

Factsheet on New SME Definition

With effect from 1 April 2011, the new SME definition will better reflect the changing profile of SMEs and ensure they have greater access to government incentives that use the SME definition as an eligibility criterion.

	Current SME Definition	New SME Definition (With effect from 1 April 2011)
Parameters	<ul style="list-style-type: none"> • Net Fixed Asset Investment (FAI) of not more than S\$15 million (for manufacturing enterprises) • Employment size of not more than 200 workers (for non-manufacturing enterprises¹) 	<ul style="list-style-type: none"> • Annual Sales turnover of not more than S\$100 million <p style="text-align: center;"><u>OR</u></p> <ul style="list-style-type: none"> • Employment size of not more than 200 workers
Manufacturing or Non-Manufacturing Component	Enterprises are bound by the parameters set within the manufacturing and non-manufacturing sectors	Enterprises qualify as SMEs as long as they satisfy <u>at least one</u> of the two parameters above, regardless of whether they fall under the manufacturing or non-manufacturing sector

The eligibility criteria of at least 30% local shareholding being held by Singaporeans or Singapore PRs will still remain, for enterprises to qualify for the SME assistance programmes.

Rationale for Revision

- i. Manufacturing enterprises are increasingly becoming more asset-light due to the trend of leaseback on equipment and buildings. Hence FAI may no longer be an accurate measure of how small the business is.
- ii. The change will benefit small enterprises in capital-intensive and labour-intensive industries, which currently do not have access to government incentives that use the SME definition as an eligibility criterion, due to their high FAI and employment size.
- iii. The new definition would be comparable to those used in the Asia-Pacific and European countries, where sales turnover and employment size are commonly used to define SMEs.

¹ Non-manufacturing sectors includes services, construction, agriculture & fishing, utilities etc.

Implications of new SME Definition

- i. There will be a marginal increase on the overall SME numbers. SMEs will make up about 99% of the total enterprise population.

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153,400 SMEs (make up 98.9% of total enterprises)	154,100 SMEs (make up 99.3% of total enterprises)

- ii. Only a marginal number of current SMEs will no longer qualify under the new definition. These are mainly the large manufacturing enterprises which are asset-light.
- iii. The new SME definition will be adopted for SME assistance schemes offered by SPRING and IE Singapore. It will also be applied to all official SME statistical collection, analysis, reporting and benchmarking.

Enquiries or Assistance

For enquiries, SMEs may contact either EnterpriseOne at 6898 1800 or e-mail at enterpriseone@spring.gov.sg.

Alternatively, they may also contact the five Enterprise Development Centres (EDCs) at the following numbers:



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