

Mechanisation Credit (MechC) (revised on 7 March 2011) **Frequently Asked Questions**

GENERAL

1. How will this incentive scheme benefit my company?

This scheme will help builders, including both main contractors and sub-contractors, to defray the cost of technology adoption to achieve productivity gains for construction projects.

2. What are some of the equipment that can be supported?

Equipment that can directly improve productivity in the construction work, such as vibratory screed leveller, power float machine, concrete pump, spray paint equipment, boom lift, scissor lift, will be favourably considered.

Equipment which is not used directly to carry out the construction work, such as generator, passenger hoists, lighting tower, noise meter, security system, thermal fogger machine, water pump, weighbridges, computers hardware and software, will not be supported under Mechanisation Credit (MechC) scheme. Other equipment that is already commonly used in construction such as cranes and piling equipment used for foundation works will not be supported.

3. Is Mechanisation Credit (MechC) scheme limited to equipment used at construction sites?

Generally, equipment that help to increase productivity in the construction work at project sites are considered for support. Equipment used in prefabrication yards by steel fabricators and precast manufacturers, to increase productivity in the factories may also be supported.

4. Can a company submit multiple applications?

A company can submit multiple applications. For purchase of equipment, the total grant to a company shall be limited to \$200,000 under the scheme. For leasing of equipment, the total grant to a company shall be limited to \$50,000 under the scheme. The total grant shall also apply to companies registered under common major shareholders.

5. Is there any holding period for the equipment purchased with support under Mechanisation Credit (MechC) scheme?

For equipment purchase, the holding period shall be 2 years from the qualifying period. The qualifying period is one year from the date of application for cash

payment or one year from the date of application plus the end of hire purchase period.

6. Is there a deadline for equipment to be purchased or leased?

Application must be submitted before making the purchase or lease. Equipment must be purchased/ leased within a year from date of application.

7. What is the selection criterion?

The applications will be evaluated based on the potential productivity improvement that it could bring about. The project should yield a man-power savings or an improvement to the productivity of a specific process by at least 20%.

8. Is purchasing an excavator applicable for Mechanisation Credit (MechC) scheme?

No, the MechC scheme will not support equipment that are commonly used in the construction industry.

9. Can I lease equipment from my subsidiary company?

No funding support shall be provided for firms which lease the equipment from their related companies.

FUNDING SUPPORT LEVEL

10. What is the funding amount for purchase and leasing?

Depending on the impact to the project and the productivity improvement, the funding support is as shown below:

Cost of equipment		Funding cap
Purchase	equipment with cost \leq \$100k	Up to 50% support level Cap at \$20k
	equipment with cost $>$ \$100k	Up to 20% support level Cap at \$100k
Leasing	equipment with cost \leq \$30k	Up to 50% support level Cap at \$6k
	equipment with cost $>$ \$30k	Up to 20% support level Cap at \$30k

11. Is there any limit on the funding for each company?

Each company can be funded up to \$200,000 for purchase of equipment and up to \$50,000 for leasing of equipment.

12. Is GST supported?

The Government grants are not meant to offset the tax liability of companies, hence GST will not be supported under Mechanisation Credit (MechC) scheme.

13. Is hire-purchase supported?

Yes. For payment made through hire-purchase, only payments made within 24 months from the date of application will be considered for the purpose of the financial support and the payment made to the owner hire- purchase company or bank must satisfy the following conditions:

- (i) Only one disbursement for equipment cost \leq \$100,000 and up to two disbursements can be made for equipment cost $>$ \$100,000,
- (ii) The hire-purchase payment must be made within the first 24 months. The amount to be disbursed shall be the same percentage as the hire-purchase payment made to the owner hire-purchase company or bank. There will be no disbursement after 24 months

ELIGIBILITY

14. Is there any minimum investment or leasing amount in each application?

For equipment purchase, the minimum investment amount in an application shall be \$10,000. For equipment leasing, the minimum leasing amount in an application shall be \$2,000, and the leasing period for the equipment must not be less than six months.

15. Is there any minimum period for leasing of equipment?

The support for leasing shall be applicable to equipment with lease period of at least six months. No support shall be provided for short term rental of equipment.

16. For equipment purchase, can the scheme support used equipment?

BCA encourages companies to purchase new equipment for better efficiency. No support will be given for the purchase of used equipment.

17. Must the equipment be used in Singapore?

Yes, the equipment must be used in construction projects in Singapore.

18. Can a vendor of equipment submit the application?

No, only companies which want to purchase or lease equipment can send in their applications.

19. Is there any requirement for external auditor to verify the claims?

For approved funding of \$50,000 per application for purchase and approved funding of \$10,000 per application for leasing, external audit certification on qualifying expenses of the equipment will be required.

APPLICATION

19. How do I apply for Mechanisation Credit (MechC) scheme?

To apply for the MechC scheme, please send your application to:

Ms Tan Mui Kheng at 5 Maxwell Road, #16-00 Tower Block MND Complex, Singapore 069112.

The following documents must be submitted together with the application form:

- (i) Technical brochure of the equipment
- (ii) The business profile and name of shareholders of your company (can be taken from Accounting and Corporate Regulatory Authority)
- (iii) Quotation from three different equipment suppliers
- (iv) Written agreement/ letter of award as proof that the applicant is a party to the construction project where the equipment is used

20. How soon and how will I be notified of the outcome of my application?

You will be notified on the outcome of your application via post within a month if all supporting documents are in order.

CLAIMS

21. Can I request for advance payment?

Payment for expenses incurred is based on reimbursement.

22. How can I claim?

The applicant shall inform, permit and facilitate BCA officer(s) to visit the premises for verification of equipment used in the type of work stated in the application form. The applicant shall, within 3 months of the expiry of the Qualifying Period or 3 months of the expiry of the period during which the Equipment is hired, whichever is earlier, duly complete and submit the claim and the following documents:

- (i) the certificate of origin of the Equipment (stating the year of manufacture, engine number and serial number);
- (ii) the receipt, invoice or such other document amounting to proof of payments made to the owner hire- purchase company or bank for the Equipment;
- (iii) the written agreement of which the applicant is a party and pursuant to which the construction project in which the Equipment will be used will be carried out;
- (iv) a photograph of the Equipment on site;
- (v) a photograph clearly showing the serial number of the Equipment;

- (vi) documents showing to BCA's satisfaction that the use of the Equipment in the construction project has resulted in at least 20% manpower savings (measured by way of number of workers and over a period of at least one month and not exceeding 10 months) by the applicant, or 20% improvement in productivity (measured by way of decrease in mandays used per square metre and over a period of at least one month and not exceeding 10 months) of the applicant, in the particular area of work in which the Equipment has been used; and
- (vii) the relevant hire- purchase agreement.

23. What will happen if purchase or lease is not made within a year from the application (or approval?) or within qualifying period?

The funding support will automatically lapse.