

Table 2 List of Common Incentives Open to SMEs¹

Category	Incentive	Agency	Key Features
Broad-based Loan Schemes	Local Enterprise Financing Scheme	SPRING	<ul style="list-style-type: none"> - Fixed interest rate loans for SMEs - Administered by SPRING through network of Participating Financial Institutions (PFIs) - Maximum cap of \$15 million - For the period between Apr – Nov 04, SPRING approved more than 3,300 LEFS applications amounting to more than \$500 million
Broad-based Loan Schemes	Variable Interest Loan Scheme (V-Loan)	SPRING	<ul style="list-style-type: none"> - Interest rates are determined by PFIs, and are fixed for the loan duration - Open to only SMEs² - Launched on 1 Jan 05
Broad-based Loan Schemes	Micro Loan Programme (for small businesses)	SPRING	<ul style="list-style-type: none"> - Fixed interest rate loans for small businesses - Administered by SPRING through PFIs - Maximum cap of \$50,000 - Since launch in Nov 2001, more than 6,000 micro loans amounting to \$198.03 million have been approved
Broad-based Loan Schemes	Loan Insurance Scheme (LIS) II	SPRING/ IES	<ul style="list-style-type: none"> - Variable-cost financing scheme that meets a company's short-term financing needs in Singapore and overseas - Co-sharing of loan insurance premiums between the government and the enterprises

¹ This is not an exhaustive list, but lists only the more common schemes.

² SME criteria for SPRING schemes: at least 30% local equity, fixed assets not exceeding \$15 million (computed on group basis), employment size not exceeding 200 workers for non-manufacturing companies (computed on group basis)

Category	Incentive	Agency	Key Features
			<ul style="list-style-type: none"> - Open to SMEs and ISCs (Internationalising Singapore Companies) - Administered through PFIs
Broad-based Loan Schemes	Growth Financing Programme	EDB	<ul style="list-style-type: none"> - Equity financing for early stage, Singapore-based growth companies involved in development of products, processes and applications - Potentially: \$1 from EDB : \$2 from 3rd-party investors (minimum \$500,000 from 3rd party investors)
Start-up	Startup Enterprise Development Scheme (SEEDS)	EDB/SPRING	<ul style="list-style-type: none"> - Equity financing programme for start-ups - EDB/SPRING co-invests with a 3rd party investor on a dollar-for-dollar match, up to S\$300,000 - Administered by EDB (technology start-ups) and SPRING (non-technology start-ups) - SEEDS has supported a total of 126 projects from its inception in Oct 2001 to end 2004 (EDB and SPRING)
Start-up	Enterprise Investment Incentive	EDB/SPRING	<ul style="list-style-type: none"> - Allows investors in innovative start-ups to deduct their investment loss amount against their taxable income - Administered by EDB (technology start-ups) and SPRING (non-technology start-ups)
Upgrading	Local Enterprise Technical Assistance Scheme	SPRING	<ul style="list-style-type: none"> - Grant scheme to defray costs of upgrading e.g. IT implementation and ISO projects - Open to SMEs only - For the period between Apr-Nov 2004, SPRING approved more than 1,600 LETAS applications amounting to \$13.90 million

Category	Incentive	Agency	Key Features
Upgrading	Local Industry Upgrading Programme (LIUP)	EDB	<ul style="list-style-type: none"> - Defrays cost of technology transfer and upgrading for local suppliers - Supports local suppliers to upgrade through collaborations with MNCs - As of end 2004, a total of 137 MNCs have been linked up with 1,360 local enterprises in specific areas of collaboration
Upgrading	Domestic Sector Productivity Fund (DSPF)	SPRING	<ul style="list-style-type: none"> - Supports projects that change industry-wide operations and practices - Typically provides assistance through grants to cover up to 50% of the qualifying cost of the project
Innovation / Technology	Operation and Technology Roadmapping (OTR)	A*STAR	<ul style="list-style-type: none"> - Helps local companies improve their technology management - Participants are taken through five facilitated workshops, to develop their individual technology roadmaps
Innovation / Technology	Technology for Enterprise Capability Upgrading (T-UP)	A*STAR / EDB / SPRING / IES / IDA	<ul style="list-style-type: none"> - Secondment of Research Scientists and Engineers (RSEs) from Research Institutes to local enterprises - Partial funding will be provided to the company for the salaries of the RSEs up to a maximum of 2 years. After this period, there is an option for companies to retain the seconded RSEs on a full-time basis if there is mutual agreement - Open to local enterprises with at least 30% local shareholding

Category	Incentive	Agency	Key Features
Innovation / Technology	Patent Application Fund (PAF) PLUS	EDB	<ul style="list-style-type: none"> - Grant scheme to cover some of the costs of filing patent applications (i.e. professional and official fees and other related charges of patent filing) - Open to individuals and SMEs (local and foreign Singapore-based) - Since its inception in Oct 2002, there have been 253 awardees, of which 143 were local SMEs
Overseas market expansion	Regionalisation Finance Scheme	IES	<ul style="list-style-type: none"> - Fixed-cost financing loans for acquiring fixed assets for the overseas projects - Administered through PFIs
Overseas market expansion	Overseas Enterprise Incentive (OEI)	IES	<ul style="list-style-type: none"> - Provides tax exemption on qualifying income from approved overseas investments up to 10 years
Overseas market expansion	Overseas Investment Incentive (OII)	IES	<ul style="list-style-type: none"> - Allows approved companies to defer the taxes due from their profitable operations in Singapore for a period of 2 years, using current year losses arising from approved overseas investments
Overseas market expansion	Double Tax Deduction for Market Development	IES	<ul style="list-style-type: none"> - Allows approved companies to deduct against their taxable income twice the eligible expenses incurred for approved projects
Overseas market expansion	Double Deduction for Overseas Investment Development Expenditure	IES	<ul style="list-style-type: none"> - Allows double deduction against income of approved expenditure incurred in developing overseas investments

Category	Incentive	Agency	Key Features
Establishing operations in Singapore	Regional Headquarters Award (RHQ)	EDB	<ul style="list-style-type: none"> - Concessionary tax rate of 15% for 3 years on incremental qualifying income - In 2004, 54 companies were given RHQ status. Some of the local enterprises awarded RHQ include BreadTalk Pte Ltd and OSIM International Pte Ltd