



REFUNDABLE INVESTMENT CREDIT

RIC

Information in this factsheet is subject to the Singapore Income Tax Act 1947

1. What is RIC?

The RIC is a refundable tax credit announced in Budget 2024. It is designed to be consistent with the Global Anti-Base Erosion Rules for Qualified Refundable Tax Credits (“QRTC”).

The RIC encourages companies to make significant new or expanded investments in substantive economic activities in Singapore in key economic sectors and new growth areas.

2. Who can apply for RIC?

The RIC is open to all companies that make significant new investments that contribute to Singapore’s economy and/or advance Singapore’s capabilities in globally leading or new growth industries.

The applicant must be a company incorporated in Singapore or a branch of a foreign company registered in Singapore.

3. How does RIC work?

The RIC is awarded on qualifying expenditures that are incurred in carrying out qualifying activities in respect of the proposed Project during the qualifying period.

The RIC can be used to offset Corporate Income Tax, including Domestic Top-up Tax and Multinational Enterprise Top-up Tax, levied on or due from the Company under the Singapore Income Tax Act 1947 or the Multinational Enterprise (Minimum Tax) Act 2024.

Unutilised RICs will be carried forward to offset tax liability in subsequent years, up to the stipulated payment date. Any remaining unutilised RICs will be paid in cash to the Company by the stipulated payment date, which shall be no later than

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four years from when the company makes the claim application in respect of qualifying expenditures incurred.

The Company may nominate group entities that can use the RICs to offset taxes levied on or due from them.

4. What are RIC qualifying activities?

The RIC supports six types of qualifying activities:

- Investing in new productive capacity
- Expanding or establishing the scope of activities in digital services, professional services, and supply chain management
- Expanding or establishing headquarters activities or centres of excellence
- Carrying out R&D and innovation activities
- Implementing solutions with decarbonisation objectives
- Setting up or expanding activities by commodity trading firms

Qualifying activities must be in support of the proposed Project and in line with Singapore's priority economic growth areas such as Advanced Manufacturing, International Trade, Supply Chain Management, Mobility, Digitalisation & Artificial Intelligence, and Green Economy.

5. What are the assessment criteria for RIC?

Proposed Projects will be assessed on the following attributes:

- Quantitative factors, including commitments to local business spending, fixed asset investments and employment.
- Qualitative factors, including development and deepening of capabilities, capacity creation, improvements in resource efficiency, and multiplier effects

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to the economy, such as collaborations with other private or public sector players.

- The Company's track record in Singapore (e.g., fulfilment of projects on schedule) and elsewhere in the sector, and resources to successfully carry out the Project.

6. How is RIC support determined?

RIC provides for 10%, 30% or 50% support rates on qualifying expenditures, depending on the profile of the proposed Project. This will be determined upfront before the commencement of the Project.

Support Rate	Project Profile
10%	<p>The Project leads to new or expanded capabilities or capacity in high value-added economic activities.</p> <p>Projects in manufacturing, services, trading and/or regional functions may include investments in resource efficiency improvements for land, labour or carbon footprint.</p> <p>The applicant should explain how the quantitative and qualitative commitments compare with the nature of the activities in the relevant sector. The Project should benchmark to the level of development of the relevant sector in Singapore and involve investments of no less than \$3 million and no less than 8 employees.</p>
30%	<p>Beyond high value-added economic activities, the Project also leads to new/expansion of qualifying activities or deepening of capabilities or capacity in value creation capabilities.</p>

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	<p>The applicant Company should explain how the quantitative and qualitative commitments culminate in anchoring a critical mass of capabilities or capacity for value creation. This can be in the form of centres of excellence in differentiating competencies, R&D and innovation, generating intellectual property, expanding the scope of commodities traded, and/or solutioning for new products, sustainability, digital, supply chain, services or processes for regional or global markets.</p> <p>The Project should benchmark to the level of development of the relevant sector in Singapore and involve investments of no less than \$5 million and no less than 10 employees.</p>
50%	<p>The Project involves investments in best-in-class facilities or operations and/or leads to new or expanded value capture in the industry ecosystem in Singapore.</p> <p>Project generates economic outcomes or introduces technology, skillsets and knowhow that is substantially more advanced than the average prevailing, in one or more below:</p> <ul style="list-style-type: none"> • To the Company's global operations, the capabilities and activities in Singapore advance and drive the global or regional business growth strategies or product flows. • To the sector in Singapore, the Company's capabilities and activities enable Singapore to be recognised as a market leader and to be at the forefront of technological, business model innovation and/or competitive edge. • To the global or regional supply or value chain, the Company's capabilities and activities in Singapore contribute a significant role in developing or producing critical products, services or solutions.

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	<ul style="list-style-type: none"> • To emerging growth sectors, the Company is pioneering and contribute to kickstarting the sector in Singapore. • To the Singapore ecosystem, the Company generates sizeable spillovers and uplift in capabilities and activities. This may be through third party partnerships and networks. <p>The Project should benchmark to the level of development of the relevant sector in Singapore and involve investments of no less than \$7 million and no less than 18 employees.</p>
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7. What are the qualifying expenditures under the RIC?

Qualifying expenditures are those incurred in Singapore in carrying out qualifying activities during the qualifying period. This will be determined upfront before the commencement of the Project and may cover the following, depending on the type and scale of the Project:

- Manpower
- Capital expenditure
- Where relevant, professional fees, freight and logistics costs, materials and consumables, intangible asset costs, training costs, and financing costs if the Project involves R&D, innovation, commodity trading, or ecosystem development.

Expenditures such as depreciation expense, amortisation expense, maintenance expense, manpower costs for staff not based in Singapore, and expenses incurred outside of Singapore would not be qualifying expenditures.

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8. How long is the Qualifying Period?

The Qualifying Period depends on the duration of the proposed Project and is limited to no more than 10 years for each RIC award. Only qualifying expenditures incurred during the Qualifying Period are supportable under the RIC.

9. What are the terms and conditions of the RIC?

The Company must meet the economic milestone conditions, including:

- Carry out the implementation of the Project
- Incur the level of Investments
- Achieve the level of Employment

Other standard Terms and Conditions in the Letter of Award apply.

The Company will be required to submit to EDB an annual progress update (“APU”) in the prescribed format setting out its progress in meeting the terms and conditions of the RIC. EDB will require APUs on the level of Investments incurred and the level of Employment achieved to be externally audited by a Public Accountant or audit firm registered with the Accounting and Corporate Regulatory Authority.

EDB may conduct site visits and/or audit checks during and after the Qualifying Period to check on the Project implementation and fulfilment of the RIC’s terms and conditions.

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10. What if the Company does not meet the terms and conditions of the RIC?

In the event of a breach of any term or condition of the RIC award, the RIC may be subject to termination and the Company may be required to return the RICs given.

11. How will the Company claim the RICs?

The Company is required to make a claim application by submitting audited documents on qualifying expenditures incurred for EDB's review. The documents are to be externally audited by a Public Accountant or audit firm registered with the Accounting and Corporate Regulatory Authority.

The Company is recommended to make one claim application per Financial Year.

If the claim documentation is in order, EDB will issue a Letter of Confirmation to the Company stating the amount of RICs to be given to the Company and the payment date on which any unutilised RICs will be paid in cash, which shall be no later than four years from the claim application date. Details of the Letter of Confirmation will be transmitted to IRAS.

In accordance with the Letter(s) of Confirmation issued, the amount of RICs given and utilised will be reflected in the Company's RIC account maintained by IRAS.

12. How will RICs be used to offset taxes? Can companies opt to receive the RICs in cash?

RICs are used to offset taxes on a first-in-first-out basis, i.e. RICs that are given on an earlier date are to be fully applied to offset taxes before RICs that are given on a later date.

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Any remaining unutilised RICs will be refunded in cash to the Company by the stipulated payment date, which shall be no later than four years from when the company makes the claim application in respect of qualifying expenditures incurred.

The Company may also elect to receive the RICs as cash payout instead of using it to offset taxes. Upon election, the Company will receive the RICs as cash payout within four years from the claim application date, with disbursements based on the stipulated schedule. Further details on the election option will be released in due course.

13. How do I apply?

Interested applicants may approach EDB to discuss any proposed Project.

To apply, the Company must submit an application in the format provided by EDB.

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