

## DOUBLE TAX DEDUCTION FOR INTERNATIONALISATION (DTD<sub>i</sub>)

### Frequently Asked Questions (FAQs)

- Product Overview
- Automatic DTD<sub>i</sub>
- Employee Overseas Posting
- Incentivised Applicants
- Online Application
- Evaluation Forms

### Product Overview

#### 1. **What is Double Tax Deduction Internationalisation (DTD<sub>i</sub>)?**

The Double Tax Deduction Scheme for Internationalisation (DTD<sub>i</sub>) aims to encourage Singapore companies and firms (hereinafter refer to as “businesses”) to expand overseas. It allows approved businesses to deduct against their taxable income, twice the qualifying expenses incurred for qualifying activities.

#### 2. **What eligibility criteria are needed to apply for DTD<sub>i</sub>?**

- a) Businesses resident in or having a permanent establishment in Singapore for the primary purpose of promoting the trading of goods or provision of services are eligible to apply for DTD<sub>i</sub>.
- b) Businesses which are enjoying discretionary incentives<sup>1</sup> may also be allowed to qualify for the DTD<sub>i</sub> scheme on a case-by-case basis, subject to approval by IE Singapore or Singapore Tourism Board (“STB”).

#### 3. **What are the qualifying activities supported under DTD<sub>i</sub>?**

Market Preparation	Market Exploration	Market Promotion	Market Presence
<ul style="list-style-type: none"> <li>• Design of packaging for overseas markets</li> <li>• Product/ Service certification</li> <li>• Market surveys/ Feasibility studies</li> </ul>	<ul style="list-style-type: none"> <li>• Overseas business development trips/ missions*</li> <li>• Overseas trade fairs*</li> <li>• Local trade fairs approved by IE Singapore or Singapore Tourism Board (STB)*</li> </ul>	<ul style="list-style-type: none"> <li>• Overseas advertising and promotional campaigns</li> <li>• Production of corporate brochures for overseas distribution</li> <li>• Advertising in approved local trade publications</li> </ul>	<ul style="list-style-type: none"> <li>• Overseas trade offices</li> <li>• Master licensing and franchising</li> <li>• Employee overseas posting<sup>^</sup></li> <li>• Overseas investment study trips/ missions<sup>^*</sup></li> <li>• Investment feasibility/ due diligence studies<sup>^</sup></li> </ul>

\* Automatic DTD<sub>i</sub>: Claim 200% tax deduction on the first S\$100,000 of eligible expenses for these four activities per year of assessment. No prior approval from IE Singapore is required. Expenditure exceeding S\$100,000 will still require IE Singapore’s approval.

<sup>^</sup> Activities supported under Section 14K of the Income Tax Act. All the other above activities are supported under Section 14B.

For more information on Automatic DTD<sub>i</sub>, please refer to the next section of this FAQ.

**4. *What is the difference between overseas business development trips/missions and overseas investment study trips/missions?***

Overseas business development trips/missions refer to trips that businesses undertake to do any one of the following:

- i) promote new products and services in new target markets;
- ii) identify new customers for existing products and services;
- iii) promote new products and services to existing customers; and
- iv) promote existing products and services to existing markets to increase market share.

Overseas investment study trips/missions refer to trips that businesses undertake to assess the feasibility of an investment. For example, Company X plans to acquire a target in Germany. If the acquisition is successful, Company X would be able to gain a global 20% market share. To assess the suitability of the target, Company X's Business Development Manager would need to make 6 trips over the next 3 months to Germany. Company X may claim DTDi on the airfare and hotel accommodation incurred for these 6 trips.

**5. *Can businesses participating in exhibitions held in Singapore but targeted at an international audience be supported under DTDi?***

Businesses can apply for DTDi if the local trade fairs have been approved by IE Singapore or STB. Businesses may refer to the following websites for a list of local trade fairs approved by IE Singapore or STB:

<http://www.iesingapore.gov.sg/Events>

<https://www.stb.gov.sg/trade-events>

**6. *For participation in overseas trade shows, can we register the booth under our subsidiary name?***

Unless there are any specific regulations or requirements by the event organiser, the registration should be under the Singapore DTDi applicant company.

**7. *If my company had previously made a trip to Mexico supported under DTDi and would like to make another trip there, would IE Singapore still support my application?***

DTDi support can be considered for subsequent trips to the same country if the objectives are to introduce new products/services, target at different customers in another city in the country, follow-up with potential customers.

**8. *Is there a limit to how many applications a company may submit for DTDi?***

There is no limit to the number of DTDi applications.

**9. *Company has been invited to receive an award from an overseas organiser. Can the travelling expenses be supported under DTDi?***

No. DTDi is meant to help Singapore businesses in the development and expansion of their overseas markets.

**10. *Can we have examples of non-eligible expenses not supportable under DTDi?***

Non-eligible expenses include out-of-pocket expenses, telecommunication cost, general software e.g. Microsoft Word, GST, bank interest, purchase of fixed assets, souvenirs, cash incentive, sponsorships, freebies, food and beverages for staff, printing of business cards. This list is not exhaustive.

**11. My company has participated in an overseas trade show in Thailand. However for logistics convenience, the organizer had billed the payment to our subsidiary office in Thailand. Can we then claim for DTDi?**

The DTDi applicant company would need to provide documentary evidences that they have incurred and paid the eligible expenses even though these were billed to the subsidiary office overseas.

**12. Can we claim DTDi for overseas event if we arranged for our subsidiary to manage the event on our behalf?**

The DTDi applicant company would need to provide documentary evidence that they have incurred and paid the eligible expenses even though they have arranged for the subsidiary to manage the event on their behalf. However there would be no support for airfare, accommodation and subsistence allowance since no representatives from Singapore has attended the event.

**13. Can partners of firms apply for overseas business development and investment trips under DTDi?**

Yes, firms can apply for overseas business development and investment trips under DTDi. The firm can claim DTDi on qualifying expenses incurred for up to 2 partners/employees per firm per trip.

**14. Does the company need to submit supporting documents for DTDi applications?**

IE will request for supporting documents (e.g. quotation) for eligible expense items that are S\$100,000 and above.

**15. If my company is featured as a promotional participant of a mega event & is required to pay the event organizer in sponsorship fees for the promotional activity, can I also qualify for the DTDi incentive?**

Yes, we can support the sponsorship fee provided it is paid to the event organiser for broadcast which includes the advertisement of his goods or services. However the sponsorship fee will need to exclude items related/used as "prize money". The DTDi applicant company would need to provide documentary evidences e.g. promotional agreement between the company & the event organiser.

**16. My trade show in Germany starts on 15 May to 21 May 2012. I need to be earlier at the show to see to the arrangements of the booth with the foreign vendors before the event. Can I claim for 13 May to 22 May 2012?**

Yes, the company can be supported 2 days earlier before the show and 1 day after the show.

## Automatic DTDi

### **17. What is Automatic DTDi?**

From 1 April 2012, businesses have the option to submit their DTDi without the need for approval from IE Singapore or STB for the 4 qualifying activities below, up to the first S\$100,000 of qualifying expenses per year of assessment:

- Overseas business development trips
- Overseas investment study trips
- Overseas trade fairs
- Local trade fairs that have been approved by IE Singapore or STB

IE Singapore or STB will continue to approve on a case-by-case basis applications that:

- Incur qualifying expenses on the qualifying activities outside of these four, or for expenditure that exceeds S\$100,000 for the four activities under the Automatic DTDi
- If your company is applying for DTDi to IE Singapore, you should submit your application via the DTDi Incentive Portal before commencement of the project.

### **18. Why is approval from IE Singapore/STB no longer required for only these four categories of activities?**

Approval for these four categories is no longer required as they are common activities undertaken especially by SMEs on their overseas expansion. Claims for such activities currently form the bulk of applications received by IE Singapore/ STB. The proposed change will help to ease tax compliance and encourage businesses to undertake more of these market expansion and investment development activities.

### **19. Why is approval required for the other qualifying activities under DTDi?**

The other qualifying activities are less common. They also include activities that are more complex, potentially higher in expenditure, and therefore require more evaluation efforts by IE Singapore and STB (e.g. expenditure incurred in setting up an overseas marketing office).

### **20. Why is there the need to impose a cap of S\$100,000 per company per YA on qualifying expenditure where no approval is required?**

The cap of S\$100,000 ensures that the proposed change is targeted at SMEs, which we are encouraging to internationalise. The proposed cap of \$100,000 is more than sufficient based on the past claim profile where the majority of claimants (>90%) incur less than \$100,000 of qualifying expenditure on the four qualifying activities.

### **21. Who are eligible to claim further double tax deductions without having to seek approval from IE Singapore/ STB?**

All businesses will qualify, subject to the existing conditions of the scheme.

### **22. What are the qualifying expenditure available for double tax deduction without the need for approval from IE Singapore/STB on the 4 qualifying activities up to the first \$100K per Year of Assessment?**

The list of qualifying expenses is set out below:

<b>Qualifying Activity</b>	<b>Qualifying Expenses</b>
Participation in business development or investment study trips (up to 2 employees <sup>1</sup> per trip)	<ul style="list-style-type: none"> <li>• Airfare*</li> <li>• Hotel Accommodation &amp; Meals</li> <li>• Overseas Transportation</li> </ul>
Participation in overseas trade fairs (up to 2 employees <sup>2</sup> per fair)	<ul style="list-style-type: none"> <li>• Stand Rental</li> <li>• Stand Design/Decoration</li> <li>• Stand Construction</li> <li>• Production of Corporate Brochures or Catalogues</li> <li>• Freighting of Exhibits</li> <li>• Insurance of Exhibits</li> <li>• Airfare*</li> <li>• Hotel Accommodation &amp; Meals</li> <li>• Overseas Transportation</li> </ul>
Participation in local trade fairs that have been approved by IE Singapore or STB	<ul style="list-style-type: none"> <li>• Stand Rental</li> <li>• Stand Design/Decoration</li> <li>• Stand Construction</li> <li>• Production of Corporate Brochures or Catalogues</li> <li>• Insurance of Exhibits</li> </ul> <p>Cost of inviting up to 2 overseas buyers</p> <ul style="list-style-type: none"> <li>• Airfare*</li> <li>• Hotel Accommodation &amp; Meals for the duration of the fair</li> </ul>

\* Airfare includes airport tax, fuel surcharge, airfare transaction fees and visa fees. It excludes GST/ CESS/ Carrier Surcharge/ Bank Charges/ Insurance/ Amendment Fees/ Excess Baggage. Qualifying expenses on airfare, hotel accommodation & subsistence allowances (meals only) are based on an incurred basis. The support is up to a max of 2 company's representatives per trip.

Qualifying expenses are computed net of any grant or subsidy from the Government or statutory boards.

<sup>1</sup> When a company sends 3 of its employees to participate in an overseas trip (same objective and duration) DTDi will be granted up to 2 employees. The 3<sup>rd</sup> employee can be considered for support on case-by-case basis if the employee meets with different customers in another city in the country or follow-up with potential customers.

<sup>2</sup> For example, where a company sends 3 of its employees to participate in an overseas trade fair/mission, DTDi will be granted in respect of 2 employees. Expenses incurred by the company on the third employee will continue to enjoy a 100% tax deduction (provided they are wholly and exclusively incurred in the production of income and qualify for deduction under Section 14 of the SITA).

For Company A's YA2013 tax submission, the expenses eligible for DTDi are:

	<b>Expenses qualifying for DTDi (\$)</b>	
Approved claims from IE Singapore/STB	14,000 <u>25,000</u>	<b>39,000</b>
Claims without approval from IE Singapore/STB	30,000 5,000 <u>35,000</u>	<b>70,000</b>
<b>Total</b>		<b>109,000</b>

**23. What happens if I embark on a qualifying activity from 1 April 2012 (without applying for approval from IE Singapore/ STB) and find that the expenditure incurred for the qualifying activity exceeds the \$100,000 cap on qualifying expenditure when the activity is completed?**

Generally, businesses are advised to plan and track their expenditure well and seek approval early to avoid being denied their claim for their expenses. If businesses are unsure if their total qualifying expenses will exceed \$100,000, they can continue to submit their applications to IE Singapore (via their incentive portal) and STB (manual application) for approval before commencing on any of the qualifying activity.

**24. My next activity will cause my cumulative amount of expenditure on which DTDi is claimed to exceed \$100,000. I will therefore need to submit an application to IE Singapore/ STB. Do I make the application only for the qualifying expenditure in excess of \$100,000 or for the entire qualifying expenditure incurred for the activity?**

Businesses should make an application for the entire qualifying expenditure incurred for that activity. For example, if the activity consists of a one-week trip to various cities, the application should be in respect of qualifying expenses on the entire trip, rather than selected parts of the trip.

Example 2

Between July 2012 and June 2013, Company B participated in the following qualifying activities:

<b>Month</b>	<b>Qualifying Activity</b>	<b>Qualifying expenses incurred (\$)</b>
Jul 2012	Overseas business development trip 1	6,000
Sep 2012	Overseas business development trip 2	5,000
Nov 2012	Approved local trade fair	40,000
Feb 2013	Overseas business development trip 3	3,500
Apr 2013	IE-supported overseas trade fair 2	35,000
May 2013	Overseas business development trip 4	7,000
Jun 2013	Overseas business development trip 5	5,500 <sup>#</sup>

<sup>#</sup> Company B was granted approval for DTDi by IE Singapore on the qualifying expenses incurred on Overseas business development trip 5.

For Company B's YA2014 tax submission, the expenses qualifying for DTDi are:

	<b>Expenses qualifying for DTDi (\$)</b>	
Approved claims from IE Singapore/STB	<u>5,500</u>	<b>5,500</b>
Claims without approval from IE Singapore/STB	6,000	
	5,000	
	40,000	
	3,500	
	35,000	
	<u>7,000</u>	<b>96,500</b>
<b>Total</b>		<b><u>102,000</u></b>

**Note:** Had Company B not sought approval from IE Singapore for DTDi expenses of \$5,500 on Overseas business development trip 5, only \$3,500 of the qualifying trip expenses can be claimed without the need for approval from IE Singapore/STB. The remaining \$2,000 of trip expenses will not enjoy the DTDi (as the amount of DTDi claimed without approval has exceeded the \$100,000 cap).

**25. I have only utilised \$70,000 under the enhanced scheme. Can I carry forward the unutilised part of \$30,000 to next year?**

No, if a business is unable to fully utilise the cap of \$100,000 for a YA, it cannot bring forward the unutilised part to the next YA.

**26. With the enhanced DTDi how does a business claim double tax deduction under the DTDi scheme in its tax computation & what documents do I need to submit to IRAS?**

There is no change to the existing procedure for tax filing by businesses. Businesses are not required to submit upfront documentation to IRAS for expenditure not exceeding the \$100,000 threshold. However, as with other business expenses, businesses are required to maintain documentation to provide proof of their expenditure and the purpose of that expenditure. Such documentation include the purpose and itinerary of the trip, list of companies met, invoices and receipts of the qualifying expenses. **(Please refer to Annex 1)**

**27. What are the other qualifying activities and expenditure available for double tax deduction?**

The list of other qualifying expenses is set out below:

<b>Qualifying Activity</b>	<b>Qualifying Expenses</b>
Market Survey/Feasibility Study	<ul style="list-style-type: none"> <li>• Third – Party Consultancy Fees</li> </ul>
Investment Feasibility/Due Diligence Study	<ul style="list-style-type: none"> <li>• Third – Party Consultancy Fees</li> </ul>
Design of Packaging for Overseas Markets	<ul style="list-style-type: none"> <li>• Third – Party Consultancy Fees</li> <li>• Cost of prototype production</li> </ul>
Product/Service Certification	<ul style="list-style-type: none"> <li>• Cost of preliminary assessment</li> <li>• Cost of application and issuance of certification</li> </ul>

Overseas Advertising Campaign	<ul style="list-style-type: none"> <li>• Third – Party Consultancy Fees</li> <li>• Cost of purchasing advertising space</li> </ul>
Overseas Promotional Campaign	<ul style="list-style-type: none"> <li>• Third – Party Consultancy Fees</li> <li>• Costs associated with in-store promotions/sales campaign</li> <li>• Costs associated with promotional roadshows/seminars</li> <li>• Costs associated with direct mailing campaigns</li> <li>• Airfares *</li> <li>• Hotel Accommodation and meals</li> </ul>
Master Licensing & Franchising	<ul style="list-style-type: none"> <li>• Third – Party Consultancy Fees</li> <li>• Legal Fees for the development of the licensing/franchising agreement</li> </ul>
Overseas Trade Office	<ul style="list-style-type: none"> <li>• Basic salary for OMO representative (Singaporean/PR only)</li> <li>• Rental of accommodation</li> <li>• Rental of office premises &amp; equipment</li> <li>• Maintenance of office facilities</li> <li>• Rental and maintenance of vehicle</li> <li>• Telecommunication charges/postage</li> <li>• Stationery and other office supplies</li> <li>• Airfares*</li> <li>• Hotel accommodation &amp; meals</li> <li>• Cost of Advertising/Promotional Campaign</li> <li>• Maintenance of Showroom/Display Area</li> </ul>
Advertising in Approved Local Trade Publication	<ul style="list-style-type: none"> <li>• Cost of advertising space</li> </ul>
Production of Corporate Brochures for Overseas Distribution	<ul style="list-style-type: none"> <li>• Third – Party Consultancy Fees</li> <li>• Art Work</li> <li>• Colour Separation &amp; Typesetting</li> <li>• Copy-writing</li> <li>• Cost of Design</li> <li>• Photography</li> <li>• Printing production cost</li> <li>• Translation</li> </ul>
Employee Overseas Posting	<ul style="list-style-type: none"> <li>• Basic salary</li> </ul>

\* Airfare includes airport tax, fuel surcharge, airfare transaction fees and visa fees. It excludes GST/ CESS/ Carrier Surcharge/ Bank Charges/ Insurance/ Amendment Fees/ Excess Baggage. Qualifying

*expenses on airfare, hotel accommodation & subsistence allowances (meals only) are based on an incurred basis. The support is up to a max of 2 company's representatives per trip.*

Qualifying expenses are computed net of any grant or subsidy from the Government or statutory boards.

## **Employee Overseas Posting**

### **28. What is DTDi for Employee Overseas Posting?**

In Budget 2015, the DTDi for Internationalisation scheme was enhanced to provide greater support for businesses expanding overseas and create skilled jobs for Singaporeans, to include qualifying salary expenses incurred for employees posted overseas in an overseas entity, subject to the following conditions:

- The employee is a Singaporean or permanent resident of Singapore;
- The employee's posting lasts at least one year, and is designed to further the applying business's expansion plans and provide the employee with opportunities to gain new skillsets;
- The employee is contractually employed by the applying business throughout the supported period, and the salary expense is incurred by the applying business;
- The salary expenditure cannot be deducted against any income that may be liable to tax in the overseas jurisdiction; and
- The overseas entity was set up or acquired (including equity interests therein) by the applying business for not more than three years.

Applications are subject to IE Singapore's approval. If granted, the tax deduction will be available on up to five employees' salaries per year. Qualifying salary expenses will be capped at S\$15,000 per month per employee.

### **29. What is the effective date of this enhanced support?**

For the new Employee Overseas Posting support, businesses can apply for qualifying expenditure incurred from 1 July 2015 to 31 March 2020. If granted, the tax deduction will be applicable for the first three years of establishment or acquisition (including of equity interests therein) of the overseas entity.

### **30. How to apply?**

As with the rest of DTDi applications requiring approval, please use Singpass or CorpPass to submit applications to IE Singapore through the DTDi Incentive Portal at [www.iesingapore.com/DTDi](http://www.iesingapore.com/DTDi). Businesses are advised to plan and track their expenditure and seek approval early to avoid being denied approval for their expenses. For more details on the online application process, please refer to the next section in this FAQ.

### **31. What supporting documents are required for the application and claim for Employee Overseas Posting?**

For qualifying expenditure approved by IE Singapore, businesses should submit the letter of support or letter of approval to IRAS when filing the business's annual income tax return. In your submission, you should include all letters of support or letter of approval relating to the basis period of claim and a schedule to the tax computation stating the following:

- a) Amount of expenses incurred;
- b) Date or period in which the expenses were incurred;
- c) Corresponding amount of further or double tax deduction claimed;
- d) Corresponding amount of further or double tax deduction not claimed (i.e. for cases where the total expenses incurred exceeds the combined expenditure cap of S\$1mil mentioned in Section 14K of the Income Tax Act);
- e) Section of the Income Tax Act claimed under; and
- f) Reference number of all relevant letters of support.

The tax deduction allowed under the DTDi scheme should be shown in the tax computation. Businesses must also maintain documentation to prove the purpose and quantum of expenditure, and make them available to IRAS upon request. A post-evaluation report must be submitted to IE Singapore at the end of the employee's posting.

#### Overseas Entity

**32. Why is DTDi only allowed for the first three years of establishment or acquisition (including of equity interests therein) of the overseas entity?**

Businesses often face the biggest challenges during the first three years of setting up an overseas presence. The enhancement seeks to alleviate some of the initial risks and costs of setting up an overseas presence.

**33. What is an “overseas entity”?**

An overseas entity refers to an entity:

- a) that is established in the overseas jurisdiction;
- b) that is set up or acquired by the applicant for not more than three years for the purpose of seeking out new business lines, new geographical markets or new products - aligned with the applicant's intent and efforts to internationalise; and
- c) whose share capital is (partly or fully) owned by the applicant at the point of application and throughout the support period.

An overseas entity must be in the form of a branch, a company, a partnership or a representative office.

**34. If my business has already established/acquired an overseas entity before the effective date of enhancement (1 July 2015), can we claim DTDi when an employee is subsequently posted to that overseas entity after 1 July 2015?**

Yes, the support period will be from the start date of the overseas posting, to the earlier of the end date of the overseas posting or last day of the three-year period from the date of establishment or acquisition of the overseas entity.

#### Employee

**35. What is a “qualifying employee”?**

A qualifying employee refers to an employee that is contractually employed by the applicant at the point of application, and throughout the duration of the support period. The employee should be posted overseas in line with the applicant's intent to undertake overseas expansion plans, and to provide its

employees with overseas exposure, such as overseeing the company's new business lines overseas. There should also be opportunities for the employees to gain new skillsets.

**36. What are “qualifying salary expenses”?**

Qualifying salary expenses refers to the basic salary which excludes bonuses, commissions, taxes, allowances, overtime and other benefits (e.g. relocation cost, tax equalisation package, benefits-in-kind etc).

Qualifying salary expenses are computed net of any grant or subsidy from the Government or statutory boards.

**37. Why is DTDi only allowed for basic salary of an employee who is being posted overseas?**

Salary cost is generally the largest component of the expenses required for an overseas posting and basic salary is generally the immediate fixed cost component which businesses will normally have to bear.

**38. If my business is a partnership, can we make a DTDi claim for an equity partner who is being posted to an overseas entity?**

No, an equity partner is not an approved employee for this enhancement.

**39. Can businesses make a DTDi claim for an employee who is not contractually employed by us?**

No, businesses can only make a DTDi claim if the following conditions are met:

- a) The employee must be contractually employed by the applicant at the point of application, and throughout the duration of the support period;
- b) The salary expense must be incurred by the applicant; and
- c) The salary expense must not be deducted against any income that may be liable to tax in the overseas jurisdiction.

**40. Can businesses make a DTDi claim for an employee who has been posted to work for the overseas entity, where the overseas entity chooses to pay for the salary of that employee, and subsequently recovers the salary cost from us at a cost-to-cost basis?**

Yes, a Singapore business may make a DTDi claim if the employee is contractually employed by the Singapore business, if the salary cost is incurred by the Singapore business and treated as a salary expense in the books belonging to the Singapore business. The Singapore business should obtain from the overseas entity proper documentary proof showing payment made to the employee, and inter-billing of the salary cost to the Singapore company for cost recovery. The Singapore business should also ascertain and confirm that the overseas entity would not be deducting such salary expense against any income that may be liable to tax in the overseas jurisdiction.

**41. Can businesses make a DTDi claim for an employee who has been posted to work for the overseas entity, where the employee's salary is co-shared between us and the overseas entity? That is, the overseas entity pays the salary of that employee, and subsequently recovers the salary cost from us at a cost-to-cost basis.**

Yes, a Singapore business may make a DTDi claim only on the portion of the salary cost which is being inter-billed by the overseas entity to the Singapore business, provided that the employee is contractually employed by the Singapore business, and the portion of the salary cost that is

subsequently recovered from the Singapore business is incurred by the Singapore business and treated as a salary expense in the books belonging to the Singapore business.

The Singapore business should obtain from the overseas entity proper documentary proof showing, payment made to the employee, co-shared portion of the salary cost incurred by the Singapore business, and inter-billing of the co-shared portion of the salary cost to the Singapore business for cost recovery. The overseas entity must not be deducting such salary expense against any income that may be taxed in an overseas jurisdiction.

**42. Can businesses make a DTDi claim for an employee who has been posted to work for the overseas entity, and the salary of that employee would be paid by us, but subsequently recovered from the overseas entity at a cost-to-cost basis?**

No, a claim is not allowed as the Singapore business is not considered to have incurred qualifying salary expenses for employees posted in an overseas entity. This would also apply for cases where the salary of the employee is paid by the Singapore business but part of it was subsequently recovered from the overseas entity, i.e. a claim is not allowed for that part of the salary expenses.

Overseas Posting

**43. Can businesses make a DTDi claim for an employee who is posted to work for an overseas entity for less than one year?**

No, a minimum one year duration for the employee to work in the overseas entity is necessary so that there is sufficient time to allow the employee to contribute to the overseas entity and for the employee to gain valuable experience from on the job learning.

**44. Can businesses make a DTDi claim for an employee who is posted to work for an overseas entity for a five-year duration?**

Businesses will only be allowed to claim DTDi on the salary expenses incurred on first three years of the establishment of an overseas entity. Where the employee is posted to work overseas for a five-year duration for a newly established overseas entity, the salary expenses incurred on the last two years will not qualify for DTDi.

DTDi Expenditure Cap

**45. What is the maximum amount of deductions an applicant can claim per year of assessment?**

Businesses may claim a double tax deduction, subject to an expenditure cap of \$1million per year of assessment, on qualifying salary expenses incurred for employees posted overseas and qualifying overseas investment development expenses under section 14K of the Income Tax Act. This is notwithstanding the number of approved employees posted overseas and approved overseas investment development projects.

### **Incentivised Applicant**

**46. My business is awarded an incentive under the ITA/EEIA and has been approved by IE Singapore to claim qualifying expenses under the DTDi scheme. How should the qualifying expenses under the DTDi scheme be set-off in the tax computation?**

As a matter of principle, the matching of expense and revenue should be observed where feasible. Hence, businesses are required to identify the purpose for which the expenses were incurred and match the expenses against the specific income streams to which the expenses relate. Paragraphs (a) and (b) below set out the set-off rules for different situations.

- a) Qualifying expenditure that is directly identifiable to specific income streams of the business  
The qualifying expenditure should be matched and allowed against the specific income streams to which the expenses relate.
- b) Qualifying expenditure that is not directly identifiable to specific income streams of the business  
The qualifying expenditure may be treated as common expenses and be allocated across the different income streams using acceptable bases of allocation. The basis used must bear nexus to the business activities and reasonably reflect the level of activities under the different tax categories. In addition, the basis once adopted must be applied consistently across the years provided there is no change in business or operating circumstances. One example of a common allocation basis would be turnover ratio.

### **Online Application – DTDi Incentive Portal**

**47. How long does the online application process typically take?**

Feedback from other DTDi users indicate that it typically takes 5-10 min to fill in the online form.

**48. How do I submit my application to IE Singapore via the DTDi incentive portal?**

Step 1: Go to [www.iesingapore.com/DTDi](http://www.iesingapore.com/DTDi). Complete Organisation Profile and User Profile (for first-time applicants only).

Step 2: Click on "Applications" tab and select the appropriate activity under which you are applying and fill in all the relevant fields accordingly. In order to obtain a prompt reply on the application from IE, please do not leave any mandatory fields blank.

**49. Why are users required to use their personal SingPass/CorpPass to access DTDi?**

The SingPass/CorpPass login for DTDi was implemented in tandem with the Singapore government's efforts to consolidate users' access to all e-services with a common user ID and login password. With the SingPass/CorpPass login, the public need only one password to access the various government e-services. This makes it more convenient for the public to transact with the government.

**50. How do I check if my application has been submitted to IE?**

From the "DashBoard" under "Submitted Application" you can check the "Status" of the application which you have submitted to IE.

**51. Do I need to complete the organisation profile for repeat applications?**

The organisation profile is only required for first time DTDi applicants. You will need to update the organisation profile at least once a year usually for the 1<sup>st</sup> application efile in a new year.

**52. What do I do with the Letter of Support? Do I have to inform IRAS?**

For the activity supported under DTDi by IE Singapore, you would need to submit the Letter of Support. All other relevant supporting documents (e.g. invoices, receipts etc), company should compile and made available to IRAS upon request.

**53. How do I withdraw an application that has been submitted to IE Singapore?**

Follow the steps below to withdraw an application that has been submitted to IE Singapore.

- i) From the **Submitted Application** of **Dashboard**, click on the hyperlinked **Application reference number** of the DTDi application form. The DTDi application form will be displayed.
- ii) Click to select **Withdraw**. A dialog window will be displayed.
- iii) Enter the reason for returning the form and click on **Submit**. The DTDi application form will be withdrawn and an email notification will be sent out informing of the withdrawal.
- iv)

**54. Can I make changes when I have already submitted the application to IE Singapore?**

To make changes to an application that has been submitted to IE Singapore, you would need to withdraw the original application and re-submit another application before the commencement of the activity.

**55. Will I receive any notification from IE Singapore after my DTDi application is approved?**

If your application is supported by IE Singapore, you will receive an “**Approval-in-Principle (AIP)**” email notification from IE. After the activity has been implemented, you would need to submit an Evaluation Form. Once your Evaluation Form is approved by IE, you will receive an email notification. You may then download the Letter of Support (LOS) to be submitted together with your annual income tax return. The LOS can be downloaded from the “Official Documents/Letters” tab of the application form in the IE incentive portal.

If your application is not supported, you will be notified via email. You may download the Letter of Rejection (LOR) from the “Official Documents / Letters” tab of the application form for record.

**56. What is Approved-In-Principle (AIP)?**

While IE supports the application (AIP), the final claims are subject to company submitting the necessary documents to IRAS to determine the final tax claimed allowed for the event.

**57. How do I search for a DTDi application form which I have submitted?**

To search for a DTDi application form submitted in the IE incentive portal, please follow the steps below.

- i) Click on [**Search Application**] from the menu bar. The [**Search Application**] page will be displayed.
- ii) Enter the value on any of the search criteria and click on [**Search**]. The application form(s), which matches the search criteria, will be displayed on the search results table.

iii) Click on the hyperlinked Application Reference Number of the DTDi application form.

**58. While I was registering my new company, I encountered the error message “Organization already registered. Please contact <Person’s Name> for details”. What should I do?**

This error message indicates that your company has already been registered in the IE Incentive Portal. If you want to access the IE Incentive Portal, you would need to contact the person mentioned as he/she is the Company Administrator for your company. He/she will be able to add you as a company user in the DTDi system.

**59. What do I do if my colleague’s name which is in the User Profile has already resigned?**

If the User has already resigned or no longer has rights to access the DTDi system in the IE Incentive Portal, please request your Company Administrator to deactivate the User Account. This is to prevent unauthorised access to the incentive portal. The steps to deactivate a user are as follows:

- i) Click on “User Profiles” from the Menu Bar. The List of Users page will be displayed.
- ii) Click on “Edit”. The Edit User dialog window will be displayed.
- iii) Under status, click “Inactive” radio button.
- iv) Click on “Save”. The user will be deactivated immediately. User that has been deactivated will not be able to login to the Incentive Portal.

**60. Can I print my DTDi application?**

You would need to save our application at least once before the “Print” icon is made available at the top left hand corner of the form.

**61. What do I do if my colleague who has a “saved as draft” DTDi application resigned prior to the submission of the draft application? Can the Covering Officer submit on his/her behalf?**

For all “saved as draft” applications, the covering officer will not be able to view the applications on the dashboard. The covering officer will need to do a “SEARCH” to retrieve the “DRAFT” application, complete the form and submit to IE.

**62. When I tried logging into the DTDi incentive portal using my SingPass/CorpPass credentials, there was an error message “login fail”. I tried logging in a second time but system keeps prompting me “login fail”. What do I do?**

You have experienced difficulty logging into the system as you may have left the SingPass/CorpPass login page idle in the past 5 min. The SingPass/CorpPass login page has a time lapse of 5 min.

**63. How do I register as a DTDi user for multiple companies?**

To register as a DTDi user for multiple companies, you would need to ensure that the NRIC and email address are the same as those indicated in the other companies.

## Evaluation Form

**64. Must I submit the Evaluation Form to IE Singapore?**

For all IE approved application, company has to submit the Evaluation Form after the activity has been completed so that IE can issue the Letter of Support for your claims with IRAS.

**65. How do I check which are the approved DTDi that I have yet to submit the evaluation form?**

Company can click on the “**Application Forms**” from the Menu bar. The **Application Forms** page will be displayed.

Click on the **Evaluation Form** link. The **My Submitted Applications – Pending Evaluation** page will be displayed. This page will display all the approved application(s) that is pending evaluation submission.

**66. What happens if I did not follow-up with an Evaluation Form?**

You will not be able to receive the Letter of Support if you do not submit an Evaluation Form after the event.

**67. How do I submit an evaluation form?**

Click on the Application Forms from the Menu bar. The Application forms page will be displayed.

Click on the Evaluation Form link. The My Submitted Applications – Pending Evaluation page will be displayed. This page will display all the approved application(s) that is pending evaluation submission. Click on the Application Reference Number. The Evaluation Form will be displayed.

**ANNEX 1**

**Illustration showing how a business may claim for double tax deduction under the DTDi scheme in its tax computation**

Assume a company's net profit as per accounts is \$500,000 and it is eligible to claim a further tax deduction on its marketing expenses of \$140,000 under section 14B of the Income Tax Act;

- a. Prior to 1 Apr 12, the tax computation prepared and submitted to IRAS by the company would be as follows:

Profit/(Loss) as per accounts *	\$500,000
Add/Less: Disallowable / (Further) Deductions	
- Further deductions under S14B (with approval from IE Singapore/STB)**	(\$140,000)
<b>Adjusted Profit/(Loss)</b>	<b>\$360,000</b>

\* Marketing expense of \$140,000 allowable under section 14(1) of the Income Tax Act already taken into account in arriving at the profit figure of \$500,000.

\*\* Schedule of qualifying activities and expenses and the relevant supporting documents from IE Singapore/ STB for the full \$140,000 should be submitted for IRAS' verification.

- b. With effect from 1 Apr 12, if company had sought IE Singapore/STB's approval for \$50,000 of the \$140,000 marketing expenses incurred: the tax computation prepared and submitted to IRAS would now be reflected as follows:

Profit/(Loss) as per accounts *	\$500,000
Add/Less: Disallowable / (Further) Deductions	
- Further deductions under S14B ***	
▪ No approval from IE Singapore/ STB required	(\$90,000) (\$140,000)
▪ Approval from IE Singapore / STB obtained	(\$50,000)
<b>Adjusted Profit/(Loss)</b>	<b>\$360,000</b>

\*\*\* Schedules of qualifying activities and expenses for the full \$140,000 (showing breakdown between automatic and approval claims) should still be submitted to IRAS for verification. In addition, the relevant supporting documents from IE Singapore/ STB for the \$50,000 should also be submitted.