

(A) Product Overview

1. What is Double Tax Deduction Internationalisation (DTDi)?

The Double Tax Deduction Scheme for Internationalisation (DTDi) aims to encourage Singapore companies and firms (hereinafter refer to as “businesses”) to expand overseas. It allows approved businesses to deduct against their taxable income, twice the qualifying expenses incurred for qualifying activities.

2. What eligibility criteria are needed to apply for DTDi?

- i. Businesses resident in or having a permanent establishment in Singapore for the primary purpose of promoting the trading of goods or provision of services are eligible to apply for DTDi.
- ii. Businesses which are enjoying discretionary incentives¹ may also be allowed to qualify for the DTDi scheme on a case-by-case basis, subject to approval by Enterprise Singapore (“ESG”) or Singapore Tourism Board (“STB”).
- iii. Businesses are required to submit its DTDi application prior to commencement of the activity.

Qualifying expenses are computed net of any grant or subsidy from the Government or statutory boards

3. What are the Budget 2021 DTDi enhancements?

Enhancements	New Eligible Expenses
<p><i>New Activity</i></p> <p>Virtual Trade Fair approved by ESG</p> <p><i>To support the internationalisation efforts of companies as they engage in virtual trade fairs due to changes in the business environment</i></p>	<p>Package fees charged by event organisers:</p> <ul style="list-style-type: none"> ▪ Virtual Exhibition hall & Booth access ▪ Collateral creation (electronic direct mail “EDM”, booth writeup) ▪ Business Meeting/Matching sessions ▪ Pitches/Product launches/Speaking Slots ▪ Webinar/ Conference ▪ Post Event Analytics <p>Third party costs:</p>

¹ Discretionary incentives refer to those under (a) Income Tax Act (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 (EEIA) – Part II, III, IIIB or X.

	<ul style="list-style-type: none"> ▪ Design and production of digital collaterals and promotion materials for the virtual trade fair ▪ Logistics costs to send materials/samples overseas to potential clients met at the virtual trade fair* <p><i>Please refer to ESG's website for the list of approved virtual trade fair.</i></p> <p><i>*The following conditions need to be met:</i></p> <ul style="list-style-type: none"> - Both the DTDi claimant and the recipient of the materials/samples have attended the virtual trade fair; and - Materials samples should be sent within 6 months from the end of the virtual fair.
<p>Expanded scope</p> <p>Overseas Investment Study Trip/Mission</p> <p><i>To provide greater support to allow businesses to sustain internationalisation efforts.</i></p>	<ul style="list-style-type: none"> ▪ Logistics costs to transport materials/samples used during the trip/mission
<p>Automatic DTDi</p> <p>Inclusion of 4 more activities under Automatic DTDi</p> <p><i>To provide greater administrative ease for companies (i.e. no need to seek approval from ESG prior to incurring expenses)</i></p>	<p>The 4 new qualifying activities under automatic DTDi are:</p> <ul style="list-style-type: none"> - Product/Service Certification (primarily to increase buyer's acceptance in overseas market) - Overseas Advertising and Promotional Campaign - Design of Packaging for Overseas Markets - Advertising in Approved Local Trade Publication

The Budget 2021 enhancements will be effective on and after 17 February 2021. Businesses will need to apply to Enterprise Singapore directly for enhancements relating to overseas investment study trips/missions.

(B) Automatic DTDi

4. What is Automatic DTDi?

Automatic DTDi allows businesses to claim 200% tax deduction on the first \$150,000 of qualifying expenses incurred on the following activities per YA without obtaining prior approval for the expenses from ESG/STB:

- a. Overseas market development trips/missions;
- b. Overseas investment study trips/missions;
- c. Participation in overseas trade fairs;
- d. Participation in local trade fairs approved by ESG or STB
- e. Participation in virtual trade fairs approved by ESG
- f. Product/Service Certification (primarily to increase buyer's acceptance in overseas markets) approved by ESG
- g. Overseas Advertising and Promotional Campaign
- h. Design of Packaging for Overseas Markets
- i. Advertising in Approved Local Trade Publication

Please note that companies will have to apply to ESG for the following costs under Overseas market development trips/missions and Overseas investment study trips/missions:

Overseas market development trips/missions

- *Fees paid to secure speaking spots at overseas business/trade conferences to pitch products/ services to attendees*
- *Logistics costs of transporting materials/samples used during the business missions*
- *Third party consultancy costs to arrange business networking events to promote products/services.*

Overseas investment study trips/missions trips

- *Logistics costs of transporting materials/samples used during the trip/mission*

5. How do I apply for Automatic DTDi?

Business should declare and include their DTDi expenses when filing their annual income tax return. There is no need to obtain prior approval for the expenses from ESG or STB before the commencement of the event.

There is no change to the existing procedure for tax filing. Businesses are not required to submit upfront documentation to IRAS for expenditure not exceeding the \$150,000 threshold. However, as with other business expenses, businesses are required to maintain documentation to provide proof of their expenditure and the purpose of that expenditure.

(C) Application and Approval Process

6. What is the application and approval process for non-Automatic DTDi activities?

i. 3-Step process to apply

- 1) Visit the DTDi incentive portal. ([hyperlink here](#))
- 2) Complete Organisation Profile and User Profile (for first-time applicants only).
- 3) Click on "Forms" tab and select the appropriate activity under which you are applying and fill in all the relevant fields accordingly.

Businesses can expect to take five to ten minutes to fill in the online form.

For step by step process, please click on _____

ii. Approval-In-Principle (AIP)

After your application is supported by ESG, you will receive an "**Approval-in-Principle (AIP)**" email notification from ESG.

iii. Evaluation Form

After the conclusion of the activity, you would need to submit an Evaluation Form to indicate the results of the activity e.g. projected outcomes, outcome achieved, confirm sales, sales under negotiation and projected sales. The Evaluation form has to be submitted via the Incentive Portal within 2 weeks from the end of the support period.

Once your Evaluation Form is approved by ESG, you will receive an email notification informing you to download the Letter of Support ("LOS"). You may then download the Letter of Support ("LOS") to be submitted together with your annual income tax return. Please note that you must submit the Evaluation Form after the event to obtain the Letter of Support.

iv. Letter of Support

For the activity supported under DTDi by ESG, you would need to submit the Letter of Support to IRAS when filing the annual income tax return.

Company should compile and make available all relevant supporting documents to IRAS upon request.

These documents should show proof of their expenditure and the purpose of that expenditure. This includes:

- Purpose and itinerary of the trip
- List of companies met
- Invoices/Receipts of qualifying expenses

Please note that while ESG supports the application (AIP), the final claims are subject to company submitting the necessary documents to IRAS (upon request) to determine the final tax claimed allowed for the event.



Should you need any further assistance, please contact:

Tel: 6898 1800 Email: <https://go.gov.sg/askenterprisesg>

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Enterprise Singapore, formerly International Enterprise Singapore and SPRING Singapore, is the government agency championing enterprise development. We work with committed companies to build capabilities, innovate and internationalise. We also support the growth of Singapore as a hub for global trading and startups. As the national standards and accreditation body, we continue to build trust in Singapore's products and services through quality and standards.

Visit www.enterprisesg.gov.sg for more information.