

GUIDELINES ON MECHANISATION CREDIT

(revised on 18 Jun 2013)

Guideline on Mechanisation Credit

1. OBJECTIVE

The Mechanisation Credit (MechC) is a scheme to provide assistance to Singapore-registered businesses to defray cost incurred in technology adoption to achieve productivity gains for the construction projects.

2. ELIGIBILITY CRITERIA

To be eligible, a business must satisfy the following conditions:

- (a) Must be a Singapore-registered business enterprise.
- (b) Equipment must be used in a local construction project and can achieve at least 20% (Standard MechC Scheme) or 30% (Enhanced MechC Scheme) in manpower savings (measured by way of number of workers and over a period of 4 weeks) or in site productivity (measured by way of decrease in mandays used per square metre or equivalent and over a period of 4 weeks) of the applicant, in the particular area of work in which the equipment has been used. Please record the productivity data of the purchased or leased equipment and to submit to BCA upon request.
- (c) The minimum investment proposal per application is \$5,000 for purchase and \$2,000 for leasing of equipment.
- (d) Purchase or leasing of new equipment must not be made before / at the time of application.
- (e) Purchase of used equipment will not be supported.
- (f) The support for leasing shall be applicable to equipment with lease period of at least 6 months and not more than 12 months, within the qualifying period. No support shall be provided for short term rental of equipment.
- (g) No purchase or leasing of equipment from related companies is allowed.

3. FORM OF ASSISTANCE

A. Depending on the impact to the project and the productivity improvement, the funding support is as shown below:

	Standard MechC Scheme	Enhanced MechC Scheme* <i>(Scheme starts on 1st Apr 2013)</i>
For Purchase of Equipment	Equipment cost ≤ \$100,000, grant up to 50% or capped at \$20,000 .	Equipment cost ≤ \$125,000, grant up to 70% or capped at \$25,000 .
	Equipment cost > \$100,000, grant up to 20% or capped at \$100,000 .	Equipment cost > \$125,000, grant up to 20% or capped at \$100,000 .
For Leasing of Equipment	For leasing cost ≤ \$30,000, grant up to 50% or capped at \$6,000 .	For leasing cost ≤ \$30,000, grant up to 70% or capped at \$6,000 .
	For leasing cost > \$30,000, grant up to 20% or capped at \$30,000 .	For leasing cost > \$30,000, grant up to 20% or capped at \$30,000 .

Table 1: MechC funding table with Standard and Enhanced Scheme

***Note:** To qualify for the increase in funding level from 50% to 70%, firms will have to meet **at least 30%** in productivity improvement and **show evidence** that they are also building capability through areas such as financial standing, human resource development, certifications and awards.

Additional criteria for Enhanced MechC Scheme (To fulfill 1 item each from any 2 sections)

- (a) Financial Standing
 - (i) Paid up capital is more than the grant amount; or
 - (ii) Revenue is more than the grant amount; or
 - (iii) Annual Profit before tax for the three years preceding grant application
 - (b) Human Resource Development
 - (i) Evidence of continual training and upgrading programme for workers (e.g. tapping on WTU funding etc); or
 - (ii) Evidence of continual training and upgrading programme for technical and management staff (e.g. CET programmes, undergraduate scholarship, diploma scholarship and sponsorship programmes etc)
 - (c) Certification and Awards
 - (i) ISO9001:2008 or ISO14000 or OSSAS18000/SS506 Part1; or
 - (ii) Construction Productivity Award; or
 - (iii) Safety management certification/award
- B. Purchase price should exclude GST and COE. Other related administrative fees/charges, design fees, freight charges, shipping charges, port charges, bank charges, charges for assembly and dismantling, service charges, maintenance fee, etc are not supportable.

4. QUALIFYING PERIOD

The qualifying period for assessment purpose shall be based on the date of application and the terms of payment for the approved equipment. This period is subject to review by the Approving Authority. In general, the qualifying period is one year from the date of application for cash payment or one year added on from the end of hire purchase period.

The allowance is only granted on approved equipment purchased within 12 months from the date of application. Support **will not be granted** if the proposed equipment is

- i) purchased/ leased before the date of application; or
- ii) delivered and received in Singapore by the applicant before the date of application; or
- iii) purchased/ leased after the first 12 months from the date of application.

The date on vendor's invoice is deemed to be the date of purchase of the proposed equipment / machinery.

5. CLAIM

The applicant shall, within the Qualifying period complete the purchase / leasing and facilitates BCA officers to inspect the premises where the equipment is used. The applicant shall also notify BCA at least one month prior to the return/removal of the equipment from the project sites.

- (a) For payment made through cash payment, only one disbursement will be made. Applicant is to submit the claim form within the qualifying period.
- (b) For payment made through hire-purchase, only payments made within 24 months from the date of application will be considered for the purpose of the financial support and the payment made to the owner hire- purchase company or bank must satisfy the following conditions:
 - (i) Only one disbursement for equipment cost \leq \$100,000 and up to two disbursements can be made for equipment cost $>$ \$100,000,
 - (ii) The hire-purchase payment must be made within the first 24 months.

The hire-purchase payment made to the owner hire-purchase company/bank shall determine the amount disbursed to be pro-rated or as the same percentage of the approved grant. There will be no disbursement for payment after the first 24 months from the date of application. There will be no disbursement for payment after the first 24 months from the date of application.

For approved funding of \$50,000 per application for purchase and approved funding of \$10,000 per application for leasing, external audit certification on qualifying expenses of the equipment must be submitted.

6. OTHERS

(a) Applications must be received by BCA at least one working day before the purchase/ leasing. Late applications will not be supported.

(b) For different type of equipment, please use separate application form

For the avoidance of doubt, during the said period, the applicant shall not:-

(i) lease or lend to another party the Equipment;

(ii) sell the Equipment;

(iii) allow the equipment to lose its intended function or be damaged beyond repair;

(iv) scrap/dispose the Equipment; or

(v) allow or be a party in bringing the Equipment out of Singapore.

(c) It is the applicant's responsibility to take care of the equipment, and shall be solely responsible for any losses. Lost / Stolen of equipment **shall not entitle** the applicant to claim under the scheme.

(d) Applications will be supported based on a case to case basis. The same equipment may be approved for one application but rejected for another application.

7. HOW TO APPLY

Formal applications must be made on prescribed application forms and sent to "The Fund Administrator, Mechanisation Credit Scheme",
Attention: Ms Ezrin Raof

Address:
5 Maxwell Road
#16-00 Tower Block MND Complex
Singapore 069112

If there is any further query on MechC, please contact:
Ms Ezrin Raof
Tel: 6325 5093
Fax: 6325 4800

Email: Ezrin_raof@bca.gov.sg or check out BCA's website:
<http://www.bca.gov.sg>