

**BUILDING AND CONSTRUCTION AUTHORITY  
INVESTMENT ALLOWANCE**

**GUIDELINES FOR APPLICATION**

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APPLICATION OF INVESTMENT ALLOWANCE**

**Under Part X of  
The Economic Expansion Incentives  
(Relief from Income Tax) (Amendment) Act 1991 (CAP 86)**

1. INTRODUCTION

The purpose of the Investment Allowance Scheme is to help the industry achieve higher level of quality, productivity and better environment. All Singapore-registered firms are eligible to apply for the allowance. Under the scheme, approved fixed capital expenditure incurred on construction or building materials production equipment/machinery in the strategic areas (as specified in para 4) will be eligible for consideration of an investment allowance at a support level of 50% of the approved fixed capital expenditure incurred.

2. ELIGIBLE EQUIPMENT

- 2.1 Only those equipment which represent the latest and more advanced technology.
- 2.2 All proposed equipment/machinery to be purchased must be new. Second hand or reconditioned equipment will not be eligible for the allowance.
- 2.3 The titles of the proposed equipment/machinery have to be transferred to the applicant by purchase. Leasehold or rented equipment will not be eligible for the allowance.
- 2.4 The minimum investment proposal is \$10,000 for construction equipment and \$2,000 for IT related equipment.
- 2.5 Investment Allowance will not be granted to equipment for which the applicant has obtained financial grants from other Government Departments.

Plant and equipment bought under Hire Purchase Act or those that may enjoy accelerated depreciation under the relevant provisions of the Income Tax Act are also eligible for consideration for the allowance. The allowance, if granted, will be based only on the capital value of the equipment and installation charges.

### 3. QUALIFYING PERIOD

- 3.1 The qualifying period for assessment purpose shall be based on the date of application and the terms of payment for the approved equipment. This period is subject to review by the Approving Authority.
- 3.2 The allowance is only granted on approved new machinery or equipment purchased within the 1st year of the qualifying period. Investment Allowance **will not be granted** if the proposed equipment / machinery is
- i) purchased before the date of application; or
  - ii) delivered and received in Singapore by the applicant before the date of application; or
  - iii) purchased after the 1st year of the qualifying period

The date on the purchase contract, agreement or vendor's invoice, whichever is earlier, is deemed to be the date of purchase of the proposed equipment / machinery.

### 4. EVALUATION CRITERIA

- 4.1 Firms are eligible for consideration for allowance support of 50% of the approved capital expenditure based on the approved value or purchased price, whichever is the lower.
- 4.2 Eligibility of support will be subjected to the following conditions:-
- i) The type of technology the equipment/machinery will introduce. The equipment must represent a new technology as compared to the current norm. A list of supportable equipment is listed in Annex A.
  - ii) The contribution of the equipment/machinery to increasing project or company productivity. The equipment must bring about at least 20% improvement to the project or work trade.
  - iii) The proposed project where the equipment/machinery or tool will be utilised must fall in at least one of the following categories:
    - Construction IT;
    - Buildability; and
    - Miscellaneous such as quality, environment and safety on a case-by-case basis.

Preference is given to equipment that supports the construction of building projects in meeting the requirements of the Code of Practice on Buildable Design. Applications will be based on case to case basis. The same equipment may be approved for one application but rejected for another application.

## 5. PROCEDURES UPON APPROVAL

- 5.1 Upon approval of the grant of the allowance, BCA will issue the Investment Allowance Certificate to the applicant.
- 5.2 The applicant shall deal directly with the Commissioner of Inland Revenue (CIR) to claim the allowance by producing the Investment Allowance Certificate and the necessary invoices and purchase agreements, and any other relevant documents which are required by CIR.

## 6. CONDITIONS OF APPROVAL

- 6.1 In order to enjoy the investment allowance granted, the value of the purchased equipment
  - i) must be at least \$10,000 in terms of final value for construction equipment and \$2,000 for IT related equipment and
  - ii) must be within 50% range of the value of the proposed equipment.

Failure to comply with the above will render the investment allowance granted invalid.

- 6.2 A company granted the investment allowance incentive shall not sell, lease out or otherwise dispose of any asset in respect of which an investment allowance has been given during the qualifying period or within 2 years after the end of the qualifying period. If any asset were disposed of, the investment allowance given in respect of that asset will be recovered by the CIR.

## 7. APPLICATION PROCEDURES

- 7.1 Applications should be submitted before the date of purchase or the date on which the proposed equipment / machinery is delivered and received in Singapore by the applicant, whichever is earlier. Each application will then be reviewed and a letter of in-principle-support will be issued to the applicant if the application satisfies the pre-requisites of the scheme.

- 7.2 To assist us to evaluate your application speedily, please provide the information requested as completely as possible. All information given will be held in the strictest confidence. Please attach the Supplier's brochure/extra information for the equipment listed in the application.
- 7.3 Applications should be received by the BCA within 7 days from the date as stated in the application form.
- 7.4 Applicants are required to submit the required supporting documents stated in the In-Principle-Support letter within 1 month after the date of purchase (date on purchase contract / invoice) for the equipment applied.
- If the equipment listed in the same application are purchased on different dates, the applicant should make interim submissions by combining the respective supporting documents for equipment which were purchased within the same month.
- 7.5 Applications will only be processed and submitted for final approval provided that the complete relevant supporting documents were received.
- 7.6 Applicants may submit consecutive applications for investment allowance at any time provided such anticipated purchases of machinery are not covered in any other of their previous applications(s).
- 7.7 Successful applicants are required to furnish feedback on the impact of the Scheme on their firm as well as the construction industry upon request from time to time.
- 7.8 For any enquiry, please email to [rose\\_nguan@bca.gov.sg](mailto:rose_nguan@bca.gov.sg).
- 7.9 Please send the application form to:

Ms Rose Nguan  
Assistant Director  
Productivity Development (Mechanisation) Department  
Building and Construction Authority  
5 Maxwell Road  
#12-00 Tower Block MND Complex  
Singapore 069110

### Equipment supportable under Investment Allowance Scheme

Equipment that can directly improve productivity in the construction work, will be considered favourably.

Other equipment which is common to the industry like handheld power tools, excavators, hydraulic hammer for percussion piles, mechanical boring rig, welding machine, will not be supported. Equipment that is not directly related to the construction works like as generator, passenger hoists, lorry crane, forklift, lighting tower, noise meter, security system, gondola, thermal fogger machine, water pump, weighbridges, computers hardware and software, equipment for landscaping work, transportation, maintenance work and machinery used in factories (except for precast factory and steel fabrication factory) will not be supported under IAS.

The list of equipment below is not exhaustive. It shows the types of equipment that may be supported under Investment Allowance Scheme. Applicants have to show that the equipment to be purchased (be it on the list below or otherwise) will help to improve the productivity of the specific work process by at least 20%. Equipment that enables environmental-friendly construction process would also be supported.

Summary table showing the list of equipment supported under the Investment Allowance Scheme

A	Automation Equipment
A1	Concrete pump
A2	Ride on concrete trowel
A3	Self-climbing scaffold system
A4	Software for design and 3D drafting
B	Concrete-related works

B1	Concrete / screed vibrating leveler
B2	Shotcrete machine
B3	Grout mixer and pump
B4	Concrete rotary distributor
B5	Walk-on Power trowel
B6	Mobile Concrete crusher
B7	Remote-control concrete breaker / crusher
B8	Heavy duty- light weight aluminum tower scaffold
B9	Climbing scaffold system
B10	Aluminum formwork system
B11	Table formwork system
<b>C</b>	<b>Lifting and handling equipment</b>
C1	Scissor lift
C2	Boom lift
C3	Material handling mechanical arm
C4	Mast work platform
C5	Telescopic handler
C6	Mobile Truck crane
C7	Tower crane
C8	Crawler crane
<b>D</b>	<b>Specialist subcontracting works</b>
D1	Prestressing hydraulic pumps & jacks
D2	Cable/ Strand pusher
D3	Jet Grouting machine

D4	Demolition machine
D5	Hydrostress burster
D6	Control demolition concrete crusher
<b>E</b>	<b>Foundation works</b>
E1	Hydraulic drilling rig
E2	Hydraulic grab for diaphragm wall
E3	Hydraulic jack-in piler
E4	Hydraulic vibratory hammer
E5	Hydraulic casing rotator
<b>F</b>	<b>Prefabrication</b>
F1	Precast Concrete mould
F2	Gantry cranes to use in precast concrete / steel fabrication factory
F3	Bar bending machine
F4	Equipment to use in precast concrete / steel fabrication factory
<b>G</b>	<b>Environmental- friendly Equipment</b>
G1	Water filtration system
G2	Automatic washing bay
G3	Concrete recycling plant