

## **Tax incentives for chemical hazards control Frequently Asked Questions (FAQs)**

**1. Q: Is there a qualifying period for purchase or installation of noise or chemical hazard control measures?**

A: Yes. Only equipment purchased or installed after 1 Jan 1998 can qualify for the tax incentive.

**2. Q: Is there a list of competent consultant or agency I can engage for the implementation of chemical hazard control?**

A: You may refer to the list of service providers offering [chemical control consultant services](#). This list is not exhaustive and will be updated from time to time.

**3. Q: How do I know that the qualifying criteria are met?**

A: You have to engage a Certifying Agency to check and if necessary assess the effectiveness of the control measures, and to determine whether the qualifying criteria are met.

**4. Q: Can a taxpayer defer his claims (100% write off in one year) for the accelerated allowances? If so, how long can he defer?**

A: Yes. A taxpayer can defer his claims if his company does not make any profit within an assessment year. There is no time restriction on deferment.

**5. Q: Sometimes, factories may have to make several attempts to reduce the exposure levels to meet the qualifying criteria and this may take a few years to achieve. In such cases, can factories claim the accelerated allowances based on the total expenditure incurred over the years?**

A: In principle, claims can only be made for the expenditure incurred in the final attempt that meets the qualifying criteria. However, if the final measure taken is part of the whole control system (e.g. modifying the exhaust fan of a local exhaust ventilation system), the claims may be based on the total expenditure incurred in completing the entire enclosure of a stamping machine. Such cases will be considered on a case by case basis.

**6. Q: Tax assessment period varies. Must the control measure be done during the tax assessment period? What happens if the control measures take longer than a tax year?**

A: Generally, there is no time restriction on this. However, control measures should be implemented as soon as possible to safeguard the health of exposed personnel. Assessment of exposure levels should be conducted within one year before application.

**7. Q: What are the components of the capital expenditure incurred for the hazards control?**

A: This includes cost of machine/equipment/system, the consultancy fee as well as the certification fee paid to the Certifying Agency.

**Example of Tax Computation**

	Without Tax Incentive Scheme	With Tax Incentive Scheme
(1) Original chargeable income	\$100,000	\$100,000
(2) Capital expenditure incurred for control	Nil	\$40,000
(3) New chargeable income = (1) – (2)	\$100,000	\$60,000
Tax @ 17%*	\$17,000	\$10,200
Savings	\$17,000 - \$10,200 = \$6,800 (equivalent to 17% of cost incurred for hazards control)	

\* dependent on prevailing figures given by Inland Revenue Authority of Singapore.