DEFINITION OF VALUE ADD (VA) TERMS

**Operating Income**

A. Sale/ Revenue

Sale/ Revenue refer to sales derived from goods manufactured or processed by the company only, excluding goods purchased for resale. The value of sales should be based on selling price excluding excise duties, if any.

B. Other Operating Income

Operating income the company derives other than those arising from sale of manufactured goods.

**Operating Costs**

C. Raw Material, Components and Packaging (including subcontracted out)

Comprise direct input materials for the goods sold, both sourced from Singapore and imported, whether purchased by the company or by the outsourced company for work subcontracted out.

D. Work Subcontracted Out (i) In Singapore (ii) Outside Singapore

Work subcontracted out comprises activities of the company’s core business which are performed externally and excludes cost of raw material, components and packaging incurred on behalf of the company.

Expenses from work subcontracted out are considered to have been incurred in Singapore if activities were conducted within Singapore.

E. Remuneration

Remuneration should pertain only to employees working in Singapore.

It comprises wages and salaries (which include bonuses), contributions to the Central Provident Fund and pension paid by employers, and the value of other benefits provided such as food, lodging and medical care.

F. Depreciation

Depreciation refers to that for capital assets located in Singapore only, i.e. does not include amortisation of intangible assets.

G. Rental

Clear distinction should be made between rental arising from use of building space and that for land.

H. Interest Cost

Interest Cost refers to interest payable to local banks, branches of foreign bank and other corporations.

I. Royalties & Know-how Fees (i) In Singapore (ii) Outside Singapore

Payment which is recurring for ongoing use of intellectual property and transfer of know-how. Does not include one-off lump sum payments made in the event of acquisition of intellectual property.

J. Indirect Taxes

Indirect taxes include property tax, foreign workers’ levy, others including registration fees, license fees, entertainment duties and stamp duties, road tax, net GST paid to IRAS, custom & excise duties, skills development levy etc.

K. Other Operating Costs (i) In Singapore (ii) Outside Singapore

Examples include freight charges and advertising and promotion costs. Please provide breakdown in terms of expenses incurred and activities carried out within Singapore or outside Singapore.