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Incentive Snippets

Issue 7 | Singapore Economic Strategy and Investment Forecast

The Singapore Economic Development Board (EDB) recently released the inbound investment commitment figures for 2017, the investment outlook for 2018, as well as the focus areas for its economic strategy.

In this issue, we highlight the key messages in relation to the investment commitments and outlook, the economic strategy and comment on the opportunities and implications for businesses.

Investment Commitments and Outlook

In 2017, EDB secured fixed asset investment commitments of $9.4 billion, with total business expenditure per annum of $6.5 billion and employment creation of 22,500 expected headcount.

The majority of the investments came from the following sectors:

- Electronics (22.4%)
- Headquarters and professional services (17.7%)
- Chemicals (13.9%)
- General manufacturing industries (11.55%)

EDB expects investments to be maintained at similar levels in 2018.

Economic Development Strategy

EDB outlined the following economic development strategy and its focus areas:

1. Raising the productivity of Singapore's manufacturing base, through the adoption of ***advanced manufacturing*** and ***digital*** capabilities

2. Supporting companies' adoption of automation and digitalisation through ***up-skilling*** of the workforce

3. Fostering the creation of new and disruptive businesses from large local enterprises and multi-national corporations anchored in Singapore, and through nurturing the local ***innovation*** and ***research and development (R&D)*** ecosystem

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This strategy is in line with EDB's recently-expressed desire to support innovation activities in the digital economy across the entire ecosystem. Such activities would include supporting the development of new technologies in Singapore, supporting local companies in developing in-house digital capabilities, and also supporting corporate venture capital initiatives in Singapore that can work with local start-ups.

Opportunities and Implications for Businesses

EDB's forecasts for 2018 indicate that it is expecting a similar economic growth trend as the economy restructures and the Industry Transformation Programme gets into action. The decrease in employment forecast may be reflective of an increased emphasis on automation, digitalisation and up-skilling of the workforce, resulting in an expected increase in labour productivity.

Businesses that are considering to invest in advanced manufacturing (e.g. smart factory), digital technologies (e.g. Internet of Things, Artificial Intelligence, data analytics), automation (e.g. robotics), skill upgrading training, innovation and R&D, should consider initiating discussions with EDB to obtain government support, like financial grants or tax incentives. These offer of grants and tax incentives would require commitments on various areas such as headcount and business spending.

How we can help

KPMG’s Enterprise Incentives Advisory team has extensive experience assisting clients on all aspects of incentive related matters. We can assist you on the following:

- Assess your company's current and future planned activities to determine if they are aligned with the government's focus areas and whether there is potential to meet the substantive economic requirements for financial grant and tax incentives

- Review your company's business or project plan and strategise on the approach to discuss with the relevant authorities with a view to obtain government incentive support

- Provide support and guidance throughout the incentive planning, application and implementation process

We hope you find the information useful. If you need any further details or support, please do not hesitate to contact us.

Stay tuned for our next incentive snippets newsletter.

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Asia Tax Firm of the Year – Asia Tax Awards 2017 & 2018, *International Tax Review*
Best Advisor in Real Estate Tax Globally – Real Estate Awards 2017, *EuroMoney*

For more details of our Enterprise Incentives Advisory services, please click here.