



DECLARATION FOR THE PURPOSE OF CLAIMING WRITING-DOWN ALLOWANCES FOR INTELLECTUAL PROPERTY RIGHTS (IPRS) UNDER SECTION 19B OF THE INCOME TAX ACT

This Declaration Form may take you 10 minutes to complete. Please read the explanatory notes before completing.

PART I – COMPANY PARTICULARS

Name of company : _____

Tax reference number : _____

Registered address : _____

PART II – DETAILS OF IPR ACQUIRED

Brief description of IPR¹ acquired : _____

Name and address of the transferor (person from whom the IPR is acquired) : _____

Relationship with transferor, if applicable : _____

Capital expenditure² incurred in acquiring the IPR : S\$ _____

Date on which the capital expenditure is incurred : _____

For IPRs acquired in or after YA 2017

No. of years elected for writing-down allowances³ : 5 / 10 / 15 years

Claiming writing-down allowances for Years of Assessment : _____ to _____

PART III – ADDITIONAL INFORMATION TO BE FURNISHED

A third party independent valuation report⁴ should be submitted together with this Declaration Form where:

- the capital expenditure incurred in acquiring the IPR is equal to or greater than S\$ 10 million for a related party⁵ transaction; or
- the capital expenditure incurred in acquiring the IPR is equal to or greater than S\$ 40 million for an unrelated party transaction.

A copy of the approval for waiver from legal ownership⁶ from the Economic Development Board (EDB) should also be submitted if the company has acquired only the economic ownership of the IPR.

PART IV – DECLARATION

Please confirm and acknowledge by indicating a tick in the following boxes:

- The IPR is acquired by the company for use in its trade or business.

- The company has not acquired the IPR from its related party under the scenarios specified in Section 19B(10A)⁷ of the Income Tax Act (Cap. 134).

- The company has the legal and economic ownership of the IPR acquired; **OR**
 The company has acquired only the economic ownership of the IPR; and a copy of the approval for waiver from legal ownership from the EDB is attached.

- A third party valuation report on the IPR is attached; **OR**
 A valuation report is not required as the capital expenditure incurred in acquiring the IPR is below the value threshold in Part III of this Declaration Form⁸.

- The election made on the no. of years for writing-down allowances is irrevocable (election only applicable for IPRs acquired in or after YA 2017).

*Full name and signature of
authorised person*

Designation

Date

EXPLANATORY NOTES FOR COMPLETING THE DECLARATION FORM

1. “Intellectual property rights” or “IPRs” means the following:

- Patent
- Copyright
- Trademark
- Registered design
- Geographical indication
- Lay-out design of integrated circuit
- Trade secret or information that has commercial value^a
- Plant variety.

For more details on the above IPRs, please refer to [IPOS' website](#).

2. “Capital expenditure” does not include legal fees, registration fees, stamp duty and other costs related to the acquisition of the IPR. To be eligible for writing-down allowances, the company must have incurred the capital expenditure to acquire the IPRs for use in its trade or business.

3. A company is allowed to make an irrevocable election to claim writing-down allowances over a period of 5, 10 or 15 years for capital expenditure incurred to acquire IPRs from YA 2017. The irrevocable election is to be made at the time of lodgment of the income tax return in the first YA of writing-down allowances claim.

4. A company may appoint a valuer of its choice subject to the following:

- (a) the valuer and the firm that the valuer belongs to are not related to the transferor or transferee of the IPRs, and have no interest in the acquisition/ disposal of the IPRs. If the valuer is also undertaking other assignment(s) or had undertaken other assignment(s) for the company within the past two years of the date of the valuation report, the valuer must disclose the relationship, and demonstrate that there is no conflict of interest between the valuation assignment and the other assignment(s) undertaken.
- (b) the valuer must possess the relevant qualifications. Full particulars of the qualifications and the professional institute that awarded the qualifications have to be provided in the valuation report. Examples of a valuer who possesses the relevant qualifications are Chartered Valuer and Appraiser, Chartered Financial Analyst and Chartered Accountant.
- (c) the valuer has experience in valuing similar types of IPRs or IPRs in similar industries.

For more details, refer to IRAS e-Tax Guide on "Intellectual Property Rights Valuation Report for Purposes of Section 19B of the Income Tax Act", which is available on IRAS website.

5. For the purpose of the requirement to submit a valuation report, the company and the transferor are considered to be “related parties” where one person, whether directly or indirectly, has the ability to control the other or where both of them, whether directly or indirectly, are under control of a common person.

6. Legal ownership means the legal assignment of the IPRs is granted to the transferee. Economic ownership means the future economic benefits attributable to the IPRs will accrue to the transferee.

To be eligible for writing-down allowances, the company must acquire the legal and economic ownership of the IPRs from the transferor, except for cases where approval for waiver from legal ownership has been granted by EDB under Section 19B(2B) with effect from 17 Feb 2006.

7. Under Section 19B(10A), no writing-down allowances shall be made for any capital expenditure incurred by a company in acquiring IPRs from:

- (a) its related party –
 - (i) to whom any deduction has been allowed under Section 14, 14D, 14DA, 14E or 14S for any outgoing, expense or payment incurred for any activity which resulted in the

creation of intellectual property; and

- (i) whose proceeds from the sale, transfer or assignment of those IPRs to the company are not chargeable to tax; or
- (b) its related party who acquired the rights, directly or indirectly, from a related party of the company referred to in paragraph (a).

Where the IPR was acquired directly or indirectly from a related party under scenarios of Section 19B(10A), the company is not eligible to claim writing-down allowances under Section 19B.

- 8. Where the capital expenditure is below the thresholds in Part III of the Declaration Form, the company does not have to prepare an independent valuation report. However, IRAS may still request for supporting information from the taxpayer to substantiate the Section 19B claim, including documentation to show that the IPRs are indeed qualifying, and that the capital expenditure is not higher than the open market price.

For more details, refer to IRAS e-Tax Guide on "Intellectual Property Rights Valuation Report for Purposes of Section 19B of the Income Tax Act", which is available on IRAS website.

- 9. The authorised person(s) who can endorse the Declaration Form are: company director, principal officer or a person authorised by the company.
- 10. The Declaration Form and the information in Part III of the Declaration Form (if applicable) are to be submitted to IRAS together with the company's Form C or Form C-S for the year of assessment relating to basis period in which the IPR was acquired.

^a It was clarified in Budget 2014 that, in line with the policy intent of Section 19B, customer-based intangibles and documentation of work processes do not fall within the scope of Intellectual Property Rights.