

LAND INTENSIFICATION ALLOWANCE (LIA)

FOR DESIGN FOR MANUFACTURING AND ASSEMBLY (DfMA) FACILITIES (INCLUDING INTEGRATED CONSTRUCTION AND PREFABRICATION HUBS)

Introduction

1. The Land Intensification Allowance (LIA) incentive was first introduced by the Minister for Finance during his Budget Statement in 2010 as a targeted scheme to promote the intensification of industrial land use towards more land-efficient and higher value-added activities. The LIA incentive, administered by the Economic Development Board (EDB), is available to businesses in industry sectors which have large land takes and low Gross Plot Ratios (GPR), namely the manufacturing and logistics sectors.
2. The LIA incentive was first extended to the construction industry to support the development of Integrated Construction and Prefabrication Hubs (ICPHs) in 2017, administered by the Building and Construction Authority (BCA). As announced during the Committee of Supply (COS) Debate 2025, the LIA incentive will be extended to support other types of Design for Manufacturing and Assembly (DfMA) facilities, starting from 1 January 2026.
3. Approved LIA incentive recipients will receive:
 - An initial allowance of 25%; and
 - Annual allowances of 5% on qualifying capital expenditure.These allowances apply to capital expenditure incurred for the construction, extension, or renovation works that constitute Addition & Alteration (A&A) works of a qualifying building or structure. Annual allowances of 5% are granted until the total allowance amounts to 100% of qualifying capital expenditure.
4. Approvals for the incentive for ICPHs will be granted by the BCA from 8 March 2017 to 31 December 2030 (both dates inclusive) and other DfMA facilities from 1 January 2026 to 31 December 2030 (both dates inclusive). Applications submitted after 30 September 2030 (less than 3 months from the incentive expiry date) will not be considered, unless the incentive is subsequently extended past 31 December 2030.
5. This factsheet summarises key details of the LIA incentive administered by the BCA.

Overview of Qualifying Criteria

6. The key qualifying criteria are summarised in the table below.

Qualifying Criteria	Effective from 1 January 2026
a. Zoning	Business 2 (B2) land

b. Trade or business	<u>Integrated Construction and Prefabrication Hub (ICPH)</u> Manufacturing of prefabricated components / sub-assemblies / modules along the DfMA continuum that involve precast concrete operations. Activities to be conducted in ICPHs include:- <ul style="list-style-type: none"> • Prefabrication of individual components e.g. precast columns, beams, staircases; • Prefabrication of integrated sub-assemblies e.g. Prefabricated Bathroom Units (PBUs); and • Prefabricated Prefinished Volumetric Construction (PPVC) 	<u>DfMA Facility</u> Other trades or businesses relating to prefabrication operations, with the exclusion of precast concrete operations, carried out in a DfMA facility:- <ul style="list-style-type: none"> • Fitting-out of PBUs and PPVC modules; • Storage of prefabricated components; and • Production of other DfMA products, systems, integrated sub-assemblies or fully integrated assembly e.g. Prefabricated Mechanical, Electrical and Plumbing (Prefab MEP) systems, structural steel, mass engineered timber, 3-dimensional concrete printing
c. Minimum GPR / GPR benchmark	<ul style="list-style-type: none"> • 1.6; or • Incremental 10% GPR improvement for buildings that have already met GPR 1.6 	<ul style="list-style-type: none"> • 1.03; or • Incremental 10% GPR improvement for buildings that have already met GPR 1.03
d. User(s) and use(s) occupying at least 80% of building's gross floor area (GFA)	<ul style="list-style-type: none"> • May be used by a single user • May be used by multiple users related by more than 50% shareholding • May be used by multiple qualifying trades or businesses 	
e. Relationship between user(s) and owner of the building	Must be related by more than 50% shareholding	

7. All prospective LIA applications with Planning Permission application date on or after 1 January 2026 will be assessed against the above qualifying criteria.

Details on Qualifying Criteria

8. A qualifying building or structure (referred to as LIA building in this circular) must be built on land that is zoned as Business 2 as at the Planning Permission application date.
9. The minimum GPR benchmarks are reviewed periodically. The relevant GPR shall be the prevailing GPR benchmark at the Planning Permission application date.

10. For LIA buildings that have multiple qualifying trades or businesses that fulfil the minimum 80% GFA requirement, the applicable GPR benchmark for the building will be the highest GPR benchmark among those prescribed for each of the qualifying trade or business.
11. Prior to 1 January 2026, for LIA buildings that have multiple users, to be considered related, the LIA applicant (i.e. the building owner) and the user(s) fulfilling the 80% minimum GFA requirement must have at least 75% of their shareholdings held in common (or have entitlement to at least 75% of the income in the case of a partnership), whether directly or indirectly. From 1 January 2026, to be considered related, the LIA applicant and user(s) must have more than 50% shareholdings held in common.

Planning Permission Application Date	Ownership Requirement
From 17 March 2017 to 31 December 2025	LIA applicant and user(s) must have at least 75% shareholdings held in common
From 1 January 2026 onwards	LIA applicant and user(s) must have more than 50% shareholdings held in common

12. The Planning Permission application date refers to the date of first submission to URA and does not include any amendment application dates.

Qualifying Expenditure

13. Capital expenditure incurred from the start of the relevant policy effective date to the date of completion of the approved LIA building can qualify for the LIA. The date of completion refers to the Temporary Occupation Permit (TOP) of the approved LIA building. For construction where no TOP will be issued, the date of completion refers to the date of Certificate of Statutory Completion (CSC).
14. Capital expenditure incurred on the construction, extension, or renovation works that constitute A&A works to increase the building's GPR to meet or exceed the relevant minimum GPR can qualify for the LIA. This excludes the purchase price of any existing building or structure. For existing building or structure, only the additional capital expenditure incurred on A&A works would qualify for the LIA.
15. The following are examples of capital expenditure that can qualify for the LIA:
 - (a) Cost of feasibility study on the layout of the building or structure;
 - (b) Design fees for the building or structure;
 - (c) Cost of preparing plans to obtain approval for the building or structure;
 - (d) Cost of piling, construction, extension, or renovation works that constitute A&A works;
 - (e) Cost of demolition of an existing building or structure;
 - (f) Legal and other professional fees relating to the approved construction or A&A works; and
 - (g) Stamp duties payable on the title to the building or structure.

The LIA Incentive

16. An initial allowance at 25% of the qualifying capital expenditure incurred on the construction, extension, or renovation works that constitute A&A works of the approved LIA building will be granted in the year of assessment relating to the basis period during which the capital expenditure is incurred. Upon issuance of the TOP for the completed LIA building and where it meets all qualifying criteria, annual allowance at 5% of the qualifying capital expenditure incurred will be granted until total allowance amounts to 100% of qualifying capital expenditure. Please refer to Annex A on the example of how the initial and annual allowances will be computed.
17. LIA applicants must comply with all approved conditions (i.e. GPR condition, 80% GFA requirement and relatedness criteria for buildings used by multiple users) upon the completion of their building works and throughout the duration of the LIA incentive. BCA reserves the right to revoke the incentive by recovering initial and / or annual allowances if conditions are not met.
18. In cases where the completed building or structure fails to meet the relevant GPR benchmark, the initial and / or annual allowances will be recovered through re-assessment of preceding tax years.
19. For any basis period where there are any changes to qualifying user(s) and / or use(s) that count towards the minimum 80% GFA requirement, the applicant shall inform BCA of the change, and the change shall be assessed by BCA according to prevailing criteria and benchmarks at the time of application. If approval is granted by BCA, the taxpayer shall be allowed to continue to claim the LIA under the new qualifying use(s). Otherwise, the annual allowance will not be granted for the year of assessment relating to that basis period. If change is permanent, no further annual allowances will be granted to the taxpayer from the year of assessment relating to the basis period during which the permanent change occurs, and the LIA incentive shall be terminated with effect from that year of assessment.
20. When the approved LIA building is sold at any time when there is still a balance of qualifying capital expenditure remaining to be claimed or after the qualifying capital expenditure has been fully claimed, any balance of the qualifying capital expenditure still remaining will be disregarded and there will not be any balancing adjustment on the seller of the building.
21. Where the LIA building is transferred to an amalgamated company under a qualifying amalgamation under section 34C of the Income Tax Act 1947, the annual allowances will be given to the amalgamated company until the remaining qualifying capital expenditure is fully claimed, subject to the amalgamated company meeting the same conditions for the LIA incentive. The taxpayer is required to notify the BCA of the amalgamation.
22. When there is insufficient income in any year of assessment to absorb the initial or annual allowances, any unutilised LIA can be carried forward to offset against the taxpayer's income in future years of assessment, subject to the taxpayer meeting the prevailing conditions for carry forward of unutilised allowances. Any unutilised allowances can also qualify for carry back under the Carry-Back Relief System or for transfer under the Group Relief System, subject to the taxpayer meeting the prevailing conditions under those systems.

Application and Claim Processes

23. A building owner who proposes to construct a new building or undertake extension or renovation works that constitute A&A works may apply to BCA for the LIA incentive, provided the building or structure meets the qualifying criteria set out above.
24. Your entity is required to register your interest to apply for LIA through [FormSG](#) to BCA no later than 3 months after the first application date to URA for Planning Permission, or to JTC for Consent as Landowner (URA Plan Lodgement Scheme).
25. All applications must be submitted to the BCA within 3 months from the date of TOP issuance, with the completed application form and a copy of the Written Permission issued by URA. Please refer to Annex B for the detailed application process.
26. Non-compliance with clauses 24 and 25 will result in the LIA applications being rejected. There will be no exceptions made.
27. Upon approval by BCA, the applicant will receive a letter of offer (LOF) from BCA, stating the terms and conditions attached to the offer. BCA's decision on the outcome of any application shall be final and BCA shall assign no reasons for rejecting any application. The approval is subject to the completed building or structure meeting the GPR benchmark and subject to the sole discretion of BCA.
28. Upon the issuance of the Temporary Occupation Permit (TOP) of the LIA building, the applicant is required to submit a verification form (attached to LOF) within 3 months to the BCA. The verification form should have a declaration made by a qualified person (either a registered architect or a registered professional engineer) to confirm the GPR of the completed LIA building, and that at least 80% of the GFA is used by the approved user(s) and use(s).
29. Taxpayers will claim the LIA when submitting their income tax returns to the Inland Revenue Authority of Singapore (IRAS) and are not required to submit any supporting documents. However, they should still maintain the following documents as the IRAS may request for them when reviewing the tax returns:
 - (a) a copy of the LOF from BCA;
 - (b) details of qualifying capital expenditure incurred on the construction or extension of the approved LIA building or structure and a computation of the amounts of initial or annual allowance to be claimed;
 - (c) a copy of the verification form(s) submitted to BCA previously.
30. The LIA applicant must not file with IRAS any annual allowance claims under LIA for the basis period in which there are any changes to approved conditions and fulfilment of qualifying criteria. The applicant must also indicate these changes in BCA's annual request for conditions declaration, and BCA reserves the right to revoke the incentive and recover any allowances previously granted if the above conditions are not met.

Enquiries

31. For further information, please refer to the FAQs on the next pages.

32. For general enquiries or clarification, please contact the following BCA LIA administrators:

Name	Email Address
Mr Lim Chin Haow	lim_chin_haow@bca.gov.sg
Ms Tan Mui Kheng	tan_mui_kheng@bca.gov.sg

33. For enquiries relating to filing of LIA claims, please refer to the LIA claim procedure on IRAS' website.

FREQUENTLY ASKED QUESTIONS (FAQs)

Qualifying Companies and Activities

1. I am an existing ICPH operator. Can I qualify for LIA?

New ICPHs and DfMA facilities which have applications for planning permission made on or after 1 January 2026 can qualify.

For existing ICPHs and DfMA facilities, the capital expenditure incurred for the extension or renovation works that constitute Addition & Alteration (A&A) works may qualify for LIA if:

- (a) The GPR of ICPH or DfMA facility meets the minimum GPR of 1.6 or 1.03 respectively after the extension or A&A works or;
- (b) The ICPH or DfMA facility has already met GPR 1.6 or 1.03 respectively and achieves an incremental 10% GPR improvement after the extension or A&A works.

2. Is a Joint Venture (JV) company eligible for LIA?

For ICPH or DfMA facility built by a JV company that is incorporated as an entity, the JV company can be considered for LIA, if:

- (a) At least 80% of the GFA is used by the JV company; or
- (b) In the event the ICPH or DfMA facility is not used by the JV company, at least 80% of the GFA must be used by a company or multiple companies related to the JV company by more than 50% shareholdings.

3. Do storage spaces count towards the fulfilment of the 80% GFA requirement?

Yes, as long as the storage spaces support the qualifying activities being conducted in the building.

4. What happens if an applicant can only meet the 80% GFA criterion a few years after TOP?

The applicant is not eligible for LIA incentive as the 80% GFA criterion needs to be met at TOP issuance.

Qualifying Capital Expenditure

5. Does LIA support land cost or cost of purchase of existing buildings?

No. The LIA incentive only supports the qualifying capital expenditure incurred on the construction, extension, or renovation works that constitute A&A works of ICPHs or DfMA facilities.

6. Can a company claim for expenditure invoiced or paid after TOP date?

Yes, as long as the construction expenditure was incurred before TOP.

Application Processes

7. We have submitted the LIA application, but the GPR has changed from what we originally declared. What should we do?

You must inform BCA of any changes to the GPR. The process depends on your application status:

- (a) If your LIA application has not yet been approved, you may resubmit the application with the updated GPR figure for BCA's assessment.
- (b) For approved LIA buildings, any changes to the GPR require formal notification to BCA for reassessment of the LIA application and the issuance of a new approval if necessary. If the final GPR falls below the GPR benchmark, BCA reserves the right to revoke the incentive by recovering previously granted allowances.

ANNEX A – EXAMPLE OF INITIAL AND ANNUAL ALLOWANCE COMPUTATION

Company A (with accounting year-end 31 December), which is developing an Integrated Construction and Prefabrication Hub (ICPH), is approved by BCA for the LIA incentive. It incurs the following qualifying capital expenditure on the construction of the approved LIA building:

<u>Year ended</u>	<u>Capital expenditure incurred</u>
31 December 2027	\$1,000,000
31 December 2028	\$3,000,000
31 December 2029	\$2,000,000

Upon completion of the construction works in June 2029, the GPR of the completed building meets the relevant GPR benchmark.

The computation of LIA for the years of assessment (YA) 2028 to 2044 is as follows:

Qualifying capital expenditure -	Year ended 31 December 2027	1,000,000
	Year ended 31 December 2028	3,000,000
	Year ended 31 December 2029	2,000,000
		<hr/> 6,000,000 <hr/>
YA 2028 – initial allowance	[25% x 1,000,000]	250,000
YA 2029 – initial allowance	[25% x 3,000,000]	750,000
YA 2030 – initial allowance	[25% x 2,000,000]	500,000
YA 2030 to 2044 ¹ – annual allowance	[5% x 6,000,000 x 15 years]	4,500,000
Total allowances claimed		<hr/> 6,000,000 <hr/>

¹ Assuming all qualifying criteria are met.

ANNEX B – APPLICATION PROCESS

LIA Application Window

Your entity is required to register your interest to apply for LIA through [FormSG](#) to BCA no later than 3 months after the first application date* to URA for Planning Permission, or to JTC for Consent as Landowner (URA Plan Lodgement Scheme). Following this, your entity must submit an application to BCA (including submission of all relevant documents) no later than 3 months after the date of TOP (Temporary Occupation Permit).

Submission Requirements

1. Registration of interest

When registering your interest via [FormSG](#), please prepare the following information to be submitted:

- (a) Identity of building owner
- (b) Property zoning (B2 land)
- (c) Information on construction of new building or extension / renovation of existing structure
- (d) Identity of user(s) of the LIA building and the registered SSIC codes (if applicable)
- (e) Application to URA for Planning Permission / Conservation Permission or to JTC for Consent as Landowner (URA Plan Lodgement Scheme) (if available)
- (f) URA's Grant of Written Permission / JTC's Consent as Landowner (URA Plan Lodgement Scheme) (if available)
- (g) A copy of the floor plan, with a detailed description of activities and user(s) occupying the facility, broken down by GFA.
- (h) Estimated date of TOP (if available)

2. Verification and invitation to complete application

After the submission of [FormSG](#), the LIA administrator will contact you for the submission of the following documents:

- (a) LIA application form
- (b) ACRA documents indicating registered SSIC codes of building owner and user(s) and the shareholding relationships between the owner and the user(s)
- (c) Application to URA for Planning Permission / Conservation Permission or to JTC for Consent as Landowner (URA Plan Lodgement Scheme) (if not provided in FormSG)

* The Planning Permission application date can be found on the URA Provisional Permission (PP) or Written Permission (WP). The appropriate date is in the "Decision No." (top right box) and the format of the date is reflected as PDDMMYY-XXXX-XXXX (e.g. P251115-12A3-B000 to mean 25 November 2015). Any subsequent amendment application date after the first submission will not be considered as a planning permission application date. If an applicant applied under the URA Plan Lodgement Scheme as an alternative to URA's PP/WP, please refer to the "JTC's Consent as Landowner (URA Plan Lodgement Scheme)" document for your application date instead. The application date can be found under "Your Ref.:" (top of the letter) (e.g. ES20161125, which will mean 25 Nov 2016). This application date under "Your Ref.:" is applicable even for cases where there are multiple resubmissions to JTC for the same project under the URA Plan Lodgement Scheme.

- (d) URA's Grant of Written Permission / JTC's Consent as Landowner (URA Plan Lodgement Scheme) (if not provided in FormSG)
- (e) TOP information (if available)

3. Letter of Offer

Upon approval, a letter of offer (LOF) will be issued to the applicant. Terms and conditions of the award will be set out within the letter. The acceptance of the LOF should be submitted to BCA not later than 30 days from the LOF issuance.

The LOF must be retained and submitted to IRAS upon request.

4. Post-TOP verification

Once the TOP has been issued for the approved LIA building, the LIA applicant is required to submit a verification form[#] (attached to the LOF) to BCA not later than 3 months from the date of TOP issuance.

[#] In cases where approved building or structure has multiple TOPs, the applicant must submit interim verification forms at each TOP. If the approved building or structure has multiple TOPs, applicant should submit Verification Form Annex 2B (which will be attached to the letter of offer) within 3 months of each interim TOP, and Verification Form Annex 2A within 3 months of final TOP. Annual allowances relating to the total qualifying capital expenditure will be granted upon verification at final TOP. If an applicant with multiple TOPs wishes to claim the annual allowances pertaining to the specific building that has received an interim TOP, the applicant is required to declare in Verification Form Annex 2B that the qualifying user(s) performing the qualifying activity(s) take up at least 80% of the total floor area of that specific building.