

PIONEER CERTIFICATE INCENTIVE AND DEVELOPMENT AND EXPANSION INCENTIVE

The Pioneer Certificate Incentive (PC) and the Development and Expansion Incentive (DEI) are aimed at encouraging companies to grow capabilities and conduct new or expanded activities in Singapore.

Companies that carry out global or regional headquarters (HQ) activities of managing, coordinating and controlling business activities for a group of companies may also apply for the PC or DEI for the HQ activities.

1. Overview of the Incentive

- 1.1 An approved company under the PC or DEI is eligible for a corporate tax exemption or a concessionary tax rate of 5% or 10%, respectively, on income derived from qualifying activities.
- 1.2 The incentive period is limited to five years. Extension of the incentive may be considered, subject to the company’s commitment to undertake further expansion plans.
- 1.3 The company is required to maintain a separate account in respect of any non-qualifying activity undertaken during the incentive period. The income from the non-qualifying activity is not eligible for the incentive.

2. Assessment Criteria

- 2.1 Application for the PC or DEI is open to companies that are prepared to make significant investments in contribution to the economy or in advancement of capabilities towards globally leading industries. The award of PC or DEI may also be accompanied with the International Headquarters Award status for companies that commit to anchor substantive HQ activities in Singapore to manage, coordinate and control regional business operations.
- 2.2 To qualify, companies must meet quantitative and qualitative criteria. These include the employment created (including skills, expertise and seniority), total business expenditure which generates spin-off to the economy, as well as commitment to growing the capabilities (e.g. technology, skillsets, knowhow) in Singapore. Manufacturing projects are also required to commit to fixed asset investment in plant, building or equipment.
- 2.3 In addition, to be eligible for consideration of PC, the company must introduce technology, skillsets or knowhow into an industry that are substantially more advanced than the average prevailing in Singapore. The company must also carry out new, pioneering activities that have not been undertaken by other companies at a scale that is substantive in economic contribution.

- 2.4 The approval and award of the PC or DEI will be subject to the company implementing its plans to grow and sustain substantive economic activities in Singapore.

3. Administration

- 3.1 The PC and DEI are subject to the provisions of Parts 2, 3 and 4 of the Economic Expansion Incentives (Relief from Income Tax) Act and any subsidiary legislation respectively. A PC or DEI company must submit regular progress reports to the EDB for the evaluation of performance. In the event of any breach of term or condition of the PC or DEI, the company is subject to the potential revocation of the incentive and recovery of any associated benefits.
- 3.2 All business entities incorporated, registered or carrying on a business in Singapore must carry out any transaction with any related parties at arm’s length and are subject to transfer pricing guidelines. This requirement includes the preparation and keeping of contemporaneous transfer pricing documentation, which has to be submitted to the Inland Revenue Authority of Singapore (IRAS) upon request.

4. Enquiries

- 4.1 Any questions or requests for clarification can be submitted to EDB via [this form on the EDB website](#).

Version: 1 January 2022