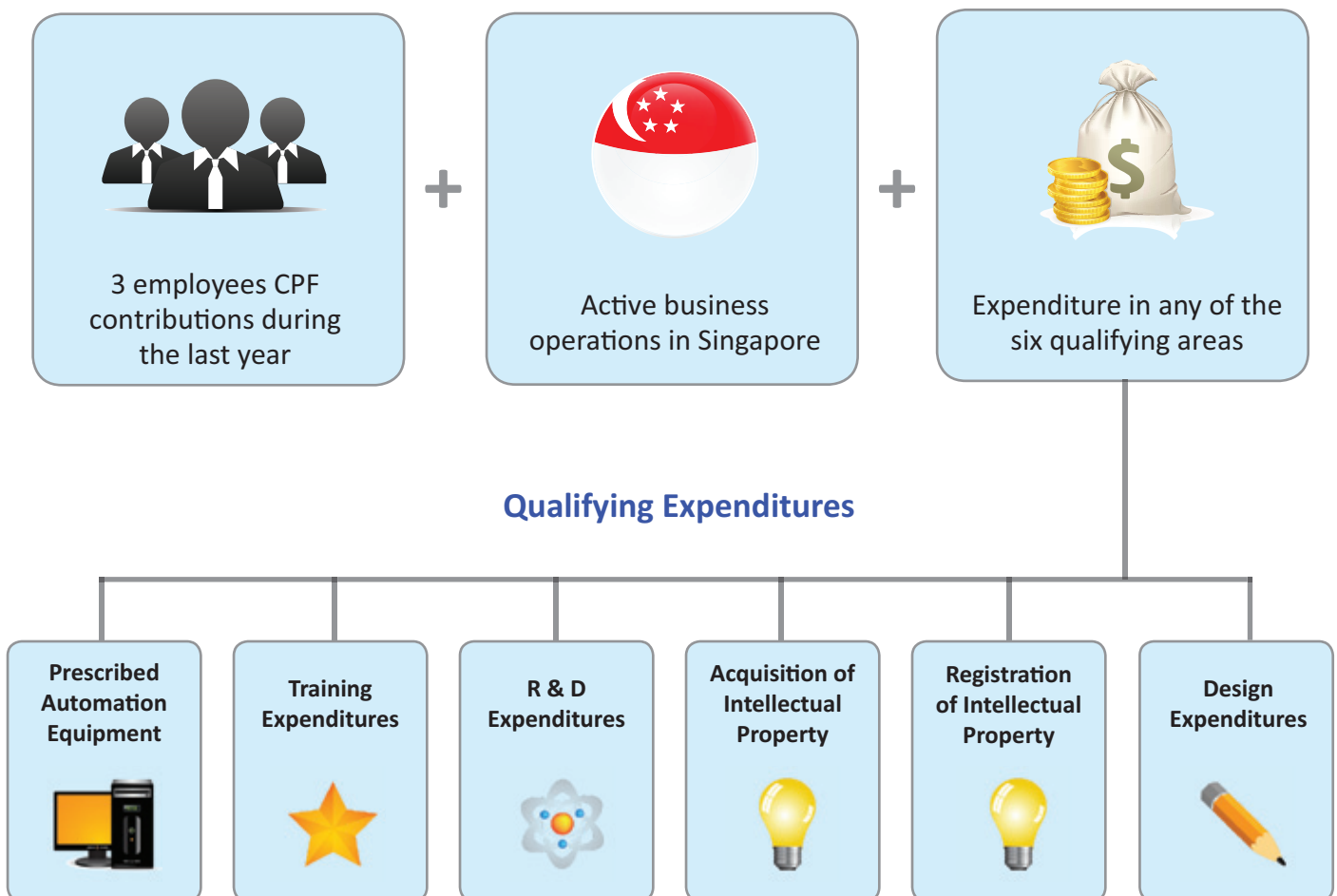
OPTION 1: PIC - CASH PAYOUT OF UP TO S\$60,000

To support small and growing businesses which may be cash-constrained, to innovate and improve productivity, businesses can exercise an option to convert their expenditure into a non-taxable cash payout. They can convert up to S\$100,000 (subject to a minimum of S\$400) of their total expenditure in all the six qualifying activities into cash payouts.

- An eligible business can opt to convert 60% of qualifying PIC expenditure (capped at S\$100,000) into a non-taxable cash payout, amounting to S\$60,000 per YA.
- Claimable any time after the end of each financial quarter, but no later than the due date for the filing of its income tax returns for the relevant year. Businesses may obtain the first quarterly cash payout starting July 2012.

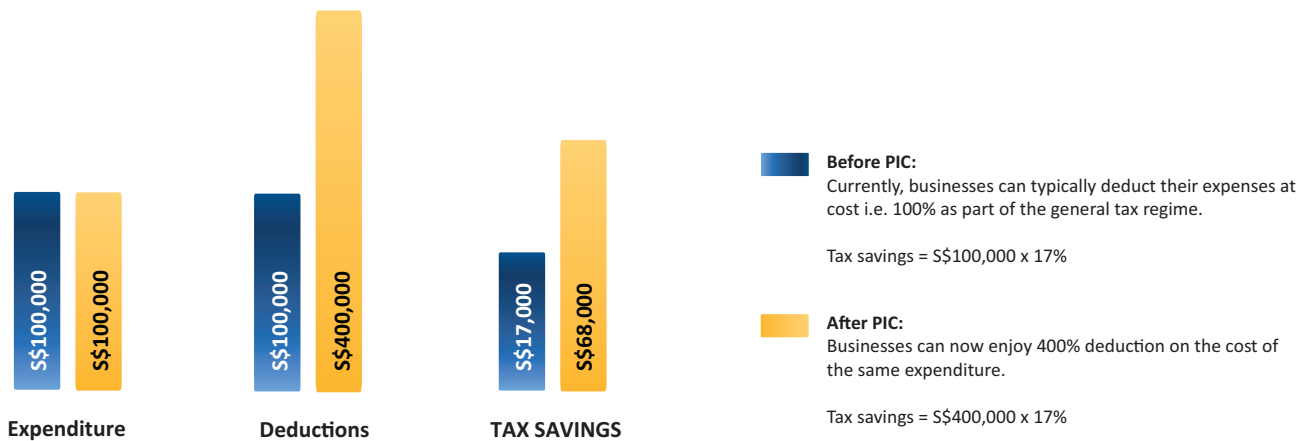
Eligibility criteria

Businesses that can opt for the cash payout are sole-proprietorships, partnerships, companies (including registered business trusts) that have:



OPTION 2: TAX CREDIT FOR UP TO S\$800,000 FOR EACH QUALIFYING ACTIVITIES

The Productivity and Innovation Credit (PIC) Scheme has been further enhanced for Singapore Budget 2012. 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 the 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.

PRODUCTIVITY AND INNOVATION CREDIT CLAIMS CHART

Estimated Taxable Income	Estimated Tax Payable	Effective Tax Rate	Total Qualifying Expenditure (100%)	Total PIC Claim (400%)	Effective Tax Payable (after PIC claim)
100,000	8,075	8.1%	25,000	100,000	0
200,000	16,575	8.3%	50,000	200,000	0
300,000	25,075	8.4%	75,000	300,000	0
400,000	42,075	10.5%	100,000	400,000	0
500,000	59,075	11.8%	125,000	500,000	0
600,000	76,075	12.7%	150,000	600,000	0
700,000	93,075	13.3%	175,000	700,000	0
800,000	110,075	13.8%	200,000	800,000	0
900,000	127,075	14.1%	225,000	900,000	0
1,000,000	144,075	14.4%	250,000	1,000,000	0
2,000,000	314,075	15.7%	500,000	2,000,000	0
3,000,000	484,075	16.1%	750,000	3,000,000	0
4,000,000	654,075	16.4%	1,000,000	4,000,000	0
5,000,000	824,075	16.5%	1,250,000	5,000,000	0
6,000,000	994,075	16.6%	1,500,000	6,000,000	0
7,000,000	1,164,075	16.6%	1,750,000	7,000,000	0
8,000,000	1,334,075	16.7%	2,000,000	8,000,000	0
9,000,000	1,504,075	16.7%	2,250,000	9,000,000	0
9,600,000	1,606,075	16.7%	2,400,000	9,600,000	0

Note:

Number of qualifying activities	:	Six
Maximum qualifying expenditure for each category per year	:	S\$ 400,000
Deductions claimable	:	400% of qualifying expenses
Total Amount Claimable with maximum utilization per year	:	S\$ 9,600,000