

# Members' Consultation Productivity and Innovation Credit

The Productivity and Innovation Credit (PIC) was introduced in the Singapore Budget 2010 and further enhanced in 2011, to encourage Singapore businesses to find ways to improve productivity and innovation. Businesses can enjoy deductions/allowances at 400% on up to \$400,000 of their expenditure per year, on each of six qualifying activities. They would therefore be able to enjoy a total tax deduction of up to \$3.2 million for Years of Assessment (YAs) 2011 and 2012, and up to \$4.8 million for YAs 2013 to 2015 per qualifying activity.

The six activities along the innovation value chain that will qualify for PIC benefits are:

- Acquisition or leasing of PIC Automation Equipment;
- Training of employees;
- Acquisition of Intellectual Property Rights;
- Registration of patents, trademarks, designs and plant varieties;
- Research and development activities; and
- Investment in approved design projects.

The list of PIC Automation Equipment can be found at the Inland Revenue Authority of Singapore (IRAS) website at <http://iras.gov.sg/irashome/PICredit.aspx>. Businesses that invest in specialised equipment, to automate their processes and enhance productivity, but which are not in the PIC Automation Equipment list, may apply to IRAS to have their equipment approved for PIC on a case-by-case basis.

SMA President Dr Chong Yeh Woei has recently been appointed as a member of the IRAS Taxpayer Feedback Panel (TFP) for a two-year term. The TFP serves as a forum for receiving feedback from the taxpaying community and discussing issues pertaining to tax policy and administration.

Through our representation in the TFP, SMA will be providing the panel with a proposed list of medical industry PIC Automation Equipment, to facilitate our members' claims for PIC benefits.

We seek your suggestions on the type of PIC equipment that you would like included in the PIC Automation Equipment list.

Email your suggestions to [tfp@sma.org.sg](mailto:tfp@sma.org.sg), including the following information:

- Name and type of the equipment; and
- Brief description of the equipment.

# Members' Consultation Budget 2012 Wish List

A sound policy and competitive tax environment will encourage enterprise and support economic growth. Through our representation on the TFP, we will serve as a conduit to facilitate the submission of the Budget 2012 wish list between our members and the Ministry of Finance.

Your suggestions need not be constrained to matters on the current tax environment. Suggestions to current policy or possible new ideas that will help develop Singapore and its people are also welcomed.

Email your suggestions to [tfp@sma.org.sg](mailto:tfp@sma.org.sg), including the following information:

- Tax type for this suggestion (e.g., GST, Individual Income Tax, Corporate Tax, etc);
- Title of your suggestion;
- Current issue(s);
- Your suggestion; and
- Benefits from your suggestion.

**All feedback and suggestions for both the PIC and the Budget 2012 wish list should be sent to SMA by 30 November 2011. SMA**