Enterprise Innovation Scheme Cash Payout





The Enterprise Innovation Scheme (EIS) was introduced in Budget 2023 to encourage businesses to engage in Research & Development, innovation and capability development activities for Years of Assessment (YA) 2024 to 2028.

Under the scheme, eligible businesses have an option to convert **up to \$100,000** of the total expenditure that qualifies for enhanced deduction allowance, incurred across five qualifying activities for each YA, into cash at a **conversion rate of 20%**. This means that the maximum cash payout is **capped at \$20,000** (20% x \$100,000) per YA. The five qualifying activities are:



Qualifying R&D activities undertaken in Singapore;



Registration of intellectual property ("IPs");



Acquisition and licensing of IP rights ("IPRs");



Training of employees*; and
*Sole-proprietors are business owners and will not be considered as employees



Innovation projects carried out with polytechnics, the Institute of Technical Education ("ITE") or other qualified partners.

Who is eligible?

Sole-proprietorships, partnerships, companies (including registered business trusts), registered branches and subsidiaries of a foreign parent or holding company are eligible to apply for EIS cash payout. To qualify for the cash payout, they must:



- incur qualifying expenditure during the basis period of the qualifying YA; and
- meet the 3 full-time local employee condition for six months or more in the basis period of the relevant YA.



How to apply?

Eligible businesses can apply for the EIS cash payout through IRAS' Digital Service, "Apply for EIS Cash Payout", after filing their Income Tax Return. Each business can only apply once per YA.

When to apply?

Businesses applying for EIS cash payout have to submit the application before the filing due date of their relevant Income Tax Return.

Business Entities	Opening Date	Closing Date
Partnerships	1 Feb	18 Apr
Sole-proprietorships	1 Mar	18 Apr
Companies	Follows the official opening filing date of Form C-S/ Form C-S (Lite)/ Form C digital service	30 Nov





Must records be kept?

Yes, all the records (e.g. invoices, instalment agreement and all other relevant documents) relating to the EIS cash payouts must be kept for 7 years. These documents should be retained and submitted upon IRAS' request as the approval of an EIS cash payout application does not preclude IRAS from selecting your EIS application for subsequent audit reviews.

Important Points to Note:

- 1. Please note that it is **an offence to claim for enhanced deductions/ allowances** if you have elected for cash conversion on the same qualifying expenditure.
- 2. Any person who gives to the Comptroller **any information that is false** in any material particular, or **omits any material particular** from any information or document, shall be **guilty of an offence** under Section 37S of the Income Tax Act 1947.
- 3. If IRAS subsequently discovered that the business **did not qualify** for the EIS cash payout, we will **recover** any EIS Cash Payout that was incorrectly disbursed. **Penalties may apply** to businesses that **fail to notify** IRAS promptly of such erroneous claim.

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This information guide aims to provide a better general understanding of taxpayer's tax obligations and is not intended to comprehensively address all possible tax issues that may arise.