

Singapore's 60% PIC Cash Payout Scheme Ends on 31 July 2016

July 2016

Changes to the PIC Cash Payout Scheme

As of 1 August 2016,

- Cash payout conversion rate for qualifying expenditure incurred will be reduced from 60% to 40%
- E-filing of Cash Payout applications will be compulsory. Hardcopy applications will no longer be accepted.

PIC Scheme Conditions

- Incur qualifying expenditure on one of the following activities:
 - Acquisition or leasing of PIC IT and automation equipment;
 - Acquisition or licensing of IPRs;
 - Registration of certain IPRs;
 - Research and development (“R&D”);
 - Training; and
 - Design

PIC Cash Payout Qualifying Conditions

- Cash payout qualifying conditions:
 - Must carry on business operations in Singapore
 - Employ at least 3 local employees (Singapore Citizens/Singapore PRs with CPF contributions) in:
 - i. All 3 months of a financial quarter, or
 - ii. Last 3 months of the combined consecutive financial quarters

For more information, please click [here](#).



PIC Scheme Benefits

- Additional 300% tax deduction up to Year of Assessment 2018
- Cash payout option
 - In lieu of deduction, a business can opt to convert the qualifying expenditure of up to S\$100,000 at the rate of 60%
 - Generally beneficial if a Company is loss making or has less than a 15% effective tax rate



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