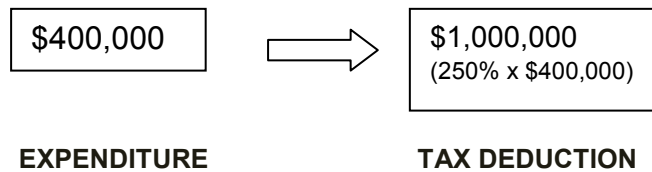


Illustration on computation of tax deduction and conversion of tax deduction into cash

During the year ending 31 December 2010, Company A spends \$400,000 on qualifying training courses for its staff.

Step 1: Compute amount of tax deduction for this activity

For YA2011, Company A can claim enhanced deductions at 250% of the \$400,000 spent as the combined cap for YA2011 and YA2012 is \$600,000.

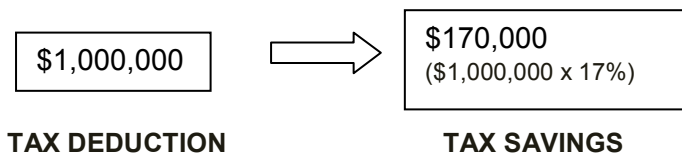


Step 2: Decide whether to claim the tax deduction in full or to convert it to cash

Depending on its tax/ financial position, Company A can then decide whether to offset its tax deduction against its taxable income or choose to convert the deduction into cash.

1) Claim tax deduction in full against its taxable income

If it decides to offset the tax deduction in full against its taxable income in YA2011, it can enjoy:



2) Convert tax deduction into cash payout

Alternatively, Company A can choose to convert the tax deduction partially (e.g. \$400,000) into a cash payout and claim the remaining amount as tax deduction in its Income Tax Return.

