

# Bird & Bird ATMD & Beyond the PIC Scheme

*Funding for Start-ups in Singapore*

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# Introduction

## *The conclusion of the Singapore Government's Productivity and Innovation Credit scheme*

YA2018 marked the conclusion of the Singapore Government's Productivity and Innovation Credit ("PIC") scheme ("Scheme"), which encouraged companies to boost productivity by providing considerable tax incentives. The end of the well-utilised Scheme (used by 85.4% of businesses in 2017) may cause concern to the start-ups and small and medium enterprises ("SMEs") which relied on it to support research and development initiatives.

Between YA2011 to YA2018, the Scheme allowed businesses to enjoy 400% tax deductions/allowances for qualifying expenditure incurred in the acquisition and leasing of PIC information technology and automation equipment, training of employees, acquisition and licensing of intellectual property rights, registration of patents, trademarks, designs and plant varieties, research and development activities, and design projects approved by the Design Singapore council. Eligible businesses had the additional option of converting up to S\$100,000 of their total qualifying expenditure for each year of assessment into a non-taxable cash pay-out, in lieu of the tax deduction.

While the PIC had run its course, there remains a plethora of schemes supported by the Singapore Government which provide funding, tax and other assistance to start-ups and SMEs. Last month, the Singapore Government announced Budget 2018 which introduced a raft of new measures to support start-ups and SMEs, as well as a streamlining of existing measures to make access to such assistance more user-friendly. The tables below provide a summary of business incubation, cash grant, equity-based co-financing, loan financing and tax schemes available to start-ups in Singapore.

*Special thanks to trainee solicitor Xing Yi Tan for her assistance in the collation of information. The information provided below is extracted from publicly available sources and does not constitute the provision of any legal advice. It is intended to provide general information only. Please contact our Singapore based partner, Marcus Chow if you have any specific queries.*

# Business Incubation

## Name of Scheme

**Startup SG Accelerator**

## Administered by

Startup SG Accelerator was administered by SPRING Singapore & Participating accelerator partners: AIT Ventures Pte Ltd, DeClout Investments Pte Ltd, EnchantVC, Jungle Ventures, Mediapreneur, SEAMO Ventures, ST Electronics (Training & Simulation Systems), Supply Chain & Logistics Innovation Playground (SCLIP), TNB Accelerator, Trendlines Medical Singapore, Velocity Accelerator Pte Ltd and Venturecraft.

## Eligibility of Entity

Entrepreneur(s) must: Be a Singapore Citizen(s) / Permanent Resident(s) who is a first-time entrepreneur holding or proposing to hold a minimum of 30% equity in the applicant company

Dedicate a reasonable amount of their time on the business, not be employed full time by another employer and must be a key decision maker in the company

Not have registered any business entity previously and not have received any funding for the proposed business idea from another government organisation

Register / have registered a private limited company in Singapore upon approval

## Qualifying criteria for ideas/concepts/projects

Evaluation criteria of the business proposal include:

**Differentiated Business:** Show how the company differentiates itself from competition; and how the idea/product is different or novel compared to what is available in the market.

**Feasibility of Business Model:** Show how the revenue model is sustainable; how the company manages its cashflow and whether the company has potential to be scalable.

**Potential Market Value:** Show the target market and its size; and how the company reaches out to its targeted market.

## Conditions

The grant will be paid in two tranches upon achieving predetermined milestones over a period of 12 months.

Proposed business idea must not be in the following list: cafes, restaurants, night clubs, lounges, bars, foot reflexology, massage parlours, gambling, prostitution, social escort services, employment agencies (including recruiting foreign work permit holders and workers/ support staff, relocation services, and manpower services), and geomancy.

## Quantum

Startup SG Founder will match S\$3 to every S\$1 raised by the entrepreneur for up to S\$30,000.

Additional assistance from the AMPs may include: providing business mentors and incubation space. Qualifying criteria are decided by the AMPs. Interested applicants should approach each AMP directly.

# Cash Grants

## Name of Scheme

**Startup SG Founder**

## Administered by

SPRING Singapore & Accredited Mentor Partners (AMP) such as:  
Action Community For Entrepreneurship (ACE) Ltd, ANTI Pte. Ltd, Focustech Ventures Pte Ltd, JCS Venture Lab Pte. Ltd, Nanyang Technological University – Ntuitive Pte.Ltd. NUS Ventures Pte. Ltd.Singapore Management UniversityQuestVC Pte. Ltd, RIA Venture Capital Pte. Ltd, Spaze Ventures Pte. Ltd. The Finlab Pte. Ltd.TNB Ventures Pte. Ltd.Trendlines Medical Singapore Pte. Ltd.Tri5 Accelerator Pte. Ltd. • Company: August Global Asset Management Pte. Ltd. (f.k.a. Velocity Accelerator Pte. Ltd.) Consortium appointment led by Ngee Ann Polytechnic

## Eligibility of Entity

### Entrepreneur(s) must:

Be a Singapore Citizen(s) / Permanent Resident(s) who is a first-time entrepreneur holding or proposing to hold a minimum of 30% equity in the applicant company

Dedicate a reasonable amount of their time on the business, not be employed full time by another employer and must be a key decision maker in the company

Not have registered any business entity previously and not have received any funding for the proposed business idea from another government organisation

Register / have registered a private limited company in Singapore upon approval.

Business Entity must not be incorporated for more than six months at the point of application/have a minimum Singapore Citizen / Permanent Resident shareholding of 51%/Have business activities that are conducted predominantly in Singapore

## Qualifying criteria for ideas/concepts/projects

Evaluation criteria of the business proposal include:

**Differentiated Business:** Show how the company differentiates itself from competition; and how the idea/product is different or novel compared to what is available in the market.

**Feasibility of Business Model:** Show how the revenue model is sustainable; how the company manages its cashflow and whether the company has potential to be scalable.

**Potential Market Value:** Show the target market and its size; and how the company reaches out to its targeted market.

### Strength of Management Team:

Show passion and commitment of the team to the company; the team's relevant skill sets in executing the business idea; and how the applicant(s) are contributing to the company's development.

## Conditions

The grant will be paid in two tranches upon achieving predetermined milestones over a period of 12 months.

Proposed business idea must not be in the following list: cafes, restaurants, night clubs, lounges, bars, foot reflexology, massage parlours, gambling, prostitution, social escort services, employment agencies (including recruiting foreign work permit holders and workers/ support staff, relocation services, and manpower services), and geomancy.

## Quantum

Startup SG Founder will match S\$3 to every S\$1 raised by the entrepreneur for up to S\$30,000.

Additional assistance from the AMPs may include: providing business mentors and incubation space.

Qualifying criteria are decided by the AMPs. Interested applicants should approach each AMP directly.

## Name of Scheme

### Startup SG Tech\*

\*Companies can choose to apply for both Startup SG Tech and the Capability Development Grant at the same time, but the same project scope can only be supported by one programme.

## Administered by

SPRING Singapore

## Eligibility of Entity

Requirements for start-up companies:

- 1) Registered for less than 5 years at time of grant application;
- 2) At least 30% local shareholdings;
- 3) Company's group annual sales turnover is not more than \$100 million or group employment size is not more than 200 workers; and
- 4) Core activities to be carried out in Singapore

## Qualifying criteria for ideas/concepts/projects

The solution must:

- 1) Clearly demonstrate how science/technology is applied
- 2) Be of a breakthrough level of innovation (i.e. distinctly different or new technology which either **(i)** has the potential to disrupt an existing market; or **(ii)** to replace, or create, a new market/purpose/niche.)
- 3) Lead to or build on proprietary know-how/IP
- 4) Be commercially viable

The project must be a:

### Proof-Of-Concept (POC) Project

At the conceptualisation stage, where the technical/scientific viability still needs to be prove OR

### Proof-Of-Value (POV) Project

A technically/scientifically viable concept (POC available), where the start-up wishes to carry out further development of a working prototype, to validate the commercial merit of the established concept.

The project should fall under one of the following focus areas:

- 1) Advanced manufacturing/robotics
- 2) Biomedical sciences and healthcare
- 3) Clean technology
- 4) information and communications technologies
- 5) Precision engineering
- 6) Transport engineering/engineering services
- 7) Food science and technology

## Conditions

Start-ups would be required to inject an increase in paid-up capital of 10% and 20% of the grant for POC and POV respectively.

Project must not have commenced at the time of application.

Work should be done by the applicant (company), in Singapore, unless otherwise justified.

## Quantum

A grant cap of S\$250,000 for POC projects and S\$500,000 for POV projects. Disbursements will be made in tranches according to pre-agreed milestone. To verify the completion of milestones, site visits and progress reports may be conducted or required.

The Startup SG Tech will include share subscription rights of 50% of the awarded grant to SPRING or its appointed nominee, up to 49% of the total shareholding of the company

The share subscription rights will be exercised when a qualifying equity financing round occurs. SPRING or its appointed nominee will seek to divest at the subsequent equity financing round

## Name of Scheme

VentureForGood (VFG)

## Administered by

Singapore Centre for Social Enterprise (raiSE)

## Eligibility of Entity

The entity must be a social enterprise, must be a member of raiSE and should be incorporated at the point of signing the funding agreement.

The scheme is open to all new and existing locally based social enterprises that are registered / intend to register under the Companies Act or Co-operative Societies Act. For applicants who have not incorporated their business at point of application and are in the process of prototyping, a partnership with a relevant Voluntary Welfare Organisation (VWO) and/or validations with intended beneficiary groups should be illustrated. However, the business must be incorporated prior to the first tranche of disbursement.

## Qualifying criteria for ideas/concepts/projects

The enterprise must address one of the following outcome areas:

1. Employment opportunities
2. Education and skill development
3. Basic human needs (e.g. housing, transport, food)
4. Economic tools and services (e.g. financial access, crowdfunding, ecommerce)
5. Health care/social care products and services (incl. disease/illness prevention and mitigation)
6. Products and services to improve mental health & well-being (eg address social exclusion)
7. Capacity building for organisations in the social sector

## Applications must show that the start-up social enterprise has:

1) A Compelling Social Objective: with clear engagement model to sustain social objectives that addresses a gap/need in Singapore; have prior engagements with validation from VWOs, sector experts and intended beneficiary groups; for seed and growth grants, proposed interventions or social objectives should preferably be validated with a pilot/proof of concept.

2) A Viable Business Proposition: which evidences a strong business model and feasible operations plan. Proposal should include information such as potential size, market survey, product differentiation, product pricing, potential competitors and strategies to sustain business as well as reasonable organisational capabilities and capacity to carry out plans to achieve sustainability and growth.

**A Committed Team** where the management and implementation team should **(i)** demonstrate commitment and ability to execute proposal; **(ii)** possess relevant experience and expertise in the social enterprise's market/industry; and **(iii)** possess a mind-set geared towards results, accountability, sound business principles and a clear understanding of the social need.

## Conditions

The social enterprises must:

- 1) Submit half-yearly Progress report and annual audited financial report
- 2) Not withdraw profits: all profits should be re-channelled into business to sustain operations or for business expansion.

## Quantum

Up to S\$300,000 for seed grants, decided based on the proposal and funding needs of the business. Funds are typically disbursed across three tranches, and upon meeting the Key Performance Indicators (KPIs) agreed between raiSE and applicant. Funds can be used to fund 80% of total project cost (capital expenditure and up to first two years' operating costs) which excludes any past expenditure

Contractual period can range from 1 to 3 years depending on funding quantum.

## Name of Scheme

### Capability Development Grant (CDG)\*

\* Companies can choose to apply for both Startup SG Tech and the Capability Development Grant at the same time, but the same project scope can only be supported by one programme.

## Administered by

Spring Singapore

## Eligibility of Entity

Entities which meet the following conditions:

- 1) Company registered and operating in Singapore
- 2) At least 30% local shareholding
- 3) Annual sales not exceeding S\$1m, or less than 10 employees
- 4) Group annual sales not exceeding S\$100m, or group employment not exceeding 200

## Qualifying criteria for ideas/concepts/projects

SMEs must undertake a project to build business capabilities in one of the following development areas:

- 1) **Branding Marketing & Franchising:** raising company's profile, emphasising value proposition, taking brand global
- 2) **Business Excellence:** improving management systems for better organisational performance
- 3) **Business Model Transformation:** embarking on a structured process to transform your business model to gain a competitive advantage
- 4) **Standards Adoption:** adopting standards to improve processes, raise competitiveness, enhance business credibility and enter new markets
- 5) **Financial Management:** improving financial management capabilities and better managing financial resources

6) **Human Capital Development:** investing in human capital and putting in place strategies to attract, develop and retain talent

7) **Intellectual Property:** protecting IP to safeguard business and gain competitive advantage

8) **Enhancing Business Processes for Productivity:** improving workflow processes and optimising resource allocation to maximise productivity

9) **Service Excellence:** enhancing service delivery and adopting service innovation to delight customers

**Product Development:** leveraging technology to develop innovative products and services to differentiate business offerings

## Conditions

Not applicable

## Quantum

70% of qualifying project costs which include:

- 1) Consultancy costs
- 2) Training costs
- 3) Certification costs
- 4) Equipment costs



## Name of Scheme

### **Research Incentive Scheme for Companies (RISC)**

## Administered by

Economic Development Board (EDB)

## Eligibility of Entity

The enterprise must be incorporated in Singapore and prepared to make significant investments in R&D activities in science and technology.

## Qualifying criteria for ideas/concepts/projects

Companies applying for the grant will be assessed on the quantitative and qualitative merits of the proposed project, including:

- 1) Employment of research scientists and engineers
- 2) Total business expenditure in R&D which generates spin-off to the economy
- 3) Investments in fixed assets
- 4) The company's commitment to growing R&D capabilities in Singapore.

## Conditions

The project must not have commenced at the time of application and must also not be supported under any other grants awarded by the Singapore government.

Annual progress reports must be submitted and the disbursement of grants will be made on a reimbursement basis, subject to satisfactory project implementation.

All claims must be audited by a Public Accountant or audit firm registered with the Accounting and Corporate Regulatory Authority.

## Quantum

Co-funding support of up to 30% of qualifying R&D project costs such as manpower, training, consultancy, equipment, software, intellectual property and materials costs. Local manpower may be accorded support of up to 50%.

The incentive period is up to three years for an approved R&D project

## Name of Scheme

**Market Readiness Assistance (MRA) Grant**

## Administered by

International Enterprise (IE) Singapore

## Eligibility of Entity

Entities which meet the following conditions:

- 1) Company registered and operating in Singapore
- 2) At least 30% local shareholding and
- 3) Annual sales not exceeding S\$1m, or less than 10 employees Group annual sales not exceeding S\$100m, or group employment not exceeding 200

## Qualifying criteria for ideas/concepts/projects

Activities relating to:

- 1) Overseas market set-up and market entry
- 2) Overseas business partners and business matching
- 3) Overseas market promotion including overseas marketing and PR activities and participation in overseas trade fairs not supported under International Marketing Activities Programme (iMAP)

## Conditions

NA

## Quantum

NA

# Equity-Based Co-Financing

## Name of Scheme

**Early Stage Venture Fund (ESVF) (ESVF III)**

## Administered by

NRF & Large Local Enterprises (LLEs) such as:

- 1) CapitaLand Limited
- 2) DeClout Limited
- 3) Wilmar International Limited
- 4) YCH Group Pte Ltd

## Eligibility of Entity

Early-stage Singapore-based technology start-ups

## Qualifying criteria for ideas/concepts/projects

The focus of each LLE's corporate venture capital funds are as follows:

- 1) CapitaLand Limited: Innovations in design and construction, operations and maintenance, sales and leasing, customer engagement, workplace productivity and smart living solutions
- 2) DeClout Limited: Disruptive start-ups in digital economy, big data analytics, smart logistics, cyber security and financial technology (fintech)
- 3) Wilmar International Limited: Technologies that have the potential to cause a wide disruptive impact on agriculture, food, human and animal health, and industrial biotechnology

YCH Group Pte Ltd: "Uberisation" of logistics that maximise utilisation of capital and assets, 3D printing for on demand production, robotics, Big Data analytics, and deployment of fintech for the supply chain industry.

## Conditions

Corporate venture capital funds have the option to buy out NRF's share of the fund within 5 years by returning NRF's capital with interest

## Quantum

NRF will match investments by LLEs in technology start-ups, dollar-to-dollar up to S\$10 million.

(With the exception of CapitaLand Limited: CapitaLand will put S\$15 million into the fund to match S\$10 million from NRF.)

## Name of Scheme

### Startup SG Equity

### Administered by

SPRING Singapore / SGInnovate & Independent, qualified third party investors

Appointed co-investment partners:

- 1) August Capital Partners
  - 2) Jungle Ventures
  - 3) Majuven
  - 4) Green Meadows Accelerator
  - 5) TRIREC
  - 6) TNB Ventures
  - 7) Wavemaker
  - 8) Clearbridge BSA
  - 9) Zicom MedTacc
  - 10) Venturecraft Group
- Med-Tech Alliance

## Eligibility of Entity

Eligibility for start-ups:

- 1) Be a Singapore-based company with core activities carried out in Singapore.
- 2) Be incorporated as a Private Limited company for less than five years.
- 3) Have paid-up capital of at least \$50,000.
- 4) Be able to prove substantial innovative and intellectual content for its products and/or services and applications.
- 5) Have high-growth potential with clear scalability for the international market.
- 6) Have identified a ready, independent third-party investor(s).
- 7) Business must not be involved in the following business activities: gambling, tobacco-related products, or any other activities which are in violation of law, or against public interest
- 8) Company cannot be a subsidiary or joint-venture.
- 9) Eligibility for third-party investors:
- 10) Be able to contribute to the start-up's growth.
- 11) Possess management experience, relevant business contacts and/or necessary technical expertise to value-add to the start-up.
- 12) The investor(s) must be prepared to invest at least \$50,000 each into each start-up.

## Qualifying criteria for ideas/concepts/projects

Investments will predominantly be in the following focus sectors:

- 1) Health and Biomedical Sciences
- 2) Urban Solutions and Sustainability
- 3) Advanced Manufacturing and Engineering
- 4) Firms with the following business activities will not be considered for investment:
  - 5) Real estate development
  - 6) Gambling
  - 7) Tobacco-related products
  - 8) Finance companies specialising in the provision of loans and leases
  - 9) Consultancy
  - 10) HR recruitment and
  - 11) Other activities which are in violation of law or against public interest

## Conditions

NA

## Quantum

For general technology start-ups:

- 1) Investment cap of S\$2,000,000
- 2) Co-investment ratio of 7:3 up to S\$250,000 and 1:1 thereafter up to \$2,000,000

For deep technology start-ups:

- 1) Investment cap of S\$4,000,000
- 2) Co-investment ratio of 7:3 up to S\$500,000 and 1:1 thereafter up to S\$4,000,000

# Loan Financing

## Name of Scheme

### Intellectual Property Financing Scheme (IPFS)

\* IPFS is available until 31 March 2018

## Administered by

Intellectual Property Office of Singapore (IPOS)

## Eligibility of Entity

Entities that are:

- 1) Singapore-incorporated companies or
- 2) Singapore-registered partnerships/sole proprietorships
- 3) Patent<sup>1</sup>, trademark<sup>1</sup> and/or copyright<sup>2</sup> related rights must form part of the loan collateral.

<sup>[1]</sup> Patent and trademark must be of a granted/registered status.

<sup>[2]</sup> Copyright related right must be capable of being commercially exploited on its own.

## Qualifying criteria for ideas/concepts/projects

NA

## Conditions

Mechanics and conditions of loan determined by participating financial institutions (PFIs). PFIs are:

- 1) Crest Capital Asia Fund Mgmt Pte. Ltd.
- 2) DBS Bank Ltd
- 3) Evia Capital Partners Pte Ltd
- 4) Oversea-Chinese Banking Corporation (OCBC) Ltd
- 5) Resona Merchant Bank Asia Limited
- 6) United Overseas Bank (UOB) Ltd

Portfolio valuation must be obtained from a company among the panel:

1. Baker & McKenzie.Wong & Leow
2. Brand Finance Consultancy (Sinagpore) Pte Ltd
3. CONSOR Intellectual Asset Management
4. Deloitte & Touche Financial Advisory Services Pte Ltd
5. Duff & Phelps Singapore Pte Ltd
6. Ernst & Young Solutions LLP
7. EverEdge Global (NZ) Ltd
8. KPMG Services Pte Ltd
9. PricewaterhouseCoopers Advisory Services Pte Ltd
10. Valuation Consulting LLP

Successful applicants must draw down the fund within 6 months from date of letter of offer.

## Quantum

PFIs able to issue IP loans of up to S\$100m under this scheme, with the Singapore government sharing the risk of the loan.

In addition to the loan quantum (determined by the PFIs), IPOS will provide a valuation subsidy to successful applicants who have drawn down the approved loan. The subsidy will be capped at:

- 1) 50% of the IP valuation cost;
- 2) 2% of the value of IP; or
- 3) S\$25,000, whichever is lower

## Name of Scheme

### **SME Micro Loan**

## Administered by

Spring Singapore

## Eligibility of Entity

Entities which meet the following conditions:

- 1) Company registered and operating in Singapore
- 2) At least 30% local shareholding
- 3) Annual sales not exceeding S\$1m, or less than 10 employees
- 4) Group annual sales not exceeding S\$100m, or group employment not exceeding 200

## Qualifying criteria for ideas/concepts/projects

NA

## Conditions

Repayment period of up to 4 years.

Interest rate subject to Participating Financial Institutions' (PFIs) assessment of risk involved. Interested companies should approach any of the following PFIs:

1. DBS Bank Ltd
2. Ethoz Capital Ltd
3. Hong Leong Finance Ltd
4. IFS Capital Ltd
5. Malayan Banking Berhad
6. ORIX Leasing Singapore Ltd
7. Oversea-Chinese Banking Corporation Ltd
8. RHB Bank Berhad
9. United Overseas Bank Ltd

Loan grant subject to banks' credit approval.

## Quantum

Loan quantum of up to S\$100,000 covering:

- 1) Daily operations
- 2) Automating and upgrading factory and equipment

SPRING shares risk of loan defaults in event of company insolvency. To improve loan accessibility for young companies, SPRING has increased the risk-share for SME Micro Loan to companies that are less than 3 years old.

## Name of Scheme

### SME Working Capital Loan

## Administered by

Spring Singapore

## Eligibility of Entity

Entities which meet the following conditions:

- 1) Company registered and operating in Singapore
- 2) At least 30% local shareholding
- 3) Group annual sales not exceeding S\$100m, or group employment not exceeding 200

## Qualifying criteria for ideas/concepts/projects

NA

## Conditions

Repayment period of up to 5 years.

Interest rate subject to Participating Financial Institutions' (PFIs) assessment of risk involved. Interested companies should approach any of the following PFIs:

1. DBS Bank Ltd
2. Ethoz Capital Ltd
3. Hong Leong Finance Ltd
4. IFS Capital Ltd
5. Malayan Banking Berhad
6. ORIX Leasing Singapore Ltd
7. Oversea-Chinese Banking Corporation Ltd
8. RHB Bank Berhad

9. Standard Chartered Bank

10. The Bank of East Asia Ltd

11. The Hongkong and Shanghai Banking Corporation Ltd

12. United Overseas Bank Ltd

Loan grant subject to banks' credit approval.

## Quantum

Loan quantum of up to S\$300,000 covering working capital.

SPRING shares risk of loan defaults in event of company insolvency.



## Name of Scheme

### **SME Venture Loan**

## Administered by

Spring Singapore

## Eligibility of Entity

Entities which meet the following conditions:

- 1) Company registered and operating in Singapore
- 2) At least 30% local shareholding
- 3) Group annual sales not exceeding S\$100m, or group employment not exceeding 200

## Qualifying criteria for ideas/concepts/projects

NA

## Conditions

Warrants will be required.

Interest rate subject to Participating Financial Institutions' (PFIs) assessment of risk involved. Interested companies should approach any of the following PFIs:

1. DBS Bank Ltd
2. Oversea-Chinese Banking Corporation Ltd
3. United Overseas Bank Ltd
4. Innoven Capital

Loan grant subject to banks' credit approval

## Quantum

Loan quantum of up to S\$5,000,000 covering:

- 1) Working capital
- 2) Asset financing
- 3) Project financing
- 4) Mergers and acquisitions

SPRING shares risk of loan defaults in event of company insolvency.

## Name of Scheme

### SME Equipment Factory Loan

## Administered by

Spring Singapore

## Eligibility of Entity

Entities which meet the following conditions:

- 1) Company registered and operating in Singapore
- 2) At least 30% local shareholding
- 3) Group annual sales not exceeding S\$100m, or group employment not exceeding 200

## Qualifying criteria for ideas/concepts/projects

NA

## Conditions

Repayment period of up to 8 years for Equipment Loans and up to 10 years for Factory Loans.

Interest rate subject to Participating Financial Institutions' (PFIs) assessment of risk involved. Interested companies should approach any of the following PFIs:

1. DBS Bank Ltd
2. Ethoz Capital Ltd
3. Hong Leong Finance Ltd
4. IFS Capital Ltd
5. Malayan Banking Berhad

6. ORIX Leasing Singapore Ltd
7. Oversea-Chinese Banking Corporation Ltd
8. RHB Bank Berhad
9. Sing Investments & Finance Ltd
10. Singapura Finance Ltd
11. United Overseas Bank Ltd

Loan grant subject to banks' credit approval.

## Quantum

Loan quantum of up to S\$15,000,000 covering:

- 1) Automating and upgrading factory and equipment
- 2) Purchasing JTC Corporation or Housing & Development Board factory and business premises
- 3) SPRING shares risk of loan defaults in event of company insolvency.

# Other Means of Funding

## Name of Scheme

**SMEs Go Digital**

## Administered by

Infocomm Media Development Authority (IMDA) &

Infocomm Media (ICM) Vendors &

Industry Partners: DBS Bank

1. Hong Leong Finance
2. Oversea-Chinese Banking Corporation Ltd
3. United Overseas Bank
4. M1 Limited
5. Singtel
6. Starhub
7. Agency for Science, Technology and Research
8. Institute of Technical Education
9. Nanyang Polytechnic
10. National University of Singapore
11. Ngee Ann Polytechnic
12. Republic Polytechnic
13. Singapore Institute of Technology
14. Singapore Management University
15. Singapore Polytechnic
16. Singapore University of Social Science
17. Singapore University of Technology and Design
18. Temasek Polytechnic

## Eligibility of Entity

Entities which meet the following conditions:

Company registered and operating in Singapore

At least 30% local shareholding

Group annual sales not exceeding S\$100m, or group employment not exceeding 200

## Qualifying criteria for ideas/concepts/projects

Six focus sectors in which industry digital plans for SMEs will be developed:

Food Services

Logistics

Retain

Wholesale Trade

Environmental Services

Security

## Conditions

NA

## Quantum

Funding of up to 70% of qualifying costs, capped at \$20,000 for pre-approved digital solutions.

SMEs can reach out to the SME Centres for advice on the pre-approved solutions that meet their business needs.

SMEs with more advanced digital needs such as data analytics and cyber security, will be referred by the SME Centres to the SME Digital Tech Hub

## Name of Scheme

**T-UP**

## Administered by

SPRING Singapore through Startup SG Talent

## Eligibility of Entity

Entities which meet the following conditions:

Company registered and operating in Singapore

At least 30% local shareholding

Group annual sales not exceeding S\$100m, or  
group employment not exceeding 200

## Qualifying criteria for ideas/concepts/projects

### **Project areas include:**

Data storage, High performance computing, Info communications, Materials research & engineering, Microelectronics, Manufacturing automation & technology, Chemical and engineering sciences, Bioimaging, Bioprocessing, Genomics & Proteomics, Molecular & Cell Biology, Drugs/Biologics Discovery and Development, Bioengineering & Nanotechnology, Computational Biology, Immunology and Medical Technology

## Conditions

NA

## Quantum

Funding of up to 70% of the secondment costs for a period of up to 2 years for a research scientist or engineer from an A\*STAR's Research Institute to be attached to the SME during the project.

## Name of Scheme

**SME Talent Programme (STP)**

## Administered by

SPRING Singapore through Startup SG Talent

## Eligibility of Entity

Entities which meet the following conditions:

- 1) Company registered and operating in Singapore
- 2) At least 30% local shareholding
- 3) Group annual sales not exceeding S\$100m, or group employment not exceeding 200
- 4) Less than 5 years from date of incorporation at time of application
- 5) Have less than 50% ordinary shares owned by other corporate entity
- 6) Able to pay interns the minimum monthly stipend\* of \$800 to ITE and Polytechnic students, and \$1000 to University students
- 7) Possess good HR practices and able to provide good career opportunities
- 8) Committed to providing a quality internship experience for the student and display commitment towards talent development
- 9) Committed to continuous improvement in business processes, HR practices and learning and development

\* With funding of up to 70%, start-ups under the STP will eventually pay a monthly stipend of \$240 to ITE and Polytechnic students, and \$300 to University students

## Qualifying criteria for ideas/concepts/projects

NA

## Conditions

NA

## Quantum

Funding of up to 70% of stipends paid to interns:

For ITE students: Eligible Grant Support of S\$560 for a fixed monthly allowance of S\$800

For Polytechnic students: Eligible Grant Support of S\$560 for a fixed monthly allowance of S\$800

For University students: Eligible Grant Support of S\$700 for a fixed monthly allowance of S\$1000

# Tax Schemes

## Name of Scheme

**Tax Exemption Scheme for New Start-Up Companies**

## Administered by

Inland Revenue Authority of Singapore (IRAS)

## Eligibility of Entity

The company must be incorporated in Singapore and a tax resident in Singapore for that Year of Assessment (YA); The company must not have more than 20 shareholders throughout the basis period for that YA where:

All of the shareholders are individuals "beneficially and directly" holding the shares in their own names; or

At least one shareholder is an individual "beneficially and directly" holding at least 10% of the issued ordinary shares of the company

Open to all new companies except: 1. Companies whose principal activity is that of investment holding; and 2. Companies whose principal activity is that of developing properties for sale, investment, or both

## Qualifying criteria for ideas/concepts/projects

NA

## Conditions

NA

## Quantum

Full exemption on the first S\$100,000 normal chargeable income<sup>1</sup> and a further 50% exemption on the next S\$200,000 of normal chargeable income<sup>1</sup>.

The maximum exemption is S\$200,000.

[1] For the first three consecutive YAs

## Name of Scheme

### **Pioneer Incentive Scheme**

## Administered by

Economic Development Board (EDB)

## Eligibility of Entity

Company must be:

Approved as a pioneer enterprise / industry / product / service company.

Registered in Singapore

Tax resident in Singapore

## Qualifying criteria for ideas/concepts/projects

### **Manufacturing sector**

An industry may be declared as a pioneer industry or a product declared as a pioneer product if:

- 1) It is in the public interest
- 2) The current industry is not of sufficient scale
- 3) There are favourable prospects for the development of the industry

### **Services sector**

A company may be approved as a 'pioneer service company' if it intends to engage in any of the following qualifying activities:

Engineering or technical services, including laboratory, consultancy and research and development activities.

Computer- based information and other computer-related services.

Development or production of any industrial design.

Other prescribed services or activities

## Conditions

The pioneer enterprise or pioneer service company is not allowed to carry on a separate trade or business during the relief period unless special permission is granted by the Minister. Where special permission has been granted, the following rules would have to be observed:

Separate accounts must be maintained in respect of the separate trade. Where a loss is incurred in respect of the separate trade, the loss is to be set-off against the pioneer profits unless the comptroller is satisfied that the loss was not incurred to obtain a tax advantage. Where the profits from the separate trade are less than 5% of the gross sales of the separate trade, the statutory income of that source shall be deemed to be 5% and the pioneer profits will be abated accordingly. A lower rate may be specified by the Minister.

Where the separate trade is incidental to the pioneer trade, the income or loss will be deemed as part of the pioneer trade

## Quantum

For both pioneer industries and pioneer service companies, income derived from the pioneer trade will be wholly exempt from tax during the tax relief period.

The duration of the tax relief period will depend on the nature and extent of the investments involved and will be granted for a period of 5 to 15 years from the production day (in the case of a pioneer product) or the commencement day (in the case of a pioneer service).

## Name of Scheme

**Development and Expansion Initiative (DEI)**

## Administered by

Economic Development Board (EDB)

## Eligibility of Entity

Company must be:

Incorporated in Singapore.

Tax-resident in Singapore

## Qualifying criteria for ideas/concepts/projects

Company must be engaged in the manufacturing or increased manufacturing of any industry that would be of economic benefit to Singapore or the same qualifying activities as pioneer service companies, ie:

Engineering or technical services, including laboratory, consultancy and research and development activities

Computer-based information and other computer-related services

Development or production of any industrial design

Other prescribed services or activities.

## Conditions

NA

## Quantum

Taxation at reduced rate of 5% of 'expansion income'<sup>1</sup> during the tax relief period.<sup>2</sup>

<sup>[1]</sup> Expansion income is defined as income from qualifying activities that exceeds its base profit determined by the average annual income for the three years immediately preceding the tax relief period. In the computation of the expansion income, capital allowance shall be taken into account, notwithstanding that no claim was made.

<sup>[2]</sup> The initial tax relief period may be granted for a period not exceeding 10 years, and this may be extended for up to five years at a time, subject to a maximum total period of 20 years.



# Get In Touch

Please get in touch for more information or if you require any assistance.

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