

## FACT SHEET: INCENTIVES FOR INDUSTRIAL ADJUSTMENT

Industrial Adjustment is defined as any activity to be undertaken by a company operating in a sector within the manufacturing industry to restructure the company by way of reorganisation, reconstruction or amalgamation within that particular sector with a view to strengthening the basis for industrial self-sufficiency, improving industrial technology, increasing productivity, and enhancing the efficient use of natural resources and manpower management.

The Industrial Adjustment Allowance (IAA) is available for companies in operation before 31 December 1990 from the wood-based, textile, machinery and engineering sectors.

The IAA provides for an allowance of up to 100% in respect of qualifying capital expenditure incurred by a manufacturing company in its efforts to undertake industrial adjustment. The features of the IAA are:

The industrial adjustment programme proposed by a company has to be approved by the Ministry of International Trade and Industry and the Ministry of Finance.

The IAA is given for qualifying capital expenditure incurred within five years from the date of approval of the incentive. Please note that companies enjoying Investment Tax Allowance (ITA) shall only be eligible to apply for IAA in respect of the capital expenditure on which ITA has not been granted. Companies granted IAA are not eligible for Reinvestment Allowance in respect of the same expenditure.

In addition to the IAA, an Industrial Adjustment Fund has been set up for companies undertaking restructuring programs. The Industrial Adjustment Fund provides loans to qualifying companies at concessionaire rates. For more information on the Industrial Adjustment Fund, please contact the [Ministry of International Trade and Industry \(MITI\)](#).