

GUIDELINES ON MECHANISATION CREDIT

(updated on 1 August 2016)

Guideline on Mechanisation Credit

1. OBJECTIVE

The Mechanisation Credit (MechC) is a scheme which provides assistance to Singapore-registered businesses to defray the cost of adopting technologies that improve productivity in construction projects.

2. ELIGIBILITY CRITERIA

To be eligible, a business must satisfy the following conditions:

- (a) Must be a Singapore-registered business enterprise.
- (b) Equipment must be used in a local construction project and can achieve at least 20% (Standard MechC Scheme) or 30% (Enhanced MechC Scheme) in manpower savings (measured by way of number of workers and over a period of 4 weeks) or in site productivity (measured by way of decrease in mandays used per square metre or equivalent and over a period of 4 weeks) of the applicant, in the particular area of work in which the equipment has been used. Productivity data of the purchased or leased equipment must be recorded and submitted to BCA upon request.
- (c) Purchase or leasing of equipment must not have been made before the time of application.
- (d) Purchase of used equipment will not be supported.
- (e) The support for leasing shall be applicable to equipment with a lease period of at least 1 month and not more than 12 months, within the qualifying period. No support shall be provided for short term rental of equipment.
- (f) No purchase or leasing of equipment from related companies is allowed.

3. FORM OF ASSISTANCE

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

Table 1: MechC funding table with Standard and Enhanced Scheme

	Standard MechC Scheme	Enhanced MechC Scheme*
For Purchase of Equipment	Equipment cost \leq \$100,000 , grant up to 50% or capped at \$20,000 .	Equipment cost \leq \$125,000 , grant up to 70% or capped at \$25,000 .
	Equipment cost $>$ \$100,000 , grant up to 20% or capped at \$100,000 .	Equipment cost $>$ \$125,000 , grant up to 20% or capped at \$100,000 .
For Leasing of Equipment	For leasing cost \leq \$30,000 , grant up to 50% or capped at \$6,000 .	For leasing cost \leq \$30,000 , grant up to 70% or capped at \$6,000 .
	For leasing cost $>$ \$30,000 , grant up to 20% or capped at \$30,000 .	For leasing cost $>$ \$30,000 , grant up to 20% or capped at \$30,000 .

***Note:** To qualify for the Enhanced MechC scheme, firms will have to achieve **at least 30% productivity improvement** and **show evidence** that they are also building capability through areas such as financial standing, human resource development, and certifications and awards.

Additional criteria for Enhanced MechC Scheme (To fulfill 1 item each from any 2 sections)

- (a) Financial Standing
 - (i) Paid up capital is more than the grant amount; or
 - (ii) Revenue is more than the grant amount; or
 - (iii) Annual Profit before tax for the three years preceding grant application
- (b) Human Resource Development
 - (i) Minimum of 20% R1 workers per firm
- (c) Certification and Awards
 - (i) ISO9001:2008 or ISO14000 or OSSAS18000/SS506 Part1; or
 - (ii) Construction Productivity Award; or
 - (iii) Safety management certification/award

B. Purchase price should exclude GST and COE. Other related administrative fees/charges, design fees, freight charges, shipping charges, port charges, bank charges, charges for assembly and dismantling, service charges, maintenance fees, etc are not supportable. Only 1 set of consumables per equipment (e.g. drill bits, saw blades etc) will be supportable.

C. From 1 June 2015, each firm has a new funding cap of \$250,000, of which \$200,000 is for the purchase of equipment and \$50,000 is for the leasing of equipment.

4. QUALIFYING PERIOD

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. In general, the Qualifying Period is one year from the date of application.

The allowance (funding) is only granted on approved equipment purchased within 12 months from the date of application. Support **will not be granted** if the proposed equipment was

- i) purchased/ leased before the date of application; or
- ii) delivered and received in Singapore by the applicant before the date of application; or
- iii) purchased/ leased after the first 12 months from the date of application.

The date on vendor's invoice is deemed to be the date of purchase of the proposed equipment / machinery.

5. CLAIM

The applicant shall, within the Qualifying Period complete the purchase / leasing and facilitate BCA officers to inspect the premises where the equipment is used. The applicant shall also notify BCA at least one month prior to the return/removal of the equipment from the project sites.

- (a) For payment made through cash payment, only one disbursement will be made. Applicant is to submit the claim form within the Qualifying Period.
- (b) For payment made through hire-purchase, only payments made within 24 months from the date of application (i.e. the Claim Period)* will be considered for the purpose of the financial support payments 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 for equipment cost $>$ \$100,000,
 - (ii) The hire-purchase payments must be made within the first 24 months from the date of application.

The hire-purchase payments made to the owner's hire-purchase company/bank shall determine the amount to be disbursed (to be pro-rated or as the same percentage of the approved grant). There will be no disbursement for payments after the first 24 months from the date of application.

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 must be submitted.

Submission of the Equipment's productivity data is mandatory for all equipment except for those specifically waived (please refer to the List of Supportable Equipment for more details).

6 HOLDING PERIOD

The holding period shall be one year from the end of qualifying period for cash payment or one year added on from the end of hire-purchase period.

7. OTHERS

(a) Applications must be received by BCA on or before the equipment purchase/ leasing. Late applications will not be supported.

(b) For different types of equipment, please use separate application forms

For the avoidance of doubt, during the Qualifying and Holding Period, the applicant shall not:-

- (i) lease or lend to another party the Equipment;
- (ii) sell the Equipment;
- (iii) allow the Equipment to lose its intended function(s) or be damaged beyond repair;
- (iv) scrap/dispose the Equipment; or
- (v) allow or be a party in bringing the Equipment out of Singapore.

(c) It is the applicant's responsibility to take care of the Equipment, and the applicant shall be solely responsible for any losses. Lost / Stolen equipment **shall not entitle** the applicant to claim under the scheme.

(d) Applications will be supported based on a case to case basis. The same equipment may be approved for one application but rejected for another application.

8. HOW TO APPLY

Application (<http://www.bca.gov.sg/MechOnline.html>) shall be submitted by applicant at least one (1) working day before the purchase/ lease. Application made after the purchase/ lease date will not be supported. The date of invoice is considered the date of purchase.

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