Feb 03, 2016 06:01 +08

PwC Singapore puts forth Budget 2016 proposals to enhance Singapore's economy

Date	**3 February 2016**
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Singapore, 3 February 2016 – PwC Singapore today released a set of recommendations which were provided to the Ministry of Finance and Monetary Authority of Singapore for consideration in relation to the upcoming Singapore Budget 2016.

Chris Woo, Tax Leader, PwC Singapore, said:

"In order to sustain Singapore's future growth and success, it is vital we maintain a leading, vibrant economy amidst greater competition with our regional counterparts.

Singapore needs to sharpen its competitive edge by providing a level of certainty to foreign investors and Singapore based multinationals. This must be done while creating more value in Singapore by encouraging entrepreneurship and innovation.

"The government has been actively encouraging entrepreneurship in Singapore, but there is still room to do more. Incentives could be broadened and focused on rewarding growth. Share options and stock award schemes can promote greater owner-entrepreneurial spirt."

"To spur innovation, new ventures could be accorded a more liberal tax treatment of expenses to encourage businesses to develop innovative capabilities in this rapidly evolving economy. When introducing this, anti-abuse measures must continue to be taken into consideration."

"Enhancements can be made to the Productivity and Innovation Credit (PIC) scheme. Many SMEs are just starting on their productivity journey. If the PIC grants or incentives are awarded based on productivity gains, this will encourage SMEs to strive to achieve greater productivity."

"We propose a more liberal approach to the administration of research and development (R&D) tax claims. One practical way is to streamline the claims, and one which gives taxpayer's upfront certainty, is to have a pre-approval process with the relevant agencies. An alternative dispute resolution forum could involve evaluation by an independent panel of experts who will rule on the technical merits of the claim."

“The IP hub master plan is a step in the right direction. When sourcing for financing, IP-backed loan programmes need to re-visited to allow SMEs to use IP as collateral, leading to more accessible financing.”

“Last but not least the safe harbor rule for gains from disposals of equity instruments is expiring in 2017. Making the safe harbor rule a permanent feature of the tax system willprovide investors with certainty that their capital gains will not be taxed and help companies plan for the long-term.”

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