

ATTENTION: COMPTROLLER OF INCOME TAX

ECONOMIC DEVELOPMENT BOARD (IP SBU)

DECLARATION OF BENEFITS ACCRUING TO SINGAPORE FOR RESEARCH & DEVELOPMENT ["R&D"] ACTIVITIES THAT ARE OUTSOURCED TO AN OVERSEAS R&D ORGANISATION FOR THE PURPOSE OF SECTION 14D OF THE INCOME TAX ACT FOR THE YEAR OF ASSESSMENT _____

(Read the attached explanatory notes carefully before filling up this declaration)

I, _____ of _____ ("the Company"), hereby declare that:
Name of CEO/MD (or equivalent) Company Name

- (a) Any intellectual property generated from the outsourced R&D is owned and is/will be commercialised by the Company.
- (b) A R&D agreement dated _____ is signed with _____ (name of the overseas R&D organisation) for the provision of R&D services whereby the benefits arising from the conduct of the R&D services will be accrued to the Company.
- (c) The R&D services that are outsourced to the overseas R&D organisation will benefit the Company in one or more of the following ways.
- Licensing of intellectual property generated from the outsourced R&D
 - Use of R&D results for product and/or service development in Singapore
 - Use of R&D results for the production of goods and services in Singapore

(Check the appropriate boxes)

Name and signature of CEO/MD (or equivalent)

Designation

Date

Please attach the following information required in a separate sheet

1. Name and description of the intellectual properties arising from the outsourced R&D that are owned/to be owned by your company in Singapore
2. A brief description of the overseas R&D organisation (including the organisation's address)
3. Attach the breakdown of the R&D costs claimed which is duly certified.

EXPLANATORY NOTES FOR COMPLETING THE DECLARATION FORM

Note: Under the Singapore Income Tax Act, there are penalties for failing to give a return, furnishing an incorrect return or making a false declaration.

* Delete whichever is not applicable

1. **Definitions**

“Research and development” (R&D)

“Research and development” means any systematic or intensive study carried out in the field of science or technology with the object of using the results of the study for the production or improvement of materials, devices, products, produce, or processes, but does not include —

- (a) quality control or routine testing of materials, devices or products;
- (b) research in the social sciences or the humanities;
- (c) routine data collection;
- (d) efficiency surveys or management studies; or
- (e) market research or sales promotion;

“R&D organisation”

A R&D organisation means a body or an organisation which provides R&D services wholly or as part of its operations, for any trade or business.

“Owned and commercialised”

The term “owned” means that company must have either the legal ownership or the beneficial ownership to the intellectual property generated from the outsourced R&D. Beneficial ownership generally means that the company has a right to the economic benefits generated from the use of the intellectual property.

The term “commercialised” means that the intellectual property derived from the outsourced R&D has been used to generate sales which includes the production of goods or services.

“Intellectual property”

“Intellectual property” includes the following:

- Patent
- Copyright
- Trademark
- Registered design
- Geographical indication
- Lay-out design of integrated circuit
- Trade secret or information that has commercial value

“Use of R&D results for product and/or service development”

This refers to instances where the R&D findings are used to enhance an existing product or service.

2. **Eligibility for the R&D deduction**

The R&D tax deduction is available for expenditure on R&D provided that the ownership of the fruits of the R&D will vest in the claimant company.

3. Documents required for claiming the tax deduction for outsourced R&D to overseas R&D organisations

You should have a R&D agreement with the overseas R&D organisation for the provision of the R&D services but you are not required to submit it to the Inland Revenue Authority of Singapore (IRAS) at the point of claim. However, you are required to produce it when it is called for by IRAS.

In order for your claim for tax deduction to be considered, you are required to complete and sign the declaration form and submit the same to:-

- a) IRAS when the claim is being made together with your annual income tax return; and
- b) Economic Development Board (IP SBU)

The declaration form will state the benefits derived from the conduct of the R&D services by the overseas R&D organisation.

Separate declaration forms will have to be submitted if the company outsources R&D to more than one overseas R&D organisation. (ie. one declaration form for one overseas R&D organisation)

4. R&D expenses incurred in-house or outsourced to a local R&D local organisation

For claiming the tax deduction on R&D expenses incurred in-house or outsourced to a local R&D local organisation, there is no need to fill up the declaration form.

5. R&D expenses that can be deducted for income tax purposes

The R&D expenses incurred by the R&D organisation include the costs of staff directly involved in the R&D activity, the costs of consumable stores used in the R&D activity, etc. Capital expenditure such as costs of land, buildings and equipment are not allowed for income tax purposes.

6. Contact persons

For clarifications on the completion of this form and any other related matter, the public can contact:

Economic Development Board (IP SBU)
Telephone no: 6336 2288