IC Advisors Transfer pricing Newsletter
March 2014

Singapore Budget 2014 Updates

The Singapore budget 2014 was presented on 21st February 2014 by the Minister of Finance and Deputy Prime Minister to the Parliament. The key highlights for companies were as follows:

- No change in the corporate tax rate.
- There was continued support from both a productivity and innovation perspective. This was demonstrated by the extension of the Productivity and Innovation Scheme ("PIC") to Year of Assessment 2018. This was welcomed by all companies, particularly small and medium sized enterprises ("SMEs") as it provides support to SMES to make more substantial investments to transform their businesses from a productivity and innovation standpoint. In addition, the expenditure cap for qualifying SMEs will be increased from S$400,000 to S$600,000. The extension of the PIC scheme shows the continued support by the Singapore government to assist companies with their innovation projects.
- From an innovation standpoint, in order to encourage private R&D, the government will also be extending the 50% additional tax deduction on qualifying expenditure for another ten years, until 2025. The further tax deduction under section 14E of the Income Tax Act has also been extended 2020. Section 14E allows businesses to claim up to a 200% deduction on qualifying expenditure on R&D projects approved by the Economic Development Board (EDB). This incentive is useful for companies planning to incur R&D investments and multi-year R&D programmes. Given that R&D activities are generally of a long cycle, this incentives will be able to boost the innovation of companies in the long run.
- Targeted enhancements have also been introduced to help local companies expand into overseas markets. In addition, to allowing companies to borrow more money from the Internationalisation Finance Scheme, which provides loans to companies expanding abroad, the government will also enhance the Global Company Partnership Programme, run by IE Singapore. However, companies expanding to new markets need to be aware of the tax and transfer pricing regulations that exist in these markets to ensure that a tax optimised structure can be established.

Please refer to http://www.singaporebudget.gov.sg/data/budget_2014/download/annexa5.pdf for more information.

Indian Interim Budget 2014 - 2015

On 17th February, the Indian Finance Minister presented the interim budget for 2014-15 in Parliament. Unlike a regular budget, the interim one does not have any new proposal on the revenue side -- that is, no taxation measures are proposed and status quo is maintained. Such a budget only lists an estimate of the income generated and the expenditure incurred during the previous year, as also the likely expenses during the period for which the vote on account is sought. Some minor tinkering of taxes (e.g., factory gate tax, excise duty etc) have been announced. The full Budget for 2014-15 will be presented by the new government in June-July.

Upcoming training sessions

The following seminars will be conducted by Ms Sowmya Varadharajan of IC Advisors:

- Introduction to transfer pricing, organised by TAKX Solutions Pte Ltd, on 12 March 2014. For additional details, please click here. [link provided - http://www.takx.com.sg/events.html#WSj]
- Managing transfer pricing risks in Asia, organised by CCH Executive Events on 13 March 2014. For additional details, please refer to the CCH Executive Events page. [please provide a link to this – http://www.cch.com.sg/sg/ExecutiveEvents/ExecutiveEventDetails.aspx?PageTitle=Managing-Transfer-Pricing-Risks-in-Asia&ID=1843&Source=EEHome]
- Transfer pricing in Asia, organised by ISCA on 11 March 2014. For additional details, please click here [https://app.icpas.org.sg/cpe/Enrolment/CPECourseDetail.aspx?CourseID=201]