

Mechanisation Credit (MechC) (revised on 1 August 2016) 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 adopting technologies that improve productivity in 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 etc will be favourably considered.

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

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

Generally, equipment which increases productivity in construction work at project sites will be considered for funding support. Equipment used in prefabrication yards by steel fabricators and precast manufacturers to increase productivity in such offsite facilities may also be considered for funding support.

4. Can a company submit multiple applications?

Yes. A company can submit multiple applications until the funding cap has been reached.

5. When did the 2nd Tranche of CPCF commence and how long is the fund expected to last?

The 2nd tranche of CPCF commenced on 1st June 2015 with S\$450 million set aside for the next three years to help firms improve productivity.

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

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

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

8. What is the evaluation criterion?

The applications will be evaluated based on the potential productivity improvement that the equipment could bring about. The relevant construction work/trade should yield a man-power savings or a productivity improvement by at least 20% for the Standard MechC Scheme or 30% for the Enhanced MechC Scheme (please take note of the additional qualifying criteria under the Enhanced MechC Scheme as listed under the MechC Guidelines).

9. Is purchasing an excavator applicable for funding support under the Mechanisation Credit (MechC) scheme?

No, the MechC scheme will not support equipment that is commonly used in the construction industry (please refer to the List of Supportable Equipment for more details).

10. Can I purchase/lease equipment from my subsidiary company?

No funding support shall be provided for firms which purchased/leased equipment from related companies.

FUNDING SUPPORT LEVEL

11. What is the funding amount for equipment purchase and leasing?

Depending on 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%** in productivity improvement and **show evidence** that they are also building capability through areas such as financial standing, human resource development, 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

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

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 lease of equipment.

However, a firm can earn additional credit under the **MechC Referral Programme*** to raise the per-firm funding cap. The Referral Programme allows firm to increase their per-firm funding cap by referring builders who are new to the MechC Scheme. Each referee firm can only be referred once by any referrer.

Note*: \$20,000 increased per-firm funding cap for every successful referral case (for purchase of equipment and up to 20% may be used for leasing).

13. Is GST supported?

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

14. 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 financial support. The payment made to the owner's 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 from the date of application. The amount to be disbursed shall be the same percentage as the hire-purchase payment made to the owner's hire-purchase company or bank. There will be no disbursement for payments made after 24 months from the date of application

ELIGIBILITY

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

There is no minimum investment or leasing amount.

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

The minimum equipment lease period is 1 month and the maximum lease period is 12 months (for funding support under the MechC Scheme).

17. For equipment purchase, will the MechC scheme support used equipment?

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

18. Must the equipment be used in Singapore?

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

19. Can an equipment vendor submit the application and claim on behalf of firms?

No, only firms which intend to purchase or lease equipment may submit in their applications and claims.

20. Is there any requirement for external auditors to verify the claim submissions?

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

APPLICATION

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

An online application (<http://www.bca.gov.sg/MechOnline.html>) shall be submitted by the applicant on or before the equipment purchase/ lease. Applications made after the purchase/ lease date will not be supported. The date of invoice is considered the date of equipment purchase/ lease.

All ***necessary supporting documents*** must be attached within the online application, including the following and such other documents as may be specified by BCA:-

- I. Quotation of the equipment from the chosen supplier.
- II. Technical brochure of the equipment from the chosen supplier.
- III. Business profile and name of shareholders (can be taken from Accounting and Corporate Regulatory Authority) – For first application only.
- IV. Documents required under the additional criteria for the Enhanced MechC Scheme.

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

You will be notified on the outcome of your application within a month via an automated email notification. Alternatively, you may login to the online portal to check on your application status.

CLAIMS

23. Can I request for advance payment?

Payment for expenses incurred is purely based on a reimbursement basis.

24. 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. 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 attach together with the online claim the following documents:

- (i) the certificate of origin of the Equipment (stating the year of manufacture, engine number and serial number);
- (ii) the invoice- invoice date must not be earlier than the date of application.
- (iii) the receipt or external auditor's certification or such other document amounting to proof of payments made to the owner's hire- purchase company or bank for the Equipment;
- (iv) the written agreement of which the applicant is a party and pursuant to which the construction project in which the Equipment will be used;
- (v) a photograph of the project signboard;
- (vi) a photograph of the construction project;
- (vii) a photograph of the Equipment on site;
- (viii) a photograph clearly showing the serial number of the Equipment;
- (ix) productivity data 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 4 weeks) by the applicant, or 20% improvement in productivity (measured by way of decrease in mandays used per square metre and over a period of 4 weeks) of the applicant, in the particular area of work in which the Equipment has been used;
- (x) and the relevant hire- purchase agreement.

25. What will happen if the equipment purchase or lease was not made within a year from the application date?

The funding support will automatically lapse in such a scenario.