

Research and Development (R&D) Claim Form (YA 2019 and onwards)



INLAND REVENUE
AUTHORITY
OF SINGAPORE

Part 1 - About This Form

- 1A. Please use this Form to claim tax deduction **for YA 2019 and onwards** on qualifying R&D expenditure under Section 14C/ 14D¹ of the Income Tax Act 1947. For YA 2018 and before, please complete the Form 'Research and Development (R&D) Claim Form (YA 2018 and before)' instead.
- 1B. For claims involving more than one R&D project, please complete a separate Part 5 and Part 6 of this Form for **each** project.
- 1C. Please submit this Form together with the Form C. If you are submitting Form C-S, please retain the completed Form and submit it to IRAS upon request.

Part 2 - Before Completing This Form

- 2A. You will need the details of the company's R&D projects to complete the Form.
- 2B. You should ensure the following:-
- The project undertaken by the company is in the field of science or technology.
 - The project is **NOT** undertaken by the company as an R&D service provider on behalf of its customers.
 - The project undertaken by the company **DOES NOT** fall under the following exclusion list:
 - quality control or routine testing of materials, devices or products;
 - research in the social sciences or the humanities;
 - routine data collection;
 - efficiency surveys or management studies;
 - market research or sales promotion;
 - routine modifications or changes to materials, devices, products, processes or production methods;
 - cosmetic modifications or stylistic changes to materials, devices, products, processes or production methods.
 - The project undertaken by the company is a qualifying R&D project that meets **ALL** the following 3 requirements:
 - the **objective** is to acquire new knowledge, create new products or processes, or improve existing products or processes;
 - it involves **novelty** [*i.e. something new (first of its kind in Singapore) in relation to the creation or improvement of products, processes or knowledge*] **OR technical risk** [*i.e. scientific or technological uncertainty that cannot be readily resolved by a competent professional in the relevant field at the start of the R&D activity*]; AND
 - it is a **systematic, investigative and experimental ("SIE")** study to test or find out something that is not known or readily deducible in a field of science or technology, and not simply to confirm something already known or demonstrate a known fact.
 - Any know-how, intellectual property or other results generated from outsourced R&D or under a Cost Sharing Agreement is owned* and is/ will be commercialised* by the company.

* *The term "owned" means that the company must have either the legal ownership or the beneficial ownership to any know-how, intellectual property or other results generated from the outsourced R&D.*

Beneficial ownership generally means that the company has a right to the economic benefits generated from the use of any know-how, intellectual property or other results generated from the R&D activities.

The term "commercialised" means that any know-how, intellectual property or other results derived from the outsourced R&D have been used to generate sales which include the production of goods or services.
- 2C. Please read the e-Tax Guide on "Research and Development Tax Measures", which is available on the IRAS website, to determine if your company's R&D activities are qualifying R&D activities under Section 2 of the Income Tax Act 1947.

¹ S14C: previously numbered as S14D, S14D : previously numbered as S14DA

Part 5 - R&D Project Details

Complete a separate Part 5 for each project

(Mark "v" where applicable)

5A. Project name

5B. Start date

5C. Completion or expected completion date

5D. Any prior R&D claim for project

First claim for the project

Continuation of a previously claimed project

5E. How the company conducted the R&D activities

In-house by the company (provide details in **Part 6B**)

Outsourced to a R&D service provider (provide details in **Part 6C**)

Under a Cost Sharing Agreement (CSA) (provide details in **Part 6D**)

5F. Whether project is related to company's trade or business

Yes

No

5G. Place where the company conducted R&D activities

Wholly in Singapore

Wholly outside Singapore (Note)

Partly in Singapore and partly outside Singapore (Note)

Note: Other than a project carried out under a CSA (with effect from YA 2018), if the project is not related to the company's trade or business, it is not eligible for R&D claim. Please do not proceed with the claim in this case.

5H. Any government grant received for project ("R&D grant")* (if applicable)

a. Name of R&D grant

b. Government agency

c. R&D grant awarded

(State amount & currency)

** If the R&D grant is awarded by SPRING Singapore (merged into Enterprise Singapore in April 2018) under the Technology Enterprise Commercialisation Scheme (TECS) (now known as Startup SG Tech) or EDB under the Research Incentive Scheme for Companies (RISC), please provide a copy of the application form and progress reports submitted to the respective agencies, as well as the approval letter, together with this R&D Claim Form.*

Please provide the following information on a separate document, to be submitted together with the R&D claim form

5I. Objective of the project

Describe the intended outcome of the R&D project. Your write-up should cover the following:

- (i) The existing state of knowledge or technology at the start of the R&D project.*
- (ii) The scientific or technological challenges that need to be overcome in order to achieve the intended outcome.*

5J. Technical risks involved in the project

Elaborate on the scientific or technological challenges as stated in Part 5I above and explain why they could not be readily resolved by a competent professional [i.e. a person who has accumulated experience and technical knowledge in the relevant field] at the start of the R&D project.

Examples of technical risk include:

- ✓ Use of new materials or ingredients to improve functionalities of existing products.
- ✓ Use of new materials or ingredients to create new products.
- ✓ Production of smaller or lighter products in the product class while retaining functionalities.
- ✓ Fundamental change of the physical characteristics (beyond changes that are merely cosmetic) of products.
- ✓ Integration of two or more technologies to create new products or processes or improve existing products or processes, where none existed before and there is scientific or technological uncertainty of how to achieve the intended outcome.

Examples where there is no technical risk:

- × Integration of two or more technologies into an established pattern and using known methodologies which involve little or no scientific or technological uncertainty, to create new products or processes or to improve existing products or processes.
- × Fine-tuning or tweaking of existing products using standard methods.
- × Customisation of existing tools or knowledge for a taxpayer's business. There is no technical risk as the tools or knowledge may be adapted by competent professionals with reasonable certainty that the approach will work.

5K. Novelty involved in the project

Explain why the new/improved product, process or knowledge is considered the first of its kind in Singapore.

Examples of novelty include:

- ✓ Creation of a new process to produce a product with similar or improved specifications as existing products.
- ✓ First time use or adaptation in an industry of technology or process that existed in another industry.
- ✓ Use of existing technology (excluding off-the-shelf technologies) to produce new goods or deliver services in new ways.
- ✓ First time use of material already used in other applications to produce an existing product with similar or improved specifications.

5L. Systematic, investigative and experimental ("SIE") study

Describe the activities carried out. Your write-up should cover the following:

- (i) The qualification of the person(s) carrying out the study;*
- (ii) Series of structured steps taken to discover something that is unknown at the start of the project or to overcome scientific or technological challenges;*
- (iii) Collation of data or results (both successful and unsuccessful) from the testing; and*
- (iv) Report of conclusion reached and how it achieves the R&D objective(s) as stated in Part 5I above [in the case of aborted projects, explain why the R&D objective(s) in Part 5I was not met].*

Examples of SIE activities include:

- ✓ Iterative processes where alternative methods are evaluated, tested, modified and tested again repeatedly.
- ✓ Systematic approaches to test the potential solutions. E.g. use of modelling, simulation, systematic trial and error methodology.
- ✓ Evidence of unsuccessful attempts and steps taken to improve the chance of success for subsequent attempts. Such evidence is a persuasive indicator that the outcome is not readily deducible.

Examples where there is no SIE study:

- × Experiments carried out to confirm or demonstrate what is already known.
- × Random trial and error alone with no structured manner of investigation and testing.

5M. If this is a continuation of a previously claimed project, describe the R&D activities undertaken in the basis period for the current YA.

Part 5 - R&D Project Details (Cont'd)

5N. Documents to support the claim (Mark "v" where applicable)

Below are common examples of documents prepared to support R&D claims. You do not need to submit these documents at the point of tax filing. However please retain them and submit them to IRAS when IRAS calls for them.

- | | |
|---|--|
| <input type="checkbox"/> Project plan | <input type="checkbox"/> Design of experiments |
| <input type="checkbox"/> Documents relating to the state of knowledge and technology at the start of project | <input type="checkbox"/> Project records, laboratory notes |
| <input type="checkbox"/> Press release, marketing information or website information stating that the product is new to Singapore | <input type="checkbox"/> Progress reports, minutes of project meetings |
| <input type="checkbox"/> Patent award, literature reviews and feasibility studies to show that product is new to Singapore | <input type="checkbox"/> Trial run records, test results and follow-up actions |
| <input type="checkbox"/> Professional advice on why the R&D issue cannot be readily resolved | <input type="checkbox"/> Prototypes, samples |
| <input type="checkbox"/> Records of challenges faced leading to need for SIE study | <input type="checkbox"/> Outsourced contracts |
| <input type="checkbox"/> Others, please specify: _____ | |
| | _____ |
| | _____ |

5O. Person to contact if clarification on technical information of the project is required

- a. Full name _____
- b. Designation _____
- c. Contact Number _____

Part 6 - R&D Expenditure and Tax Deduction**Complete a separate Part 6 for each project****6A Project name***Indicate functional
currency***6B R&D conducted in-house by the company****a. Staff costs directly incurred for the R&D activities***[i.e. any salary, wages and other employment benefits paid (excluding director's fee)]***b. Consumables used in the R&D activities***[i.e. any material or item consumed or transformed in the R&D activities (excluding expenditure such as utilities, rent and other overheads)]***c. Other costs directly incurred in the R&D activities***[exclude capital expenditure on plant, machinery, land or buildings or acquisition of rights for the purpose of the R&D project; and costs specifically disallowed under Section 15 of the Income Tax Act 1947]***d. Grant / subsidy received in respect of the R&D activities****e. Section 14C claim [(a) + (b) + (c) - (d)]****f. Section 14D claim [(a) + (b) - (d)] x 150%⁽¹⁾⁽²⁾****g. Section 14D claim under Enterprise Innovation Scheme (EIS) [(a) + (b) - (d)] x 150%⁽¹⁾⁽³⁾****6C R&D outsourced to R&D service provider(s)****a. Fee(s) paid****b. Grant / subsidy received in respect of the R&D activities****c. Section 14C claim [(a) - (b)]****Section 14D⁽⁴⁾ claim (available only for projects wholly or partly done in Singapore)****d. i. Fee(s) paid**ii. Deemed as 60% of Fee(s) paid in (i); or

iii. Actual staff costs (excluding directors' fees) and consumables incurred if the amount is more than 60% of fee(s) paid

e. Qualifying expenditure for Section 14D claim {[d(ii) or d(iii)] - (b)}⁽¹⁾**f. Section 14D claim [(e) x 150%⁽²⁾]****g. Section 14D claim under EIS [(e) x 150%⁽³⁾]****6D R&D under a R&D Cost Sharing Agreement (CSA)****a. CSA payment***[i.e. R&D expenditure that is allocated to and borne by the company under the CSA in respect of the project. It excludes any payment for the right to be a party to the CSA (i.e. buy-in payment).]***b. Grant / subsidy received in respect of the R&D activities****c. Section 14C claim [(a) - (b)]****Section 14D⁽⁴⁾ claim (available only for projects wholly or partly done in Singapore)****d. R&D undertaken in-house: Allowable staff costs and consumables****e. R&D outsourced to R&D service provider(s)**

i. Fee(s) paid

ii. Deemed as 60% of Fee(s) paid in (i); or

iii. Actual staff costs (excluding directors' fees) and consumables incurred if the amount is more than 60% of fee(s) paid

f. Qualifying expenditure for Section 14D claim {(d) + [e(ii) or e(iii)] - (b)}⁽¹⁾*[Capped at CSA payment allowed under Section 14C in (c)]***g. Section 14D claim [(f) x 150%⁽²⁾]****h. Section 14D claim under EIS [(f) x 150%⁽³⁾]**

Provide a copy of the CSA (and any subsequent amendments) together with this claim form, if not provided previously.

Part 6 - R&D Expenditure and Tax Deduction

6E R&D Tax Deductions Claimed [ensure amounts tie to Part 3D(b)]

a. Section 14C claim [6B(e) + 6C(c) + 6D(c)]

b. Section 14D claim [6B(f) + 6C(f) + 6D(g)]

c. Section 14D claim under EIS [6B(g) + 6C(g) + 6D(h)]⁽⁵⁾

- (1) Where the government grant is awarded to specifically fund the qualifying R&D expenditure (i.e. staff costs or consumables). If the government grant is awarded to subsidise the fees paid to the R&D organisation in general, please refer to IRAS e-Tax Guide on "Research and Development Tax Measures" Annex D paragraph 2.4 for the computation and provide the correct calculation in the income tax computation accordingly.
 - (2) 150% tax deduction is applicable to qualifying R&D expenditure incurred from YAs 2019 to 2028 on qualifying R&D undertaken in Singapore (2023 Budget Changes).
 - (3) Under the EIS, taxpayers may claim additional 150% tax deduction on the first S\$400,000 of qualifying R&D expenditure incurred from YAs 2024 to 2028 on qualifying R&D undertaken in Singapore. In lieu of tax deductions, eligible businesses may also, subject to conditions, opt to convert up to \$100,000 of the total qualifying expenditure across all the five qualifying activities for each YA into a cash payout at a conversion rate of 20%. Expenditure that has been converted into cash payout will not qualify for tax deduction. For more details, please refer to the e-Tax Guide on "Enterprise Innovation Scheme" (2023 Budget Changes).
 - (4) Where project is done partly in Singapore and partly outside Singapore, cost incurred on work done outside Singapore is to be excluded.
 - (5) Please ensure the total amount of Section 14D claim under EIS for all projects does not exceed S\$600,000 (150% x S\$400,000) or its equivalent in other currencies.
- For more details on qualifying R&D tax deductions, refer to IRAS e-Tax Guide on "Research and Development Tax Measures", which is available on the IRAS website.*