

03

TYPES OF FUNDING

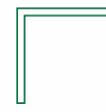
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CHAPTER 01

Sources of Funding



Sources of Funding

Before an entrepreneur starts a business,
there are many factors to consider.

One such factor is capital injection for the initial setup, as well as for development and growth. The Government is consciously building a pro-business and supportive environment, for large corporations and small and medium-sized enterprises (SMEs) to nurture and grow their businesses in Singapore. Funding and financing schemes are available to assist companies at different stages of their business.

Some of these initiatives provide support in areas like Capability Building, Productivity and Innovation as well as Capital Assistance. For more information on sources of funding, please email aic.homecare@aic.sg.

For Capability Building

(1) Capability Development Grant (CDG)

The Capability Development Grant (CDG) is a financial assistance programme that helps businesses build capabilities across 10 key areas, including raising service standards, adopting technology, staff training and overseas expansion. The grant supports a wide range of capability upgrading initiatives to grow businesses locally and globally.

The grant defrays up to 70 percent* of qualifying project costs such as consultancy, training, certification and equipment costs. Large scale upgrading projects in areas like increasing productivity, process improvement, product development and market access can be undertaken.

* SPRING's enhanced funding support of up to 70% would be effective for three years until 31 March 2018.

To encourage more SMEs to build business capabilities, the application process for grant support of S\$30,000 or less has been simplified.

The areas of support include:

- **Brand & Marketing Strategy Development**
Raising your company's profile, communicating your value proposition and expanding the business beyond Singapore
- **Business Excellence**
Improve management systems for better organisational performance
- **Business Strategy Innovation**
Using a structured approach to convert ideas into new or improved products, processes, services or business models to gain a competitive advantage
- **Enhancing Quality Standards**
Adopting standards to improve processes, raise competitiveness, enhance business credibility and enter new markets
- **Financial Management**
Improving financial management capabilities and better manage your financial resources
- **Human Capital Development**
Investing in human capital and putting in place strategies to attract, develop and retain staff
- **Intellectual Property & Franchising**
Protecting intellectual property to safeguard businesses and gaining a competitive advantage
- **Productivity Improvement**
Improving workflow processes and optimising resource allocation to maximise productivity
- **Service Excellence**
Enhancing service delivery and adopting service innovation to delight customers
- **Technology Innovation**
Strengthening technology innovation capabilities to improve products and services

Eligibility Criteria:

Local companies or private players

- Registered and operating in Singapore
- At least 30% local shareholding
- Group annual sales turnover < S\$100M or Group employment of < 200 employees

For more information, please visit:

<http://www.spring.gov.sg/Growing-Business/Grant/Pages/capability-development-grant.aspx>

Or contact: SME Portal, at:

<https://www.smeportal.sg/>
SME Infoline: +65 6898 1800

(2) Partnerships for Capability Transformation (PACT)

Under the Partnerships for Capability Transformation (PACT) initiative, SPRING works with Large Organisations (LO) to identify and implement collaborative projects between the LO and local SMEs in the areas of:

- Knowledge transfer from an LO to at least one SME
- Capability upgrading of a LO's new or existing suppliers
- Development and test-bedding of innovative solutions between a LO and at least one SME

With the Partnerships for Capability Transformation (PACT) initiative, selected SMEs will be upgraded in the area of productivity and capability development, and also gain opportunities to co-develop innovative products or solutions with LOs. Approved projects will be eligible for up to 70% funding support for qualifying development costs.

Eligibility Criteria: For Large Organisations:

- \$100M in sales revenue and above

For SMEs:

- Registered and operating in Singapore
- Have a minimum of 30% local shareholding
- Have Group annual sales turnover ≤ S\$100M or Group employment of ≤ 200 employees

For more information, please visit:

<http://www.spring.gov.sg/Developing-Industries/Industry-Initiatives/Pages/partnerships-for-capability-transformation.aspx>

or contact:

SME Infoline: +65 6898 1800
SME Portal : visit the website
<https://www.smeportal.sg/>

For Productivity and Innovation

(3) Collaborative Industry Projects (CIP)

The CIP initiative supports collaborations between enterprises and industry partners, such as Trade Associations and Chambers and solution providers, to address common industry-specific business challenges.

Examples of projects include:

- Optimising resources through resource sharing or shared services
- Outsourcing of non-core business functions
- Streamlining processes or upgrading capabilities along the value-chain
- Co-innovating new products, service offerings and co-exploring market opportunities

A successful project supported under the CIP initiative will drive transformation and capability upgrading among the enterprises, leading to productivity gain, business growth and innovation. Approved projects will be eligible for up to 70% funding support for qualifying development and/or adoption costs.

Eligibility Criteria:

Each consortium must have at least three SMEs committed to implementing the project. The SME must meet the following criteria:

- Registered and operating in Singapore
- Have a minimum of 30% local shareholding
- Have Group annual sales turnover ≤ S\$100M or Group employment of ≤ 200 employees

The project has to be **carried out in Singapore** and should lead to one or more of the **following outcomes:**

- Revenue gain
- Productivity gain such as process improvement and cost savings

For more information, please visit:

<http://www.spring.gov.sg/Developing-Industries/Industry-Initiatives/Pages/collaborative-industry-projects.aspx>

or contact:

SME Infoline: +65 6898 1800
SME Portal : visit the website
<https://www.smeportal.sg/>

(4) Productivity and Innovation Credit (PIC)

Under PIC Scheme, businesses enjoy 400% tax reduction/allowances for qualifying expenditure incurred in the Six Qualifying Activities from Years of Assessment (YAs) 2011 to 2018. Eligible businesses can exercise an irrevocable option to convert qualifying expenditure of up to \$100,000 for each YA into cash, at a conversion rate of 40%.

The PIC scheme will lapse after YA 2018. The six activities covered under PIC include:

- Research & development
- Registration of intellectual property rights (IPRs) – e.g. patents, trademarks, designs and plant varieties
- Acquisition and in-licensing of IPRs – e.g. buying a patented technology or copyright for use
- Acquisition or leasing of prescribed automation equipment
- Training of employees
- Approved design projects

For more information, please visit:

<https://www.iras.gov.sg/irashome/Schemes/Businesses/Productivity-and-Innovation-Credit-Scheme>

(5) Pioneer Incentive (PI)

PI provides corporate tax exemption on income generated from qualifying activities. Applicants are required to submit plans for three areas:

- New, substantive economic contributions, which must include commitments in significant incremental capital expenditure
- Business spending and provision of skilled jobs in Singapore
- Anchoring leading-edge technology, skills or activities in Singapore.



(6) Capabilities Development Grant – Technology Innovation Grant (CDG-TI)

Capabilities Development Grant – Technology Innovation Grant aims to increase the level of technology innovation in local enterprises, supporting companies that undertake projects to develop innovative technology products or solutions.

Eligibility Criteria of SMEs: The Programme is open to SMEs that are registered or incorporated in Singapore with:

- Minimum 30% local shareholding AND
- Company's Group annual sales turnover of not more than S\$100 million OR
- Company's Group employment size of not more than 200 workers*.

**Annual sales turnover and employment size will be computed on a group basis (i.e. all levels up for corporate shareholders holding >50% of total shareholding of the applicant company and any subsequent corporate parents, and subsidiaries all levels down).*

For more information, please visit:

<https://www.imda.gov.sg/industry-development/programmes-and-grants/small-and-medium-enterprises/initiatives/capabilities-development-grant--technology-innovation-cdg-ti>

or email:

lda_techdevt@ida.gov.sg

(7) Enhanced iSPRINT

IDA's Enhanced iSPRINT (Increase SME Productivity with Infocomm Adoption & Transformation) programme aims to enable small and medium-sized enterprises (SMEs) to use smart technology, such as sensors, analytics and autonomous systems, to boost productivity and growth.

Enhanced iSPRINT incorporates the \$500 million ICT for Productivity and Growth (IPG) programme announced by Mr. Tharman Shanmugaratnam,

Deputy Prime Minister and then-Minister for Finance, in the Budget 2014 announcement. To date, more than 8,000 SMEs have benefited from Enhanced iSPRINT. This includes deploying technology solutions at basic, intermediate or customised levels and implementing solutions which are mapped to their sector work flow and designed to benefit groups of SMEs in the same sector.

Eligibility Criteria of SMEs:

- Are registered or incorporated in Singapore
- Have at least 30% local shareholding and
- Have not more than S\$100 million Group annual sales turnover OR not more than 200 employees under the Group.

For more information, please visit:

<https://www.imda.gov.sg/industry-development/infrastructure/wireless-at-sg/ict-for-productivity-and-growth-programme/enhanced-isprint>

or email:

ida_isprint@ida.gov.sg

(8) Research Incentive Scheme for Companies (RISC)

RISC awards government grants to support the development of strategic technologies, improvement of R&D capabilities and the establishment of research centres of competence in Singapore.

For more information, please visit:

<https://www.edb.gov.sg/content/edb/en/why-singapore/ready-to-invest/incentives-for-businesses.html>

or contact:

Via email: clientservices@edb.gov.sg

or call: (65) 6832 6832

CHAPTER 02

Comparison of Financial Scheme of Aged Care



| Comparison of Financial Schemes for Aged Care | | | | | | |
|---|--|--|---|--|--|--|
| Parameters | Capability Building | | | Productivity and Innovation | | |
| | SPRING-CDG | SPRING-PACT | SPRING-CIP | SPRING-CIP | IDA-CDG TI | EDB-RISC |
| VWOs | X | X | X | X | X | X |
| Private providers with portable subsidies | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Private providers registered and operating in Singapore, and have at least 30% local shareholding | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Financial Standing | For LO: \$100m in sales revenue and above For SME: Have Group sales turnover of not more than \$100 million OR Group employment size of not more than 200 employees | | | For LO: \$100m in sales revenue and above For SME: Have Group sales turnover of not more than \$100 million OR Group employment size of not more than 200 employees | | |
| Size of Organisation | SME | LO or SME | SME | LO or SME | SME | LO or SME |
| Short Description | Encourage Community Care services providers to embark on projects and training to raise productivity | Foster collaboration; enable co-innovation, capability upgrading and sharing of best practices | Forming consortia to develop and deploy solutions for innovation and productivity | Allow tax deductions or cash payout, for investment in innovation and productivity | To develop innovative technology products or solutions | Encourage companies to develop R&D capabilities in strategic areas of technology |
| Intent | Business Development | Industry Development | Industry Development | Business Development | Business Development | Business Development |
| BD/ Collaboration | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Technology & Infrastructure | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Service Excellence & Operations Research | ✓ | ✓ | X | ✓ | X | ✓ |
| Human Capital Development | ✓ | ✓ | X | X | X | X |
| Quality Improvement | ✓ | ✓ | X | X | X | X |
| Training | X | X | X | ✓ | X | X |
| Quantum | 70% | 70% | 70% | NA | 70% | 30% |
| Contract Period | Up to 2 years | Up to a set period | Up to 2 years | Up to 2 years | Up to 2 years | 3 years |
| Qualifying Cost | Consultancy, manpower, training, certification and equipment | Development and adoption costs to be assessed by SPRING | Development and adoption costs to be assessed by SPRING | 400% tax deductions up to \$400,000 or 60% cash payout up to \$100,000, investments, innovation and productivity improvements | Consultancy, manpower, training, certification and equipment | Manpower (50%), equipment (30%), materials/consumables (30%), software (30%), professional services (30%), IP rights 30% |
| Administrator (Hotline) | (65) 6898 1800 | (65) 6898 1800 | (65) 6898 1800 | (65) 6898 1800 | NA | NA |
| Email Address | SME Portal | SME Portal | SME Portal | SME Portal | NA | NA |
| Remark/ Notes | CDG: Capability Development Grant SME: Small Manufacturing Enterprise | PACT: Partnership for Capability Transformation Scheme | CIP: Collaborative Industry Project | Productivity and Innovation Credit (PIC) | CDG TI: Capability Development Grant Technology Innovation | RISC: Research Incentive Scheme for Companies |

Notes

Notes

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