

1 The Ministry of Finance is seeking feedback on the proposed revisions to the Income Tax (Automation Equipment) Rules. To encourage investment in the equipment covered under the Rules, businesses can claim capital allowance to be written down over a year for the equipment covered under the Rules, instead of over three years for equipment generally. Also, businesses can claim an additional 150% allowance on the first \$300,000 of expenditure on the equipment as listed in the [Income Tax \(Automation Equipment\) Rules 2004](#), under the Productivity and Innovation Credit (PIC) scheme.

2 MOF has reviewed the Rules with inputs from key government agencies which work with the industry. In reviewing the revisions to the Rules, MOF includes the equipment, if it satisfies various considerations such as:

- (a) The use of the equipment will result in greater productivity. The equipment should bring about results in terms of lower costs, faster process, increased outputs or improvements in products/ services;
- (b) The equipment is used directly in the manufacturing process or the delivery/ performance of service; and
- (c) The equipment is not the current standard or common equipment used by the industry.

3 This is in line with the intended objective of the Rules to incentivize investment in equipment which businesses do not commonly or routinely undertake, and yet such investment can bring about leap in efficiency or productivity in the relevant industry towards the national challenge of an annual productivity growth target of 2 - 3%.

4 In addition, the revised List will include IT-related systems, infrastructure and software so as to encourage pervasive adoption of IT to raise productivity.

5 Therefore, the [Schedule of the Income Tax \(Automation Equipment\) Rules 2004](#) is proposed to be amended as follow -

(a) By deleting paragraphs 1, 2, 3, 4 and 10 and replacing them with the following paragraphs:

1. Image or graphics processing equipment, including display, facsimile, optical character reader, laser printer, plotter, image setter, digital printing, direct imaging equipment and scanner.

2. Data processing and information technology equipment, including mainframe, minicomputer, microcomputer, desktop, laptop, mobile phone, personal digital assistant and other information technology devices and peripherals.

3. Data communications and networking equipment, including modem, multiplexor, network processor, servers, interface converter, routers, switches, networks, cabling infrastructure, IP telephony systems, broadband connectivity equipment and security and authentication infrastructure.

4. Office system software and information technology software, including software used in connection with provision of any office automation service, and software used in connection with enterprise resource planning, customer relationship management, inventory management, record management,

knowledge management, automated customer registration and queue management, automated ordering, payment or check-out.

10. Automated system for storage and retrieval of information, including Radio-Frequency Identification (“RFID”) system and bar-coding system and automated machine for the storage and retrieval of goods or materials, which is controlled by computer and installed with automatic retrieval devices.

(b) By inserting the following paragraphs after paragraph 20;

21. Automotive navigation systems including telematics system and global positioning system.

22. Automated kitchen equipment for the purpose of food processing.

23. Interactive shopping carts or kiosks.

24. Automated drugs dispensing system for healthcare-related operations.

25. Automated housekeeping equipment including any mattress-lifting equipment for hospitality-related operations.

26. Automated seating systems for convention or exhibition centre, including retractable theatre-style seating.

27. Self-climbing scaffold system.

28. Concrete pumps, whether stationary or mounted on vehicles.

29. Ride-on power float machine.

7 MOF welcomes feedback on the proposed revisions to the Income Tax (Automation Equipment) Rules 2004. If you would like to propose additions of equipment into the list, we would appreciate it if you could provide in writing, a description of the equipment and how it is used, as well as justifications on how the equipment would have satisfied the considerations as laid out in paragraph 3.