

Productivity and Innovation Credit (PIC) Scheme and Bonus

1. About PIC Bonus

The PIC Bonus gives businesses a dollar-for-dollar matching cash bonus for (Year of Assessments) YAs 2013 to 2015, subject to an overall cap of \$15,000 for all 3 YAs combined. This is given on top of the existing [400% tax deductions/allowances](#) and/or [60% cash payout](#) ("PIC cash payout") under the PIC scheme.

To enjoy the PIC Bonus, businesses must have made a claim for the 400% tax deductions/allowances and/or the PIC cash payout.

The PIC Bonus is taxable.

2. Qualifying Conditions

Businesses eligible for the PIC Bonus are sole-proprietorships, partnerships and companies that have:

- a. **incurred at least \$5,000** in PIC-qualifying expenditure* during the basis period for the YA in which a PIC Bonus is claimed;
- b. active business operations in Singapore; and
- c. at least 3 local employees (Singapore citizens or Singapore permanent residents with CPF contributions) excluding sole-proprietors, partners under contract for service and shareholders who are directors of the company.

A business is considered to have met the 3-local-employees conditions if it contributes CPF on the payroll of at least 3 local employees:

- **Where 400% tax deductions/allowances on qualifying PIC expenditure is claimed** - in the last month of the basis period for the YA to which the deductions/allowances relates.
- **Where PIC cash payout on qualifying PIC expenditure is claimed** - in the last month of the quarter or combined consecutive quarters to which the cash payout option relates.

** This refers to the amount net of grant or subsidy by the Government or any statutory board.*

3. Payment of PIC Bonus

Businesses do not need to apply for the PIC Bonus separately. Businesses can claim the PIC Bonus together in the PIC cash payout application or the income tax return.

a. Where 400% tax deductions/allowances is claimed in the income tax return

IRAS will compute the amount of PIC Bonus for each YA upon filing of the income tax return*. Businesses can expect to receive the PIC Bonus within 3 months from the date of receipt of the income tax return, provided all requisite information is submitted together with the tax return. We will start disbursing the PIC Bonus from Oct 2013.

** Sole-proprietors and partnerships also have to submit the [PIC Enhanced Allowances/Deduction Declaration Form for Sole-Proprietors and Partnerships](#) together with their income tax return.*

b. Where PIC cash payout is claimed via the PIC Cash Payout Application Form

IRAS will compute the amount of PIC Bonus upon approval of the PIC cash payout claim* submitted via the PIC Cash Payout Application Form. IRAS will generally approve the cash payout claim within 3 months from the date of receipt of the application, provided all requisite information is submitted at the time of application.

Businesses whose PIC cash payout applications for YA 2013 and/or YA 2014 have already been approved by IRAS will also receive the PIC Bonus. We will start disbursing the PIC Bonus for these cases from Jul 2013.

** Businesses can apply for PIC cash payout up to four times a year (i.e. after the end of each quarter or combined consecutive quarters).*