

Enhancement of the Double Tax Deduction for Internationalisation Scheme (with effect from Year of Assessment 2019)

1. Background

Currently, businesses may claim 200% tax deduction on qualifying expenditure incurred on a range of qualifying market expansion and investment development activities¹ under the Double Tax Deduction for Internationalisation (“DTDi”) scheme. The **claims are granted on an approval basis** by Enterprise Singapore (“ESG”) or Singapore Tourism Board (“STB”).

To reduce administrative burden on businesses, tax deduction of 200% is allowed on qualifying expenditure, up to **\$100,000** per Year of Assessment (“YA”), incurred on the following **four activities** under the current scheme, **without the need for approval** from ESG or STB:

- i) Participation in overseas business development trips;
- ii) Participation in overseas trade fairs /missions;
- iii) Participation in local trade fairs that have been approved by ESG or STB; and
- iv) Participation in overseas investment study trips/missions

ESG/STB will approve claims, on a case-by-case basis, made by businesses for qualifying expenditure exceeding \$100,000, or on qualifying expenditure incurred on other qualifying activities.

2. Budget 2018 enhancement

To further encourage internationalisation, it was announced in Budget 2018 that the \$100,000 expenditure cap for claims without prior approval from ESG or STB will be enhanced to \$150,000 per YA with effect from YA 2019. Businesses can continue to apply to ESG or STB on qualifying expenditure exceeding \$150,000, or on qualifying expenditure incurred on other qualifying activities, namely:

- i) Conduct overseas market survey/ feasibility study
- ii) Set up overseas trade office
- iii) Overseas advertising and promotional campaigns
- iv) Advertise in approved local trade publications
- v) Production of corporate brochures
- vi) Design of product packaging for overseas markets
- vii) Master licensing and franchising
- viii) Product certification for overseas markets
- ix) Investment feasibility / due diligence studies
- x) Employee Overseas Posting

¹ The tax deduction is provided for under Sections 14B and 14K of the Income Tax Act (ITA).

All other conditions of the scheme remain the same.

3. Who can qualify

To qualify for the DTDi scheme, businesses must be registered in Singapore or have a permanent establishment in Singapore with the primary purpose of promoting the trading of goods or the provision of

services. Businesses which are enjoying discretionary incentives² (“incentivised businesses”) may also be allowed to qualify for the DTDi scheme on a case-by-case basis, subject to approval by ESG or STB. Incentivised businesses must have their global headquarters in Singapore with the primary purpose of trading in goods or providing services, and intend to internationalise.

Businesses are advised to plan and track their expenditure well and seek approval early to avoid being denied their claim for their expenditure. If businesses are unsure if their total qualifying expenditure will exceed \$150,000, they can continue to submit their applications to ESG (via their incentive portal) and STB (manual application) for approval before commencing any of the qualifying activities.

For applications to ESG, please submit the applications via the [DTDi Incentive Portal](#) using SingPass or CorpPass before commencement of the activity. For applications to STB, please submit the completed application forms in hard copy to STB. The application forms are available from STB’s website at www.stb.gov.sg.

For qualifying expenditure that has been approved by ESG or STB, businesses should continue to submit the letter of support or letter of approval to IRAS when filing the businesses’ annual income tax returns.

Updated as at November 2018

² Discretionary incentives refer to those under, (a) ITA - Sections 13A, 13F, 13S, 13V, 43C, 43E, 43G, 43J, 43P, 43Q, 43W, 43ZA, 43ZB, 43ZC, 43ZF, 43ZG, 43ZI or (b) Economic Expansion Incentives (Relief from Income Tax) Act - Part II, III, IIIB or X.