



Aircraft Leasing Scheme & Aircraft Investment Manager Incentive

ALS & AIM

1. What is the Aircraft Leasing Scheme and the Aircraft Investment Manager incentive?

The Aircraft Leasing Scheme “ALS” and the Aircraft Investment Manager “AIM” incentive encourages companies to develop aircraft leasing capabilities and grow the aircraft leasing industry in Singapore.

2. Who can apply for an ALS/AIM incentive?

Your entity can apply for the incentive if it is registered and operating in Singapore.

- **For ALS** – your entity must be either an aircraft leasing company, or a registered business trust or a company under an aircraft or aircraft financing arrangement, that is undertaking aircraft or aircraft engine leasing (and related activities) in Singapore.
- **For AIM** – your entity must be an aircraft investment manager that is either managing an aircraft leasing company or providing investment advisory services for and to an aircraft leasing company.

As the AIM is awarded as a tie-in with ALS, only companies that will be managing or providing investment advisory services to an approved aircraft leasing company applying for or have an existing ALS may apply.

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3. How does the ALS/AIM work?

For the Aircraft Leasing Company applying for ALS

Your entity and the approved Special Purpose Companies (SPCs) (if any) will be eligible for a concessionary tax rate of **8% or 10%** on income arising from the following qualifying activities:

- (a) Leasing of aircraft or aircraft engines; and
- (b) Such other activities as are prescribed under the Income Tax (Concessionary Rate of Tax for Aircraft Leasing Company) (Prescribed Activities) Regulations 2008. (e.g. Management of aircraft or aircraft engine leases, Advisory and agency services relating to the procurement, sale or leasing of aircraft or aircraft engines etc.)

In addition, your entity and the approved SPCs (if any) will also be eligible for withholding tax exemption on interest and qualifying related payments on loans for the acquisition of aircraft or aircraft engines, subject to the relevant terms and conditions.

Furthermore, your entity and the approved SPCs will be allowed to have an irrevocable election to depreciate the aircraft over any number of years from 5 to 20 years.

For the Aircraft Investment Manager applying for AIM

Your entity will be eligible for a concessionary tax rate of **10%** on income arising from the following qualifying activities:

- (a) Managing an approved Aircraft Leasing Company and approved SPCs; and
- (b) Provision of investment advisory services for and to an approved aircraft leasing company.

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4. What are the terms of the ALS/AIM?

- a) Concessionary tax rate:

Entity type	Incentive	Concessionary Tax Rate
Aircraft Leasing Company	ALS	8% or 10%
Aircraft Investment Manager	AIM	10%

- b) Qualifying Period: 5 years

- c) The Aircraft Leasing Company, together with its SPCs and the Aircraft Investment Manager (if applicable), will need to meet the following conditions, as well as all standard conditions in the Letter of Award (LOA):

8% ALS concessionary tax rate

For initial award:

- Employ at least **5** additional¹ Skilled Employees, all of whom shall be based in Singapore, by Year 5
- Incur annual Total Business Spending (TBS) of at least **S\$15 million** by Year 5

For subsequent renewals:

- Employ at least **1** additional¹ Skilled Employee, all of whom shall be based in Singapore, by Year 5
- Incur annual Total Business Spending (TBS) of at least **S\$17 million** by Year 5

¹ The base employment against which the fulfillment of this condition is determined is the Entity's employment for its last Financial Year, as indicated in the EDB Supplementary Form to be submitted by the Entity.

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10% ALS concessionary tax rate

For initial award:

- Employ at least **5** additional¹ Skilled Employees, all of whom shall be based in Singapore, by Year 5
- Incur annual Total Business Spending (TBS) of at least **S\$13.5 million** by Year 5

For subsequent renewals:

- Employ at least **1** additional¹ Skilled Employee, all of whom shall be based in Singapore, by Year 5
- Incur annual Total Business Spending (TBS) of at least **S\$15.5 million** by Year 5

5. What are the assessment criteria for ALS/AIM?

Your entity will be assessed based on its ability to meet the quantitative conditions in Q4, and the qualitative aspects of the project.

6. What happens if my entity does not meet the terms and conditions in the LOA?

In the event of any breach of the terms and conditions of the award, your entity will be subject to the termination of the incentive and recovery of any associated benefits.

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7. What are some of the things that I need to take note of?

- An SPC may be approved as part of the ALS if it satisfies all the following conditions during the incentive period:
 - a) Be wholly-owned, directly or indirectly, by the Aircraft Leasing Company;
 - b) Be in the business of aircraft or aircraft engine leasing;
 - c) Have legal title over at least one aircraft or aircraft engine. Where it is not practical for the SPC to have legal title to the aircraft or aircraft engine due to genuine commercial reasons, the SPC shall have beneficial ownership of at least one aircraft or aircraft engine and shall submit to EDB a copy of the audited financial report reflecting the aircraft or aircraft engine in the SPC's balance sheet; and
 - d) Notify EDB immediately in the event the approved SPC is not able to meet any of items (a) to (c), or the approved SPC has knowledge of the same.
- During the incentive period, your entity may request inclusion of additional SPC(s) as approved SPCs. A written request must be submitted to EDB within 12 months after the proposed inclusion date for the SPC in consideration.
- To apply for exemption from withholding tax on interest and qualifying payments on loans for the acquisition of aircraft or aircraft engines, the Aircraft Leasing company or approved SPC will have to submit a Self-Declaration Form for Automatic Withholding Tax Exemption on Interest and Related Payments and relevant documentation to EDB by the 15th of the month immediately following the first qualifying payment.
- Your entity will be required to maintain a separate account in respect of any non-qualifying activity undertaken during the incentive period.
- Your entity will also be required to submit to EDB an annual progress update (APU) in the prescribed format and/or an external auditor's report setting out its progress in meeting the terms and conditions of the incentive.

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- Together with the acceptance of the award, your entity may be required to submit a completed form for the purpose of enabling the Inland Revenue Authority of Singapore (IRAS) to carry out Spontaneous Exchange of Information (SEOI) with other tax authorities. A template of the form will be attached to the Letter of Award.
- Requests to terminate the incentive subsequent to its acceptance are subject to approval. The incentive will continue to have effect until EDB notifies your entity of the approval outcome of the request for termination.
- Your entity is not eligible for the incentive if it falls within any of the following categories:
 - Entities which fall within sanctions lists maintained by the Singapore Government, or entities controlled or owned by individuals / entities / countries which fall within such lists;
 - Entities engaged in activities which are illegal under the laws of Singapore;
 - Entities engaged in the manufacture, distribution, sale, import or export of goods or technology that is regulated under the Strategic Goods (Control) Act or the Arms and Explosives Act;
 - Entities engaged in the manufacture, distribution, sale, import or export of tobacco products, as defined under the Tobacco (Control of Advertisements and Sale) Act, and related activities;
 - Entities under investigation or prosecution for, or having a history of, regulatory issues, such as corruption, fraud, anti-competitive issues or other regulatory breaches;
 - Entities which are licensed financial institutions (including banks, fund managers and capital market players) or licensed insurance players which are regulated by Monetary Authority of Singapore (MAS), unless specifically referred by MAS to apply for the incentive;
 - Entities which are ship owners or operators, or in the business of providing maritime leasing, ship financing, ship broking, ship management, ship agency, marine insurance or other shipping-related support services (excluding ports and shipyards) which are regulated by

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Maritime and Port Authority of Singapore (MPA), unless specifically referred by MPA to apply for the incentive.

EDB may engage external service provider(s) and rely solely on the information returned from these external service provider(s) in the process of determining an applicant's eligibility.

EDB also reserves the right to revoke or terminate the incentive if the entity falls within any of the categories listed above during the tenure of the incentive.

- As announced in Singapore's Budget 2024 statement, Singapore will be implementing a Domestic Top-up Tax on profits of group entities operating in Singapore if their effective tax rate is less than 15%. This will apply to multinational enterprises groups with annual group revenue of €750 million or more in at least two of the four preceding financial years. For avoidance of doubt, companies receiving incentives from the EDB are not precluded and applicants should assess the implications accordingly.

8. How do I apply?

To apply, your entity will be required to submit a formal application which will include the following:

- A **Core Form**, which will require your entity to provide information on its projected incremental investment in Singapore in terms of employment, fixed asset investments and total business expenditure.
- A **Supplementary Form**, which will require your entity to provide additional information on the employment, proposed activities to be undertaken and details of proposed SPCs, if any.

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ADDITIONAL DEFINITIONS

- a) **Total Business Expenditure** refers to annual operating expenditure incurred in Singapore, including remuneration, rental for land / building, and other expenses such as interest expense, royalties and know-how fees, work subcontracted out, incurred in Singapore, i.e. paid to contracting parties in Singapore. It excludes expenses outside Singapore, capital investments, depreciation, and expenditure on raw materials, components and packaging.
- b) **Total Business Spending** refers to Total Business Expenditure plus depreciation.
- c) **Fixed Asset Investment** refers to fixed assets used by the Entity for the production of income over the long term, both owned and leased (including building costs, assets located in Singapore that are not movable, assets on capital lease) incurred in Singapore up to the milestone date specified.
- d) **Skilled Employees** mean “Managers”, “Professionals”, “Associate Professionals and Technicians” or “Skilled Production Craftsmen” as defined by the Singapore Standard Occupational Classification.
- e) An **Employee** is considered to be based in Singapore if the individual is a tax resident of Singapore.

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