PRODUCTIVITY AND INNOVATION CREDIT (PIC) ENHANCED ALLOWANCES/DEDUCTIONS
DECLARATION FORM FOR SOLE-PROPRIETORS AND PARTNERSHIPS

Essential Information to Note

1. **Enhanced Allowances/Deduction**
   From YA 2011 to YA 2018, all businesses can enjoy allowances/deductions at 400% of their expenditure on each of the six qualifying activities.
   The allowances/deductions are subject to the following expenditure cap:
   - Total expenditure cap for YAs 2011 and 2012: $800,000 for each of the six qualifying activities;
   - Total expenditure cap for YAs 2013 to 2015: $1,200,000 for each of the six qualifying activities and
   - Total expenditure cap for YAs 2016 to 2018: $1,200,000 for each of the six qualifying activities.

2. **PIC Bonus**
2.1 PIC bonus is granted to all sole-proprietorships and partnerships over a 3 year period from YA2013 to YA2015, subject to an overall cap of $15,000 for all 3 YAs combined. This is given on top of the 400% tax allowances/deductions and/or 60% PIC cash payout under the PIC scheme. The bonus will be processed based on the PIC cash payout/enhanced allowances or deductions that are approved/allowed. The PIC bonus is taxable.

2.2 The business eligible for PIC Bonus must have:
   (a) Incurred at least $5,000 in PIC qualifying expenditure (net of Government grants and subsidies) in each of the basis period for YA2013 to YA2015;
   (b) Active business operations in Singapore; and
   (c) At least 3 local employees (Singapore citizens/permanent resident employees with CPF contributions for the last month of the basis period of the relevant YA / quarter or combined quarters) excluding sole-proprietors and partners under contract for service.

2.3 As announced in Budget 2015, the PIC Bonus expires in YA 2015. No PIC Bonus is granted with effect from YA 2016.

3. **PIC+ Scheme**
3.1 From YA 2015 to YA 2018, qualifying SMEs that invest in the six qualifying activities can enjoy 400% tax deductions/allowances on an additional $200,000 in expenditure for each qualifying activity per YA. This brings the expenditure cap for qualifying SMEs from $400,000 to $600,000 per qualifying activity per YA.
   The annual expenditure cap of $600,000 may be combined as follows:
   - Total expenditure cap for YAs 2013 to 2015: $1,400,000* for each of the six qualifying activities and
   - Total expenditure cap for YAs 2016 to 2018: $1,800,000 for each of the six qualifying activities.
   * The combined expenditure cap of $1,400,000 is only applicable for YA 2015 as the additional expenditure of $200,000 is only available from YA 2015 onwards.
3.2 **Qualifying SMEs**
Businesses eligible for the PIC+ Scheme are sole-proprietorships and partnerships carrying on a trade or business and whose
- Revenue is not more than $100 million; or
- Employment size is not more than 200 employees.
This criterion will be applied at the group level if the business is part of a group.

3.3 **Revenue condition**
Revenue refers to income that arises from the ordinary activities of a business. It refers to the business' main source of income, excluding separate source income such as interest.

3.4 **Employment size condition**
An employee is an individual who enters into a contract of service with an employer under which the employer will pay him a wage. An employee includes a director of a company and part-time employee. An individual deployed to work for an entity under a centralised hiring arrangement will be considered as an employee of that entity. For the purpose of PIC+, the employment size is determined as at the last day of the relevant basis period.

3.5 **How to determine eligibility**
Businesses will self-assess their eligibility for the scheme. A business that is claiming PIC+ for YA2015 has to be a qualifying SME in the same period.
For claiming PIC+ from YA 2016 to YA2018, once the business meets the criterion to be a qualifying SME in any of these YAs, it will be able to enjoy the benefits under the PIC+ scheme from that YA onwards. This is so even if it fails to meet this qualifying criterion the subsequent YAs.

**Additional flexibility to determine eligibility**
Businesses are given the flexibility to choose the basis period with which to determine whether they are qualifying SMEs in YA 2015 and YA 2016, as follows:

<table>
<thead>
<tr>
<th>To be a qualifying SME in</th>
<th>Look at the basis period*</th>
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<tbody>
<tr>
<td>YA 2015</td>
<td>Basis period for either YA 2014 or YA 2015</td>
</tr>
<tr>
<td>YA 2016</td>
<td>Basis period for either YA 2015 or YA 2016</td>
</tr>
</tbody>
</table>

* Revenue of the basis period or employment size as at the last day of the basis period for the relevant YA.

Select ‘Yes’ if you are eligible and making a claim.
### Details of Qualifying Cost

<table>
<thead>
<tr>
<th>Category of Claim</th>
<th>Details Required</th>
</tr>
</thead>
</table>
| **PIC Information Technology (IT) and Automation Equipment** | For Cash Purchase of Equipment  
Date of Purchase  
For Hire Purchase (HP) of Equipment  
a) Date of HP Agreement  
b) Duration of HP  
For Lease of Equipment  
Lease Period  
Description of Equipment  
a) name  
b) brand  
c) model number  
d) serial no. (S/N) of the category in the PIC IT and Automation Equipment List under which your equipment falls. For example, if you are claiming PIC Enhanced Allowances/Deduction on the purchase of a CNC welding machine, please indicate that this equipment falls under S/N 7 of the PIC IT and Automation Equipment List.  
e) date on which your equipment was approved by IRAS for PIC benefits on a case-by-case basis i.e. date of approval notice.  
Qualifying Cost  
a) For cash purchase of equipment, amount paid on the purchase of the qualifying equipment.  
b) For hire purchase of equipment, principal amount paid during the accounting period, excluding HP interest.  
c) For lease of equipment, amount of leasing charges paid during the accounting period, including the finance charges for finance lease.  
Exclude:  
a) GST paid if your business is GST registered and  
b) Grant or subsidy received on your acquisition / leasing of qualifying equipment.  
Qualifying Deduction  
Business can deduct 400% of the qualifying expenditure subject to the expenditure cap (Note 1 and 3) and 100% allowance for the balance of the expenditure exceeding the cap.  

**In-House Training NOT Certified by WDA or ITE**  
With effect from YA 2012, in-house training expenditure incurred on non-WDA accredited or non-ITE certified courses will qualify for enhanced deduction, subject to a cap of $10,000 for each Year of Assessment and the overall cap on qualifying training expenditure. Qualifying training expenditure in excess of $10,000 will not enjoy any PIC benefits unless the expenditure was incurred in respect of WDA accredited or ITE approved courses.
<table>
<thead>
<tr>
<th>Description of training</th>
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<tbody>
<tr>
<td>a) name of course</td>
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<tr>
<td>b) names of trainer(s)</td>
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<td>c) start and end date</td>
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<td>of training</td>
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**Qualifying cost**
Qualifying cost for in-house training comprises in-house trainers’ remuneration for delivery of course (excluding director’s fees), rental of premises, food & refreshments provided and training materials.

Exclude:

a) Cost incurred on training attended by sole-proprietor or partner under contract for service (as business owners are not employees)

b) GST paid if your business is GST registered and

c) Grant or subsidy received

<table>
<thead>
<tr>
<th>External and Certified In-House Training</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Expenditure incurred on all external training and the following in-house training of employees will qualify:</td>
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</tr>
<tr>
<td>a) Workforce Skills Qualification (WSQ) training courses accredited by the Singapore Workforce Development Agency (WDA) and conducted by a WSQ in-house training provider;</td>
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</tr>
<tr>
<td>b) Courses approved by the Institute of Technical Education (ITE) under the ITE Approved Training Centre scheme; and</td>
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</tr>
<tr>
<td>c) On-the-job training by an on-the-job training centre certified by ITE.</td>
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</tr>
</tbody>
</table>

**Details of training attended by employees**

a) name of course

b) start and end date of training

**Qualifying cost**

Qualifying costs incurred for the training e.g. course fees paid, rental of training venue.

Exclude:

a) Cost incurred on training attended by sole-proprietor or partner under contract for service (as business owners are not employees)

b) GST paid if your business is GST registered and

c) Grant or subsidy received

<table>
<thead>
<tr>
<th>Acquisition and Licensing of Intellectual Property Rights (IPRs)</th>
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</tr>
</thead>
<tbody>
<tr>
<td>a) The allowance for acquisition of Intellectual Property Rights (IPRs) is applicable only to a partnership where the legal and economic ownership of the IPRs belong to the business entity in Singapore</td>
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</tr>
<tr>
<td>b) With effect from YA 2013, PIC benefits may be claimed on expenditure incurred on the licensing of qualifying IPRs</td>
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</tr>
<tr>
<td>c) Qualifying IPRs refers to patent, copyright, trademark, registered designs, geographical indication, layout design of integrated circuit, trade secret and information that has commercial value and plant variety. For licensing of IPRs, trademark will be excluded.</td>
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</tr>
<tr>
<td>d) Qualifying costs incurred on the acquisition of IPRs or licensing of IPRs, excluding grant or subsidy received and GST paid if your business is GST-registered.</td>
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</tr>
</tbody>
</table>
### Patents, trademarks, designs and plant varieties registration

**a)** Date with respect to the qualifying registration costs:

<table>
<thead>
<tr>
<th>Qualifying Payments</th>
<th>Relevant Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filing of application</td>
<td>Date of application</td>
</tr>
<tr>
<td>Search and examination report</td>
<td>Date of receipt of report</td>
</tr>
<tr>
<td>Grant of patent</td>
<td>Date of grant of patent</td>
</tr>
<tr>
<td>Professional fees</td>
<td>Date the professional services were rendered</td>
</tr>
</tbody>
</table>

**b)** Name of IPR

**c)** Type of IPR registered, i.e. patents, trademarks, designs, or plant varieties

**d)** Breakdown showing how the amount of qualifying cost was derived

**e)** Qualifying costs incurred excluding GST paid (if your business is GST registered) and grant or subsidy received

### Research and Development (R&D) Activities

**Qualifying In-House R&D Cost**

Sum of Qualifying In-House R&D Cost which only includes:
- Costs of staff directly involved in the R&D activity; and
- Consumables used in the R&D activity

Staff costs means any:
- Salary;
- Wages; and
- Other benefits paid or granted in respect of employment (excluding director’s fees), whether in money or otherwise, to any employee for carrying out R&D activities.

Consumables mean any:
- Material or item used in the R&D activity which upon such use, is consumed or transformed in such manner that it is no longer useable in its original form

It does not include items of expenditure such as:
- Utilities;
- Rent; and
- Other overheads which may be incurred directly or indirectly in connection with the R&D activity

**Qualifying Outsourced R&D Cost (in Singapore)**

Enter the qualifying amount paid to any R&D organisations in Singapore

**Qualifying Outsourced R&D Cost (outside Singapore)**

Enter the qualifying amount paid to any R&D organisations outside Singapore

**Qualifying Cost Sharing Arrangement (CSA) Cost (in Singapore)**

Enter the qualifying amount incurred on CSA, excluding payment for
CSA refers to any agreement or arrangement made by two or more persons to share the expenditure of R&D activities to be carried out under the agreement or arrangement.

<table>
<thead>
<tr>
<th>Approved Design Projects</th>
<th>a) Name of your design project</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>b) Start and end date of the project</td>
</tr>
<tr>
<td></td>
<td>c) Breakdown showing how the amount of qualifying cost was derived</td>
</tr>
<tr>
<td></td>
<td>d) Application number assigned by DesignSingapore Council (Dsg) on your project</td>
</tr>
<tr>
<td></td>
<td>e) Qualifying In-House Design Cost i.e. remuneration, excluding directors’ fees, of the qualified design professional(s) engaged to carry out the approved design project.</td>
</tr>
<tr>
<td></td>
<td>A qualified design professional is one who possesses a tertiary academic qualification (at least a diploma) in industrial or product design approved by DesignSingapore Council (Dsg).</td>
</tr>
<tr>
<td></td>
<td>Exclude the grant or subsidy received on your design project and the GST paid on the design project if your business is GST registered.</td>
</tr>
<tr>
<td></td>
<td>f) Qualifying Outsourced Design Cost paid to an approved design service provider, excluding grant or subsidy received on your design project and the GST paid on the design project if your business is GST registered.</td>
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<tr>
<td></td>
<td>Note</td>
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<tr>
<td></td>
<td>You may only make claims on the fees payable to the design service provider for the remuneration of the qualified design professional(s) engaged. 60% of the total fees paid will be deemed to be for the remuneration of the qualified design professionals.</td>
</tr>
<tr>
<td></td>
<td>A qualified design professional is one who possesses a tertiary academic qualification (at least a diploma), in industrial or product design approved by DesignSingapore Council (Dsg).</td>
</tr>
</tbody>
</table>

1. **Our Contact Details**
If you require further clarification, please call our helpline on (65) 63513534 (for sole-proprietorships/ partnerships), or email to se@iras.gov.sg