



Incentive Snippets



Issue 11 | Expiry of the Land Intensification Allowance Incentive

The Land Intensification Allowance (LIA) is an incentive to promote the efficient use of industrial land for higher value-added activities. The LIA incentive is available to businesses in the manufacturing and logistics sectors which have large land takes and low Gross Plot Ratios (GPR). The scheme is also available to support the development of Integrated Construction and Prefabricated Hubs (ICPHs).

In this issue, we highlight the components of the LIA incentive and how you can potentially tap on this incentive for your business needs before its expiry.

Benefits

Approved applications are granted tax allowances on capital expenditure incurred for approved buildings and structures, over a period of 15 years.

Enterprises will be allowed to claim an initial allowance of 25% on the qualifying capital expenditure incurred on the first year as well as annual allowance of 5% over 15 years, on qualifying costs of approved buildings and structures.

Such capital expenditure on building and structures would not normally be eligible for any capital allowances.

Eligibility criteria

Building / Structure	<ul style="list-style-type: none">• ICPH	<ul style="list-style-type: none">• All other buildings
Approving Body	<ul style="list-style-type: none">• BCA	<ul style="list-style-type: none">• EDB
Zoning	<ul style="list-style-type: none">• Building must be on land that is zoned as B2.	<ul style="list-style-type: none">• Building must be on land that is zoned as B1 or B2, or Airport/ Port land.

Trade or Business	<ul style="list-style-type: none"> Manufacturing of prefabricated components/ subassemblies/ modules along the Design for Manufacturing and Assembly (DfMA) continuum. Activities to be conducted in ICPHs include prefabrication of individual components, prefabrication of integrated sub-assemblies and prefabricated Prefinished Volumetric Construction. 	<ul style="list-style-type: none"> Principal activities of the building user must fall within the qualifying list of activities, based on SSIC codes. Specified manufacturing activities or specified logistics activities are included.
Minimum GPR	<ul style="list-style-type: none"> The building must meet the minimum GPR benchmark. At least 80% of the total floor area of the approved building or structure must be used for carrying out the qualifying principal activities. 	
Gross Floor Area (GFA) Requirement	<ul style="list-style-type: none"> Multiple users with at least 75% of shareholding held in common is sufficient to fulfil the 80% GFA requirement. 	
Ownership requirement	<ul style="list-style-type: none"> LIA applicant and user must have at least 75% shareholding held in common. 	

Qualifying Expenditure

Capital expenditure incurred on the construction or renovation/ extension of the building to increase the GPR to meet or exceed the relevant minimum GPR qualifies for the LIA. The purchase price of any existing building is not included.

Who can apply

A building owner who proposes to construct or renovate/ extend a building or structure that meets the above qualifying criteria may apply for the LIA incentive at any time during the construction, but **not later than 3 months** from the date of Temporary Occupation Permit (TOP) issuance for the approved LIA building. The qualifying conditions must be met at the point of TOP.

Sunset Clause for LIA : 30th June 2020

The approval for the LIA incentive to these sectors will be granted by EDB/ BCA up till 30 June 2020 (date inclusive). The building need not be completed before the application can be made. As such, we encourage companies who are interested in tapping on this incentive to submit their applications early so as not to miss out.

If you would like to discuss the LIA incentive more and how it applies to your business, please contact KPMG Enterprise Incentives Advisory. This is a multi-

disciplinary team comprising specialists with diverse industry experience, and will be able to help your company to assess whether it meets the qualifying conditions to benefit from the LIA, prepare the documents required based on the company's input and liaise with EDB or BCA for the LIA incentive application.

Stay tuned for our next incentive snippets newsletter.



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