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**Notification No. B 30** — The Income Tax (Amendment) Bill is published for general information. It was introduced in Parliament on 18 September 2023.



# **Income Tax (Amendment) Bill**

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**Bill No. 30/2023.**

*Read the first time on 18 September 2023.*

A BILL

*intituled*

An Act to the Income Tax Act 1947 and to make related amendments to certain other Acts.

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

## Short title and commencement

1.—(1) This Act is the Income Tax (Amendment) Act 2023.

(2) Section 2(*e*) is deemed to have come into operation on 1 May 2013.

5 (3) Section 2(*f*) and (*g*) is deemed to have come into operation on 1 November 2021.

(4) Sections 2(*b*), (*c*) and (*d*), 5, 7(*b*), (*c*), (*g*), (*h*), (*j*), (*k*), (*l*), (*m*), (*n*), (*p*), (*q*), (*r*), (*s*), (*t*) and (*u*), 11, 15, 36(*b*), (*c*) and (*d*) and 41(*b*) and (*c*) are deemed to have come into operation on 15 February 2023.

10 (5) Section 3 is deemed to have come into operation on 1 September 2023.

(6) Sections 6, 7(*d*), (*e*) and (*f*), 33, 44, 52, 55(*c*) and 56 come into operation on 1 January 2024.

## Amendment of section 10

15 **2.** In the Income Tax Act 1947 (called in this Act the principal Act), in section 10 —

(*a*) in subsection (20A)(*f*)(ii) and (*h*), replace “2023” with “2028”;

20 (*b*) in subsection (20A)(*h*), replace “prepayment fee, redemption premium and break cost” with “early redemption fee and redemption premium”;

(*c*) in subsection (23), delete the definitions of “break cost”, “prepayment fee” and “redemption premium”;

25 (*d*) in subsection (23), after the definition of “designated unit trust”, insert —

““early redemption fee” and “redemption premium” have the meanings given by section 13(16);”;

30 (*e*) in subsection (26), replace “or 12B” with “, 12AB, 12B, 12E or 12H”;

(*f*) in subsection (26), after “9,”, insert “12A,”; and

(g) in subsection (26), replace “or 12H” with “, 12H or 12HA”.

### **Amendment of section 10B**

3. In the principal Act, in section 10B(12) —

(a) in the definition of “relevant amount”, replace paragraph (a) with —

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“(a) the overseas total wages paid to an employee in any year less the aggregate in that year of such part of the overseas ordinary wages that are paid to the employee in every month in that year which exceeds —

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(i) for a month before September 2011 — \$4,500;

(ii) for the month of September 2011 or any subsequent month before January 2016 — \$5,000;

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(iii) for the month of January 2016 or any subsequent month before September 2023 — \$6,000;

(iv) for the month of September 2023 or any subsequent month before January 2024 — \$6,300;

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(v) for the month of January 2024 or any subsequent month before January 2025 — \$6,800;

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(vi) for the month of January 2025 or any subsequent month before January 2026 — \$7,400; or

(vii) for the month of January 2026 or any subsequent month — \$8,000; or”; and

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(b) in the definition of “specified amount”, replace paragraph (e) with —

“(e) in relation to the year 2016 and every subsequent year, the difference between \$102,000 and the total ordinary wages paid to the employee in that year; and for this purpose, the amount of ordinary wages mentioned in each of the following sub-paragraphs that is paid to the employee for every month specified in that sub-paragraph is disregarded:

(i) for the month of January 2016 or any subsequent month before September 2023 — any amount in excess of \$6,000;

(ii) for the month of September 2023 or any subsequent month before January 2024 — any amount in excess of \$6,300;

(iii) for the month of January 2024 or any subsequent month before January 2025 — any amount in excess of \$6,800;

(iv) for the month of January 2025 or any subsequent month before January 2026 — any amount in excess of \$7,400;

(v) for the month of January 2026 or any subsequent month — any amount in excess of \$8,000;”.

#### **Amendment of section 10G**

**4.** In the principal Act, in section 10G —

(a) in subsections (3)(c) and (3G), replace “is suffering from” with “has”; and

(b) in subsection (8)(c)(ii), replace “begins to suffer from” with “is diagnosed to have”.

## **New section 10K**

5. In the principal Act, after section 10J, insert —

### **“Tax treatment for covered bond transactions**

**10K.**—(1) This section applies where —

- (a) an approved covered bond company derives income from any cover pool for covered bonds issued by a bank incorporated in Singapore (directly or through its overseas branch), being covered bonds that are issued in compliance with the MAS Notice during the period from 15 February 2023 to 31 December 2028 (both dates inclusive); and
- (b) the bank had transferred the cover pool to the approved covered bond company under a covered bond transaction entered into during that period, for the purpose of securing the bank’s liabilities under the covered bonds.

(2) Despite any provision in this Act, if (and only if) the conditions prescribed by rules made under section 7 for the purposes of this section are complied with, then any income derived by the approved covered bond company from the cover pool is treated for the purposes of this Act as income of the bank (and not that of the approved covered bond company) for the year of assessment relating to the basis period in which the income is derived.

(3) Rules made under section 7 for the purposes of this section may provide for the deduction of expenses, allowances and losses otherwise than in accordance with this Act.

(4) In this section —

“approved covered bond company” means a company incorporated and resident in Singapore, that is —

- (a) incorporated principally to enter into a covered bond transaction with a bank incorporated in Singapore that issues (directly or through its overseas branch) covered bonds; and

(b) approved by the Minister or an authorised body for the purposes of this section;

“cover pool”, in relation to any covered bonds, means the pool of assets against which the covered bonds are collateralised;

“covered bond” means any bond, note or other debenture, where payment of the liabilities to the holder thereof and any liabilities arising from the enforcement of the rights of the holder, is —

(a) secured by a cover pool; and

(b) recoverable from the issuer of the bond, note or debenture, regardless of whether the cover pool is sufficient to pay off such liabilities;

“covered bond transaction” means —

(a) the issue of any covered bonds; and

(b) the transfer, by the issuer of the covered bonds, of the cover pool for those covered bonds to another entity for the purpose of securing the liabilities of the issuer under those covered bonds;

“MAS Notice” means the applicable notice of the Monetary Authority of Singapore relating to the issuance of covered bonds given under section 55 of the Banking Act 1970;

“overseas branch”, in relation to a bank incorporated in Singapore, means a branch of the bank situated outside Singapore.”.

### **New section 10L**

**6.** In the principal Act, after section 10K (as inserted by section 5), insert —

## “Gains from the sale of foreign assets

**10L.**—(1) Despite anything in this Act, gains from the sale or disposal by an entity (called in this section the seller entity) of a relevant group of any movable or immovable property situated outside Singapore at the time of such sale or disposal or any rights or interest thereof (called in this section a foreign asset), that are received in Singapore from outside Singapore, are treated as income chargeable to tax under section 10(1)(g) for the year of assessment relating to the basis period in which the gains are received in Singapore.

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(2) Subsection (1) only applies if —

- (a) the gains would not otherwise be chargeable to tax as income under section 10(1); or
- (b) the gains would otherwise be exempt from tax under this Act.

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(3) Subsection (1) applies only to gains from a sale or disposal of a foreign asset that occurs on or after 1 January 2024.

(4) In this section, unless the circumstances require otherwise, the time when the foreign asset vests in the buyer or transferee under the law governing the sale or disposal, is treated as the time of the sale or disposal of the foreign asset.

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(5) In this section —

- (a) an entity is a member of a group if its assets, liabilities, income, expenses and cash flows —
  - (i) are included in the consolidated financial statements of the parent entity of the group; or
  - (ii) are excluded from the consolidated financial statements of the parent entity of the group solely on size or materiality grounds or on the grounds that the entity is held for sale; and

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(b) a group is a relevant group if —

(i) the entities of the group are not all incorporated, registered or established in a single jurisdiction; or

(ii) any entity of the group has a place of business in more than one jurisdiction.

(6) Subsection (1) does not apply to the prescribed percentage of gains from the sale or disposal of any qualifying intellectual property right as defined in section 43X(13) that are received in Singapore from outside Singapore.

(7) In subsection (6), the prescribed percentage is the percentage of the qualifying intellectual property income (as defined in section 43X(13)) mentioned in paragraph (c), that would have qualified for the concessionary rate of tax under section 43X —

(a) had the seller entity been approved as an approved company under that section on 1 January 2024 and its tax relief period under that section had included the basis period in which the sale or disposal occurred;

(b) had the seller entity made an election in respect of the qualifying intellectual property right under section 43X(7) for the year of assessment for that basis period; and

(c) had qualifying intellectual property income been derived from that qualifying intellectual property right in that basis period.

(8) Subsection (1) does not apply to the gains from a sale or disposal of a foreign asset (not being an intellectual property right) that is —

(a) carried out as part of, or incidental to, the business activities of a prescribed financial institution;

- (b) carried out as part of, or incidental to, the business activities or operations of an entity, being activities or operations from which the entity derives income that is exempt from tax, or that is taxed at a concessionary rate of tax, under section 13A, 13E, 13P, 43C, 43E, 43I, 43J, 43L, 43N, 43P, 43Q, 43R or 43U for the year of assessment for the basis period in which the sale or disposal occurred; 5
- (c) carried out as part of, or incidental to, the business activities or operations of an entity, being activities or operations from which the entity derives income that is exempt from tax, or that is taxed at a concessionary rate of tax, under Part 2, 3 or 4 of the Economic Expansion Incentives (Relief from Income Tax) Act 1967 for the year of assessment for the basis period in which the sale or disposal occurred; or 10 15
- (d) carried out by an entity that is an excluded entity in the basis period in which the sale or disposal occurred.
- (9) For the purpose of subsection (1), the following amounts of gains from the sale or disposal of any foreign asset are treated as received in Singapore from outside Singapore: 20
- (a) any amount from such gains that is remitted to, or transmitted or brought into, Singapore;
- (b) any amount from such gains that is applied in or towards satisfaction of any debt incurred in respect of a trade or business carried on in Singapore; 25
- (c) any amount from such gains that is applied to the purchase of any movable property which is brought into Singapore. 30

(10) For the purpose of subsection (1), where the sale or disposal of a foreign asset by the seller entity was at a price less than the open-market price for the foreign asset, the Comptroller may treat the following amount as the amount of the gains received in Singapore from outside Singapore:

$$A + B - C,$$

where —

- (a) A is the amount of the gains actually received in Singapore from outside Singapore;
- (b) B is the open-market price for the foreign asset; and
- (c) C is the actual price for the sale or disposal of the foreign asset.

(11) In subsection (10), the open-market price for a foreign asset is either —

- (a) the price which the foreign asset could have been sold for in the open market on the date of its sale or disposal; or
- (b) where the Comptroller is satisfied by reason of the special nature of the foreign asset that it is not practicable to determine the price mentioned in paragraph (a), such other value as appears to the Comptroller to be reasonable in the circumstances.

(12) Subject to subsection (13), in ascertaining the amount of any gains chargeable to tax under subsection (1), there is to be deducted —

- (a) any expenditure incurred by the seller entity to acquire, create or improve the foreign asset (including any expenditure that would be deductible under section 14(1)(a) if the foreign asset were capital employed in acquiring income), to protect or preserve the value of the foreign asset, or to sell or dispose of the foreign asset; and

(b) any loss incurred by the seller entity from the sale or disposal of any other foreign asset —

(i) where, had the sale or disposal resulted in gains (after deducting any expenditure under paragraph (a)) and all of those gains had been received in Singapore, they would have been chargeable to tax under subsection (1); and

(ii) to the extent it has not already been deducted against any gains chargeable to tax under subsection (1).

(13) The following are not deductible under subsection (12):

(a) any expenditure deducted under this Act against any other income (whether or not chargeable to or exempt from tax);

(b) capital expenditure computed by the following formula:

$$D - E,$$

where —

(i) D is the amount of capital expenditure for which any allowance (including any balancing allowance) is made under this Act against any other income (whether or not chargeable to or exempt from tax); and

(ii) E is the amount of any balancing charge (or similar charge) made under this Act on the sale or disposal of the foreign asset.

(14) Where not all the gains from the sale or disposal of a foreign asset are received in Singapore in the same basis period, a portion of the amount deductible under subsection (12)(a) as the Comptroller considers reasonable is deductible for each basis period in which any such gains are received in Singapore.

(15) In this section, the situation of property, and any right or interest therein, is determined in accordance with the following provisions:

- 5           (a) any immovable property, or any right or interest in immovable property, is situated where the immovable property is physically located;
- 10          (b) any tangible movable property, or any right or interest in such property, that is not the subject of any other paragraph in this subsection, is situated where the tangible movable property is physically located;
- (c) a ship or aircraft, or any right or interest in a ship or aircraft, is situated where the owner, or the person entitled to the right or interest, is resident;
- 15          (d) a secured or unsecured debt (other than a judgment debt or securities), or any right or interest in such secured or unsecured debt, is situated where the creditor is resident;
- (e) a judgment debt, or any right or interest in a judgment debt, is situated where the judgment is recorded;
- 20          (f) any shares, equity interests or securities issued by any municipal or governmental authority, or by any body created by such authority, or any right or interest in such shares, equity interests or securities, are situated where that authority is established;
- 25          (g) subject to paragraph (f), any shares in or securities issued by a company, or any right or interest in such shares or securities, are situated where the company is incorporated;
- (h) subject to paragraph (f), any equity interests in any entity which is not a company, or any right or interest in such equity interests, are situated where the operations of the entity are principally carried out;
- 30          (i) subject to paragraph (f) (and despite paragraphs (g) and (h)), any registered shares, equity interests or

securities, or any right or interest in any registered shares, equity interests or securities, are situated where the shares, equity interests or securities are registered or, if registered in more than one register, where the principal register is situated;

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(j) goodwill relating to a trade, business or profession is situated where the trade, business or profession is principally carried on;

(k) any intellectual property right, or any licence or other right in respect of any intellectual property right, is situated where the owner of the intellectual property right, licence or right is resident;

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(l) any intangible movable property, or any right or interest in any intangible movable property, that is not the subject of any paragraph in this subsection, is situated where the ownership rights in respect of the property, right or interest would be primarily enforceable.

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(16) In this section —

“consolidated financial statements” means financial statements prepared by an entity in accordance with generally accepted accounting standards, in which the assets, liabilities, income, expenses and cash flows of the entity, and the entities in which it has a controlling interest, are presented as those of a single economic unit;

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“controlling interest”, in relation to an entity, means an equity interest in the entity such that the holder of the interest is required by the law or a regulatory body of the jurisdiction it is resident in, to consolidate in its financial statements the assets, liabilities, income, expenses and cash flows of the entity on a line-by-line basis in accordance with generally accepted accounting standards;

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“debt securities” has the meaning given by section 43H(4);

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“entity” means —

- (a) any legal person (including a limited liability partnership) but not an individual;
- (b) a general partnership or limited partnership; or
- (c) a trust;

“equity interest”, in relation to an entity, means an interest that carries rights to the profits, capital or reserves of the entity and is accounted for as equity under generally accepted accounting standards;

“excluded entity”, in relation to a basis period, means —

- (a) a pure equity-holding entity that satisfies all of the following conditions in that basis period:

- (i) the entity submits to a public authority any return, statement or account required under the written law under which it is incorporated or registered, being a return, statement or account which it is required by that law to submit to that authority on a regular basis;

- (ii) the operations of the entity are managed and performed in Singapore (whether by its employees or by other persons where the activities performed by such other persons for the entity are subject to the direct and effective control of the entity);

- (iii) the entity has adequate human resources and premises in Singapore to carry out the operations of the entity; or

- (b) an entity that is not a pure equity-holding entity and that satisfies all of the following conditions in that basis period:

- (i) the operations of the entity are managed and performed in Singapore (whether by its employees or by other persons where

the activities performed by such other persons for the entity are subject to the direct and effective control of the entity);

- (ii) the entity has adequate economic substance in Singapore, taking into account the following considerations: 5
- (A) the number of full-time employees of the entity (or other persons managing or performing the entity's operations) in Singapore; 10
  - (B) the qualifications and experience of such employees or other persons;
  - (C) the amount of business expenditure incurred by the entity in respect of its operations in Singapore; 15
  - (D) whether the key business decisions of the entity are made by persons in Singapore;

“parent entity”, in relation to a group, means an entity that has a controlling interest in all the other members of the group; 20

“prescribed financial institution” means —

- (a) a bank licensed under the Banking Act 1970;
- (b) a merchant bank licensed under the Banking Act 1970; 25
- (c) a finance company licensed under the Finance Companies Act 1967;
- (d) an insurer licensed or regulated under the Insurance Act 1966; or
- (e) a holder of a capital markets services licence under the Securities and Futures Act 2001; 30

“pure equity-holding entity” means an entity —

(a) whose function is to hold shares or equity interests in any other entity; and

(b) that has no income other than —

5 (i) dividends or similar payments from the shares or equity interests;

(ii) gains on the sale or disposal of the shares or equity interests; or

10 (iii) income incidental to its activities of holding shares or equity interests in any other entity;

“securities” means debentures and debt securities;

“shares” includes stocks.

(17) In this section, where an entity is a trust —

15 (a) references to anything done by, to or in relation to the entity are to that thing done by, to or in relation to the trustee of the trust; and

20 (b) references to gains, income or property (or any right or interest thereof) of the entity are to those gains, income or property (or any right or interest thereof) of the trustee of the trust derived or held by it in its capacity as the trustee of the trust.”.

### **Amendment of section 13**

7. In the principal Act, in section 13 —

25 (a) in subsections (1)(a)(i) and (ii), (aa), (ab) and (ba) and (2), replace “2023” with “2028”;

(b) in subsection (1)(b)(ii), (ba) and (bc)(i), replace “prepayment fee, redemption premium and break cost” with “early redemption fee and redemption premium”;

30 (c) in subsections (1)(zk), (2C)(b), (2D)(b), (2F), (2H) and (2HA)(a), replace “prepayment fee, redemption premium

or break cost” with “early redemption fee or redemption premium”;

- (d) in subsection (1)(zs), delete “and” at the end;
- (e) in subsection (1)(zt)(iv), replace the full-stop at the end with “; and”; 5
- (f) in subsection (1), after paragraph (zt), insert —
  - “(zu) any gains from the sale or disposal of an asset that are treated as income under section 10L and are assessable as the income of an individual under the provisions of this Act.”; 10
- (g) in subsection (16), delete the definitions of “break cost” and “prepayment fee”;
- (h) in subsection (16), after the definition of “deposit”, insert — 15
  - ““early redemption fee”, in relation to debt securities, qualifying debt securities or qualifying project debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities;”; 20
- (i) in subsection (16), in the definition of “qualifying debt securities”, in paragraphs (a) and (b)(ii)(A), replace “2023” with “2028”;
- (j) in subsection (16), in the definition of “qualifying debt securities”, in paragraph (b)(iii), delete “or” at the end; 25
- (k) in subsection (16), in the definition of “qualifying debt securities”, in paragraph (b)(iv), insert “or” at the end;
- (l) in subsection (16), in the definition of “qualifying debt securities”, in paragraph (b), after sub-paragraph (iv), insert — 30
  - “(v) by any of the following persons and issued during the period from

15 February 2023 to 31 December 2028 (both dates inclusive):

5 (A) a bank or merchant bank licensed under the Banking Act 1970;

(B) a finance company licensed under the Finance Companies Act 1967;

10 (C) a person who holds a capital markets services licence under the Securities and Futures Act 2001 to carry on a business in any of the following regulated activities:

15 (CA) advising on corporate finance;

(CB) dealing in capital markets products;

20 (D) such other person as may be prescribed by rules made under section 7;”;

(m) in subsection (16), in the definition of “qualifying debt securities”, in paragraph (c)(ii), delete “or” at the end;

25 (n) in subsection (16), in the definition of “qualifying debt securities”, in paragraph (c), after sub-paragraph (iii), insert —

“(iv) by any of the following persons and issued during the period from 15 February 2023 to 31 December 2028 (both dates inclusive):

30 (A) a bank or merchant bank licensed under the Banking Act 1970;

- (B) a finance company licensed under the Finance Companies Act 1967;
- (C) a person who holds a capital markets services licence under the Securities and Futures Act 2001 to carry on a business in any of the following regulated activities:
- (CA) advising on corporate finance;
  - (CB) dealing in capital markets products;
- (D) such other person as may be prescribed by rules made under section 7; or”;
- (o) in subsection (16), in the definition of “qualifying debt securities”, replace paragraph (d) with —
- “(d) debt securities whose values are derived from insured loss events underlying them, that are issued by a Special Purpose Reinsurance Vehicle during the period between 20 December 2018 and 31 December 2028 (both dates inclusive), where —
- (i) if the date of issue is between 20 December 2018 and 31 December 2023 (both dates inclusive) — at least 20% of the issue costs for the issue are required to be paid to persons or partnerships carrying on any trade, business or profession in Singapore; or
  - (ii) if the date of issue is between 1 January 2024 and 31 December

2028 (both dates inclusive) — at least 30% of the issue costs for the issue are required to be paid to persons or partnerships carrying on any trade, business or profession in Singapore.”;

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(p) in subsection (16), in the definition of “qualifying project debt securities”, in paragraph (a)(ii) and (iii), replace “2025” with “2023”;

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(q) in subsection (16), in the definition of “qualifying project debt securities”, in paragraph (a)(ii), delete “or” at the end;

(r) in subsection (16), in the definition of “qualifying project debt securities”, in paragraph (a)(iii), insert “or” at the end;

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(s) in subsection (16), in the definition of “qualifying project debt securities”, in paragraph (a), after sub-paragraph (iii), insert —

“(iv) by any of the following persons and issued during the period from 15 February 2023 to 31 December 2025 (both dates inclusive):

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(A) a bank or merchant bank licensed under the Banking Act 1970;

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(B) a finance company licensed under the Finance Companies Act 1967;

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(C) a person who holds a capital markets services licence under the Securities and Futures Act 2001 to carry on a business in any of the following regulated activities:

(CA) advising on corporate finance;

(CB) dealing in capital markets products;

(D) such other person as may be prescribed by rules made under section 7;”;

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(t) in subsection (16), in the definition of “redemption premium”, after the words “upon their maturity”, insert “or on the early redemption of the securities”; and

(u) after subsection (16A), insert —

“(16B) In paragraphs (b)(v) and (c)(iv) of the definition of “qualifying debt securities” and paragraph (a)(iv) of the definition of “qualifying project debt securities” in subsection (16), “advising on corporate finance” and “dealing in capital markets products” have the meanings given by the Second Schedule to the Securities and Futures Act 2001.”.

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### **Amendment of section 13M**

8. In the principal Act, in section 13M(1), replace “2023” with “2028”.

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### **New section 13QA**

9. In the principal Act, after section 13Q, insert —

**“Exemption of estate income received by beneficiary, etc.**

**13QA.** Where a person resident in Singapore is a beneficiary of an estate administered in Singapore, and any share of the statutory income of the estate is received by, distributed to or applied to the benefit of that person, that share is exempt from tax in the person’s hands if it would have been exempt from tax under any provision of this Part had it been derived or received directly by that person instead of the executor of the estate.”.

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## Amendment of section 14A

10. In the principal Act, in section 14A —

(a) in subsections (1)(b), (1E) and (1F), replace “2025” with “2028”;

5 (b) in subsection (1BB), replace “2025” with “2023”;

(c) after subsection (1BB), insert —

“(1BC) Subject to this section, for the purpose of ascertaining the income of a person carrying on a trade or business during the basis period for any year of assessment between the years of assessment 2024 and 2028 (both years inclusive), there is allowed in respect of all of the person’s trades and businesses, in addition to the deduction allowed under subsection (1), a deduction for qualifying intellectual property registration costs incurred during that basis period for the purposes of those trades and businesses, computed in accordance with the formula

$$A \times 300\%,$$

20 where A is the lower of the following:

(a) the qualifying intellectual property registration costs incurred during that basis period;

(b) \$400,000.”;

25 (d) in subsections (1E) and (1F), replace “and (1BB)” with “, (1BB) and (1BC)”;

(e) in subsections (1E), (1F), (2) and (5A), replace “or (1BB)” wherever it appears with “, (1BB) or (1BC)”.

## Amendment of section 14B

11. In the principal Act, in section 14B —

(a) in the section heading, replace “**or to maintenance of overseas trade office**” with “**, maintenance of overseas trade office, or electronic commerce**”; 5

(b) in subsection (2), after paragraph (ab), insert —

“(ac) any of the following expenses incurred on or after 15 February 2023 that are approved for the firm or company for the purposes of enabling the firm or company to trade goods, or provide services to persons, in a foreign country using an electronic marketplace: 10

(i) expenses incurred on the creation and maintenance of an account with the electronic marketplace; 15

(ii) expenses incurred on the listing of the goods to be traded or services to be provided on the electronic marketplace; 20

(iii) expenses incurred for any promotion campaign using the electronic marketplace, including the design and creation of the materials for the promotion campaign; 25

(iv) expenses incurred to engage a person (not being an officer or employee or a related party of the approved firm or company, or an officer or employee of such related party) to provide advisory service to the firm or company in connection with the use of the electronic marketplace;” and 30

(c) in subsection (11), after the definition of “approved”, insert —

““electronic marketplace” means a medium that —

(a) allows a person to trade goods or provide services to any other person by electronic means; and

(b) is operated by electronic means,

but not any medium that is solely for processing any payment for any trading of goods or provision of services;

“foreign country” means any country outside Singapore;”.

### **Amendment of section 14C**

**12.** In the principal Act, in section 14C —

(a) in subsection (1)(aa) and (c), replace “2025” with “2028”;

(b) in subsection (4)(a), after “section 37G”, insert “or 37R”; and

(c) in subsection (5), in the definition of “specified amount”, after “section 37G”, insert “or 37R”.

### **Amendment of section 14D**

**13.** In the principal Act, in section 14D —

(a) in subsection (1), replace “2025” wherever it appears with “2028”;

(b) after subsection (1), insert —

“(1A) Subject to this section and section 37R, for the purpose of ascertaining the income of a person carrying on any trade or business during the basis period for any year of assessment between the years of assessment 2024 and 2028 (both years inclusive), there is allowed in respect of all of the person’s trades and businesses, in addition to the deductions allowed

under subsection (1) and section 14C, a deduction for expenditure or payments for research and development undertaken by the person, of an amount computed in accordance with the formula

$$T \times 150\%,$$

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where —

- (a) T is the lower of the following:
  - (i) the aggregate of U and V;
  - (ii) \$400,000; and
- (b) U and V have the meanings given by subsection (1).”; 10
- (c) in subsection (2B), in the definition of “mixed research and development”, after “subsection (1)”, insert “, (1A)”;
- (d) after subsection (6), insert —
  - “(6A) For the purpose of subsection (1A), where an individual carrying on a trade or business through 2 or more firms (excluding partnerships) has, during the basis period for any year of assessment between the years of assessment 2024 and 2028 (both years inclusive), incurred qualifying expenditure or made payments in respect of such firms entitling the individual to a deduction under subsection (1A), the deduction that may be allowed to the individual for those expenditure or payments in respect of all of the individual’s trades and businesses must not exceed the amount computed in accordance with subsection (1A) for that year of assessment. 15 20 25
  - (6B) For the purpose of subsection (1A), where a partnership carrying on a trade or business has, during the basis period for any year of assessment between the years of assessment 2024 and 2028 (both years inclusive), incurred qualifying expenditure or made payments entitling the partners of the partnership to a deduction under subsection (1A), the aggregate of the 30

deductions that may be allowed to all the partners of the partnership for those expenditure or payments in respect of all of the trades and businesses of the partnership must not exceed the amount computed in accordance with subsection (1A) for that year of assessment.”;

(e) in subsection (9), after “subsection (1)” wherever it appears, insert “, (1A)”;

(f) in subsection (9)(a) and (b), after “section 37G” wherever it appears, insert “or 37R”; and

(g) in subsection (12)(a)(ii), replace “2025” with “2028”.

### **New section 14EA**

**14.** In the principal Act, after section 14E, insert —

#### **“Deduction for expenditure incurred on qualifying innovation projects**

**14EA.**—(1) Subject to this section, for the purpose of ascertaining the income of a person carrying on a trade or business during the basis period for any year of assessment between the years of assessment 2024 and 2028 (both years inclusive), there is allowed in respect of all of the person’s trades and businesses, a deduction for qualifying expenditure incurred for a qualifying innovation project undertaken for the purpose of any of those trades and businesses, computed in accordance with the formula

$$A \times 400\%,$$

where A is the lower of the following:

- (a) the qualifying expenditure incurred during the basis period for that year of assessment;
- (b) \$50,000.

(2) Subsection (1) does not apply if —

- (a) a trade or business of the person involves the carrying out of one or more relevant activities on behalf of another person; and
- (b) the qualifying innovation project is undertaken in the course of carrying on that trade or business.

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(3) No deduction is allowed to a person under this section in respect of any expenditure for which a deduction or an allowance is given or made under section 14, 14A, 14C, 14D, 14U or 19B, as the case may be.

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(4) Where the qualifying expenditure incurred by a person is also eligible for a deduction under section 14C or 14D and that person makes a claim for a deduction under this section, no deduction under section 14C or 14D is allowed to that person in respect of the whole or any part of the qualifying expenditure.

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(5) For the purpose of subsection (1), a claim for deduction is allowed to a person only if —

- (a) there is an undertaking by the person that the expenditure is not incurred in the circumstances mentioned in subsection (2)(a) and (b); and
- (b) the claim is made in such manner and subject to such conditions as the Comptroller may require.

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(6) For the purpose of subsection (1), where an individual carrying on a trade or business through 2 or more firms (excluding partnerships) has, during the basis period for any year of assessment between the years of assessment 2024 and 2028 (both years inclusive), incurred qualifying expenditure in respect of those firms for the purposes of the individual's trade or business, the deduction that may be allowed to the individual for that expenditure in respect of all of the individual's trades and businesses must not exceed the amount computed in accordance with subsection (1) for that year of assessment.

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(7) For the purposes of subsection (1), where a partnership carrying on a trade or business has, during the basis period for

any year of assessment between the years of assessment 2024 and 2028 (both years inclusive), incurred qualifying expenditure for the purposes of the partnership's trade or business, the aggregate of the deductions that may be allowed to all the partners of the partnership for that expenditure in respect of all of the trades and businesses of the partnership must not exceed the amount computed in accordance with subsection (1) for that year of assessment.

(8) For the purposes of this section, any qualifying expenditure incurred by a person prior to the commencement of that person's trade or business is treated as having been incurred by that person on the first day that the person carries on that trade or business, but a deduction for such expenditure is subject to section 14X.

(9) In this section —

“approved educational or research institution” means any institution approved by the Minister for the purpose of this section, that provides education or carries out research and development;

“qualifying expenditure” means any payment made by a person to an approved educational or research institution for the purpose of undertaking a qualifying innovation project with the person;

“qualifying innovation project” means a project that —

(a) is undertaken by a person with an approved educational or research institution;

(b) predominantly involves the carrying out of one or more relevant activities; and

(c) is certified by the approved educational or research institution as a project that predominantly involves the carrying out of one or more relevant activities;

“relevant activity” means an activity falling within any of the following categories of activities, being categories

specified in the document “Oslo Manual 2018 — Guidelines for Collecting, Reporting and Using Data on Innovation” published by the Organisation for Economic Co-operation and Development on 22 October 2018:

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- (a) research and experimental development activities;
- (b) engineering, design and other creative work activities;
- (c) intellectual property-related activities;
- (d) software development and database activities.

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(10) A reference in this section to qualifying expenditure excludes any expenditure to the extent that it is or is to be subsidised by any grant or subsidy from the Government or a statutory board.”

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#### **Amendment of section 14F**

**15.** In the principal Act, in section 14F, after subsection (4), insert —

“(5) No approval may be granted under this section after 14 February 2023.”

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#### **Amendment of section 14G**

**16.—(1)** In the principal Act, in section 14G —

- (a) in subsection (2)(a), after “for that basis period”, insert “except as provided in subsection (2CA)”;
- (b) after subsection (2C), insert —

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“(2CA) Subject to subsection (2CB), subsection (2)(a) does not apply to the following provisions and allowance written back by a bank or qualifying finance company in the basis period for the year of assessment 2022 or any subsequent year of assessment:

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5 (a) a provision made for expected credit losses of any of the following loans that are not credit-impaired, being losses that were recognised in accordance with FRS 109 or SFRS(I) 9 (as the case may be) in the basis period for the year of assessment 2021 or any preceding year of assessment:

10 (i) a loan to and placement with any financial institution in Singapore or any other country;

(ii) a loan to the Government or the government of any other country;

15 (iii) a loan to and placement with the Monetary Authority of Singapore or the central bank or other monetary authority of any other country;

20 (iv) a loan to any statutory body or corporation guaranteed by the Government or the government of any other country;

(v) such other loan or advance as may be prescribed by rules made under section 7;

25 (b) a provision made for expected credit losses of securities issued or guaranteed by the Government or the government of any country that are not credit-impaired, being losses that were recognised in accordance with FRS 109 or SFRS(I) 9 (as the case may be) in the basis period for the year of assessment 2021 or any preceding year of assessment;

30 (c) an allowance for any loan mentioned in paragraph (a)(i) to (v) or any investment in  
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securities mentioned in paragraph (b) where the loan or securities are not credit-impaired, being allowances that were recognised in the retained earnings account of the bank or qualifying finance company as required by an MAS notice in the basis period for the year of assessment 2021 or any preceding year of assessment.

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(2CB) Subsection (2CA) applies only if the bank or qualifying finance company is able to directly identify, to the satisfaction of the Comptroller, the amount of the provision or allowance mentioned in paragraph (a), (b) or (c) of that subsection that was written back in the basis period for the year of assessment concerned.”;

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(c) in subsection (6B), replace “2024” with “2029”; and

(d) in subsection (7), delete the definition of “capital funds”.

(2) Subsection (1)(a) and (b) is deemed to have effect for the year of assessment 2022 and subsequent years of assessment.

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### **Amendment of section 14N**

17. In the principal Act, in section 14N(3A), replace “or 2022” with “, 2022 or 2024”.

### **Amendment of section 14O**

18. In the principal Act, in section 14O, in the section heading, after “expenditure”, insert “for years of assessment 2011 to 2018”.

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**Amendment of section 14U**

19. In the principal Act, in section 14U —

(a) in subsections (1), (2) and (3), replace “2025” with “2028”;

(b) after subsection (1), insert —

5 “(1A) For the purpose of ascertaining the income of a person —

(a) who is a qualifying person for any year of assessment between the years of assessment 2024 and 2028 (both years inclusive); and

(b) who carries on a trade or business during the basis period for that year of assessment,

there is allowed in respect of all of the person’s trades and businesses, in addition to the deduction allowed under section 14 or 14C (as the case may be) and in lieu of subsection (1), a deduction for expenditure incurred during that basis period for the purposes of those trades and businesses on the licensing from another person of any qualifying intellectual property rights, computed in accordance with the formula

$$A \times 300\%,$$

where A is the lower of the following:

(a) the expenditure incurred during that basis period;

(b) \$400,000.

(1B) Despite subsection (1A) and section 19B, where the qualifying person has, during the basis period for any year of assessment between the years of assessment 2024 and 2028 (both years inclusive), incurred both —

- (a) expenditure on the licensing from another person of any qualifying intellectual property rights; and
- (b) expenditure on the acquisition of any intellectual property rights,

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the total of the expenditure which may be given a deduction under subsection (1A) and the expenditure which may be given an allowance under section 19B(1AD), must not exceed \$400,000 for that year of assessment.

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(1C) In this section, a person is a qualifying person for a year of assessment if —

- (a) where the person is a company that is not part of a group — the person derives less than \$500 million in gross revenue from all of its trades and businesses in the basis period for that year of assessment;
- (b) where the person is a company that is part of a group — all the entities in the group derive a total of less than \$500 million in gross revenue from all of the entities' trades and businesses in that basis period;
- (c) where the person is an individual proprietor — the person derives less than \$500 million in gross revenue in that basis period from all of the person's trades and businesses that are carried on through one or more individual proprietorships;
- (d) where the person is a partner of a partnership, and either the partnership is under the control of a single partner who is an individual or no single partner has control over the partnership — the partnership derives less than \$500 million in gross revenue from all of the

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partnership's trades and businesses in that basis period; or

- (e) where the person is a partner of a partnership, and the partnership is under the control of a single partner that is a company — the partnership, the company and all other entities in the group of which the partnership and the company are parts derive a total of less than \$500 million in gross revenue from all of their trades and businesses in that basis period.

(1D) In subsection (1C)(d) and (e), whether or not a partnership is under the control of a partner is determined in accordance with FRS 110.

(1E) In subsections (1C) and (1D) —

“FRS 110” means the financial reporting standard known as Financial Reporting Standard 110 (Consolidated Financial Statements) that is treated as made by the Accounting Standards Committee under Part 3 of the Accounting Standards Act 2007, as amended from time to time;

“group” means a group of entities (whether incorporated or registered in Singapore or elsewhere) comprising a parent and its subsidiaries within the meaning of FRS 110.”;

(c) in subsections (2) and (3), replace “of subsection (1)” with “of subsections (1) and (1A)”;

(d) in subsections (2) and (3), replace “in subsection (1)” with “in subsection (1), or the amount computed in accordance with subsection (1A) as qualified by subsection (1B), as the case may be”; and

(e) replace subsection (8) with —

“(8) In this section —

“expenditure incurred on the licensing from another person of qualifying intellectual property rights” means the licence fees but excludes —

(a) expenditure for the transfer of ownership of any of those rights; and

(b) legal fees and other costs related to the licensing of such rights;

“individual proprietor” has the meaning given by section 2(1) of the Business Names Registration Act 2014.”.

### **Amendment of section 14Z**

**20.** In the principal Act, in section 14Z —

(a) in subsections (1) and (13)(b), replace “2023” with “2026”;

(b) in subsection (1)(a), after “of services”, insert “for the purpose of meeting needs in Singapore and”;

(c) in subsection (1)(b), after “to an IPC”, insert “to provide services for the purpose of meeting needs in Singapore”; and

(d) replace subsection (4) with —

“(4) The maximum amount of qualifying expenditure for which deductions may be allowed under subsection (1) in relation to each IPC is —

(a) \$25,000 for the period between 1 July 2016 and 31 December 2016 (both dates inclusive);

(b) \$50,000 for each of the calendar years between 2017 and 2023 (both years inclusive); and

(c) \$100,000 for each of the calendar years between 2024 and 2026 (both years inclusive),

and this is irrespective of the number of qualifying persons claiming the deduction.”.

### **Amendment of section 14ZC**

**21.** In the principal Act, in section 14ZC —

(a) in subsection (1), replace the table with —

	<i>“Provision</i>	<i>Year of assessment</i>
10	Subsection (2)	2021 or 2022
	Subsection (2A)(a)	2022 or 2023
	Subsection (2A)(b) and (c)	2022 or a subsequent year of assessment
15	Subsection (2A)(d)	2023 or a subsequent year of assessment”;

(b) in subsection (2A)(c), replace the full-stop at the end with a semi-colon; and

(c) in subsection (2A), after paragraph (c), insert —

“(d) the value of any benefit given on or after 1 August 2022 by the Tenth Schedule entity to an individual who drives a chauffeured private hire car or taxi, that is given in connection with an amount received by the Tenth Schedule entity out of a payment made by or on behalf of the Government, pursuant to any other public scheme, or out of any fund, established by or on behalf of the Government for the benefit (whether exclusively or otherwise) of individuals who drive chauffeured private hire cars or taxis.”.

**New section 14ZG**

22. In the principal Act, after section 14ZF, insert —

**“Deduction for qualifying training expenditure for years of assessment 2024 to 2028**

**14ZG.**—(1) Subject to this section, for the purpose of ascertaining the income of a person carrying on a trade or business during the basis period for any year of assessment between the years of assessment 2024 and 2028 (both years inclusive), there is allowed in respect of all of the person’s trades and businesses, in addition to the deduction under section 14, a deduction for qualifying training expenditure incurred for the purposes of those trades and businesses computed in accordance with the formula

$$A \times 300\%,$$

where A is the lower of the following:

- (a) the qualifying training expenditure incurred during the basis period for that year of assessment;
- (b) \$400,000.

(2) No deduction is allowed to a person under this section in respect of any expenditure that is not allowed a deduction under section 14.

(3) For the purposes of subsection (1), where an individual carrying on a trade or business through 2 or more firms (excluding partnerships) has, during the basis period for any year of assessment between the years of assessment 2024 and 2028 (both years inclusive), incurred qualifying training expenditure in respect of such firms for the purposes of the individual’s trade or business, the deduction that may be allowed to the individual for that expenditure in respect of all of the individual’s trades and businesses must not exceed the amount computed in accordance with subsection (1) for that year of assessment.

(4) For the purposes of subsection (1), where a partnership carrying on a trade or business has, during the basis period for

any year of assessment between the years of assessment 2024 and 2028 (both years inclusive), incurred qualifying training expenditure for the purposes of the partnership's trade or business, the aggregate of the deductions that may be allowed to all the partners of the partnership for that expenditure in respect of all of the trades and businesses of the partnership must not exceed the amount computed in accordance with subsection (1) for that year of assessment.

(5) In this section —

“central hirer”, in relation to a central hiring arrangement for a group of related parties, means the person that carries out the hiring functions for those parties under the arrangement;

“central hiring arrangement” means an arrangement for a group of related parties entered into for a bona fide commercial reason, where the hiring functions of the parties in the group are carried out by a single person;

“eligible course” means a course that is attended by an employee of a person carrying on a trade or business and that is —

(a) eligible for funding by the SkillsFuture Singapore Agency; and

(b) specified on a prescribed Internet website on the date of commencement of the course;

“employee”, in relation to a person carrying on a trade or business (called in this definition the first person), includes —

(a) an individual —

(i) who is engaged by the central hirer of a central hiring arrangement for a group of related parties which includes the first person, and who is deployed to work solely for the first person; and

(ii) whose salary and other remuneration (including training expenditure incurred in respect of the individual) is borne, directly or indirectly, by the first person and not claimed by the central hirer as a deduction against the central hirer's own income; and 5

(b) an individual, being an employee of another person that is a related party of the first person — 10

(i) who is seconded to a position of the first person under a bona fide commercial arrangement to work solely for the first person; and

(ii) whose salary and other remuneration (including training expenditure in respect of the individual) is borne, directly or indirectly, by the first person and not claimed by the other person as a deduction against the other person's own income; 15 20

“qualifying training expenditure”, in relation to a person carrying on a trade or business, means any course fee, certification fee and assessment fee approved by the SkillsFuture Singapore Agency for an eligible course for the purpose of this section, and that is paid (whether directly or in the form of a reimbursement of the employee for any payment made) by the person to a provider of the eligible course; 25

“SkillsFuture Singapore Agency” means the SkillsFuture Singapore Agency established by section 3 of the SkillsFuture Singapore Agency Act 2016. 30

(6) A reference in this section to qualifying training expenditure excludes any expenditure to the extent that it is or is to be subsidised by any grant or subsidy from the Government or a statutory board (including the SkillsFuture Singapore Agency).”. 35

## New section 14ZH

23. In the principal Act, after section 14ZG (as inserted by section 22), insert —

5           **“Deduction for expenditure incurred in deriving income from providing delivery services**

10           **14ZH.—**(1) This section applies for the purpose of ascertaining, for the basis period for the year of assessment 2024 or a subsequent year of assessment, a qualifying individual’s income from performing delivery services by prescribed means, that is chargeable to tax under section 10(1)(a) and in respect of which there are outgoings or expenses that are deductible under this Part.

(2) In this section, a qualifying individual’s income from performing delivery services does not include —

15           (a) any income from delivery services not performed personally by the qualifying individual; and

(b) any income from delivery services performed by the qualifying individual as an employee of another person.

20           (3) Despite any other provision in this Part, there is to be deducted from a qualifying individual’s income for a basis period from performing delivery services by one or more prescribed means, in lieu of the outgoings or expenses that are deductible under this Part, the total of each sum computed by the formula  $A \times B$  in relation to each of those prescribed means (or a combination thereof), where —

25           (a) A is the prescribed percentage for the prescribed means or combination of prescribed means; and

30           (b) B is the individual’s gross income for the basis period from performing delivery services by the prescribed means or combination of prescribed means.

(4) Subsection (3) does not apply if the qualifying individual’s gross income from performing delivery services by prescribed means exceeds \$50,000 for the basis period.

(5) Subsection (3) does not apply to a qualifying individual who has made an election under subsection (6) to disapply subsection (3) for the basis period.

(6) A qualifying individual may, in such form and manner and within such time as the Comptroller may determine, make an election to the Comptroller to disapply subsection (3) to the individual's income from performing delivery services by prescribed means that is derived in the basis period for a particular year of assessment.

(7) In this section —

“delivery services” means the collection, conveyance and delivery, for reward, of any cargo not incidental to the carriage of any passenger;

“prescribed means”, in relation to the performance of delivery services, means such performance —

(a) on foot;

(b) by public transport;

(c) by the use of a bicycle (whether power-assisted or not);

(d) by the use of a motorised personal mobility device;

(e) by the use of a motor cycle; or

(f) by the use of a van;

“prescribed percentage”, in relation to a prescribed means or combination of prescribed means, means the percentage prescribed in rules made under section 7 that applies to the prescribed means or combination of prescribed means;

“qualifying individual”, in relation to any basis period, means an individual who performs delivery services by prescribed means only.”

### **Amendment of section 19**

24. In the principal Act, in section 19(8), replace “2025” with “2028”.

### **Amendment of section 19A**

- 5     **25.** In the principal Act, in section 19A —
- (a) in subsections (1E) and (1G), replace “or 2022” wherever it appears with “, 2022 or 2024”; and
  - (b) in subsection (14B), replace “2025” with “2028”.

### **Amendment of section 19B**

- 10     **26.** In the principal Act, in section 19B —
- (a) after subsection (1AC), insert —
    - “**(1AD)** Where a company —
      - (a) that is a qualifying company for any year of assessment between the years of assessment 2024 and 2028 (both years inclusive); and
      - (b) that carries on a trade or business during the basis period for that year of assessment, incurs during the basis period capital expenditure in acquiring one or more intellectual property rights for use in its trade or business, there is to be made, in addition to the writing-down allowance under subsection (1AA), a writing-down allowance computed in accordance with the formula
 
$$A \times 300\%,$$
 where A is the lower of the following:
        - (a) the capital expenditure incurred during the basis period for that year of assessment;
        - (b) \$400,000.

(1AE) The writing-down allowance under subsection (1AD) is to be made to the qualifying company during the writing-down period elected under subsection (1AA) for the same expenditure.

(1AF) In this section, a company is a qualifying company for a year of assessment if — 5

(a) where the company is not part of a group — the company derives less than \$500 million in gross revenue from all of its trades and businesses in that basis period; or 10

(b) where the company is part of a group — all the entities in the group derive a total of less than \$500 million in gross revenue from all of the entities' trades and businesses in that basis period. 15

(1AG) For the purposes of subsection (1AF) —

(a) “FRS 110” means the financial reporting standard known as Financial Reporting Standard 110 (Consolidated Financial Statements) that is treated as made by the Accounting Standards Committee under Part 3 of the Accounting Standards Act 2007, as amended from time to time; and 20

(b) “group” means a group of entities (whether incorporated or registered in Singapore or elsewhere) comprising a parent and its subsidiaries within the meaning of FRS 110. 25

(1AH) No allowance under subsection (1AD) may be made to any qualifying company in respect of any instalment paid by the qualifying company under any agreement to acquire any intellectual property rights that is signed before the basis period for the year of assessment 2024.”; 30 35

- (b) in subsection (1C), after “(both years inclusive),”, insert “or between the year of assessment 2024 and the year of assessment 2028 (both years inclusive),”;
- (c) in subsections (1C), (2) and (2E), after “subsection (1A),”  
5 wherever it appears, insert “(1AD),”;
- (d) in subsections (1D), (2D), (2E)(d), (10C) and (12), after “subsections (1A),”, insert “(1AD),”;
- (e) in subsection (10)(aa), replace “2025” with “2028”;
- (f) in subsection (10A), after “(1AA),” wherever it appears,  
10 insert “(1AD),”;
- (g) in subsection (10A)(a)(i), after “14E”, insert “, 14EA”;
- (h) in subsection (10E), after “subsection (1AA),”, insert “(1AD),”; and
- (i) in subsection (10I), replace “subsection (1BAA)” with  
15 “subsection (1AD) or (1BAA) (as the case may be)”.

### **Amendment of section 19D**

**27.** In the principal Act, in section 19D(4A), replace “2025” with “2028”.

### **Amendment of section 34AA**

**28.** In the principal Act, in section 34AA(5) —

- (a) in paragraph (a), replace “is transferred by a qualifying person (being a bank or qualifying finance company)” with “on revenue account is transferred by a qualifying person”;
- (b) in paragraph (d), replace “a provision for a doubtful debt arising from that loan” with “the provision mentioned in paragraph (c)”; and
- (c) in paragraph (f), after “the provision”, insert “for the expected credit loss mentioned in paragraph (c) that is transferred by the transferor and allowed a deduction under paragraph (d)”.

### **Amendment of section 34AAA**

**29.** In the principal Act, in section 34AAA, after subsection (6), insert —

“(6A) In a case where —

- (a) a loan on revenue account is transferred by an insurer (called in this subsection the transferor) to another person (called in this subsection the transferee); 5
- (b) the transfer is not pursuant to a transfer of businesses by the transferor to the transferee in relation to which section 34CA applies; 10
- (c) a provision for an impairment loss arising from that loan, being a loss that is recognised and valued in accordance with the Insurance Act regulations in determining the profit or loss of such loan and reflected in the transferor’s statement of profit and loss that is part of an MAS return, is also transferred by the transferor to the transferee; and 15
- (d) a deduction of an amount in respect of the provision mentioned in paragraph (c) was previously allowed under section 14 (read with this section) to the transferor, 20

then, despite any provision of this Act —

- (e) in a case where both the transferor and transferee are on the date of the transfer in the business of lending money, the deduction previously allowed to the transferor is treated, for the purposes of section 14, as having been allowed to the transferee under that section; and 25
- (f) in any other case, the provision for the impairment loss mentioned in paragraph (c) that is transferred by the transferor and allowed a deduction under paragraph (d) is treated as a trading receipt of the transferor for the basis period in which the date of transfer falls.”. 30

### **Amendment of section 34CA**

**30.** In the principal Act, in section 34CA(31), replace paragraph (f) with —

5 “(f) provide, in a case where a requirement in  
subsubsection (1) is yet to be satisfied, for this section  
(or any part of it) to nevertheless apply to that case  
(with or without modification), and for the reversal of  
any such application, and the amendment of any  
10 assessments previously made, if that requirement is  
not met; and”.

### **Amendment of section 35**

**31.** In the principal Act, in section 35, replace subsection (9) with —

15 “(9) In the case of an estate administered in Singapore, a  
deduction is allowed in respect of any income included in the  
computation of the statutory income if such income is received  
by, distributed to or applied to the benefit of any beneficiary of  
the estate within the calendar year in which the income is  
20 derived, or such longer period that the Comptroller may permit  
in any particular case or class of cases.”.

### **Amendment of section 37**

**32.** In the principal Act, in section 37 —

(a) in subsection (3A)(a)(ii), replace “2023” with “2026”; and

25 (b) in subsection (7), replace “and section 37N” with “and  
sections 37AA and 37N”.

### **New section 37AA**

**33.** In the principal Act, after section 37A, insert —

30 **“Deduction for donation of money by person related to or  
connected with company approved under section 13O or  
person, master fund, etc., approved under section 13U**

**37AA.—(1)** For the purpose of ascertaining the assessable  
income for any year of assessment of a person mentioned in

subsection (2) that is approved as an approved donor for the purpose of this section, there is to be deducted an amount computed in accordance with subsection (4) of all donations of money for a purpose specified by the Minister or authorised body to the approved recipients, and made in the year immediately preceding the year of assessment, by the approved donor to all persons approved as approved recipients for the purpose of this section. 5

(2) The approved donor is one that is related (directly or indirectly) in accordance with rules made under subsection (13) to any of the following: 10

(a) a company incorporated and resident in Singapore and approved under section 13O (called in this section a section 13O company);

(b) a person, master fund, feeder fund, SPV, master-feeder fund structure, master-feeder fund-SPV structure or master fund-SPV structure approved under section 13U (called in this section a section 13U vehicle). 15

(3) Any deduction under subsection (1) is made only after the deduction (if any) under section 37(3)(a). 20

(4) The amount of deduction under subsection (1) in any year of assessment for any approved donor must not exceed the lower of the following:

(a) the total amount of all donations of money made by the approved donor to approved recipients in the year immediately preceding the year of assessment; 25

(b) 40% of the statutory income of the approved donor for that year of assessment.

(5) Any balance of the amount that is not deducted is not available as a deduction against the approved donor's income for any subsequent year of assessment and is disregarded. 30

(6) The Minister or an authorised body may, during the period from 1 January 2024 to 31 December 2028 (both dates inclusive) —

(a) approve a person mentioned in subsection (2) as an approved donor; and

(b) approve a person or a class of persons as an approved recipient or approved recipients.

(7) The approval under subsection (6) is subject to any condition that the Minister or authorised body may impose.

(8) There must not be more than one approved donor at any one time for each section 13O company or section 13U vehicle.

(9) Any deduction under subsection (1) is subject to any condition precedent or condition subsequent that the Minister or authorised body may impose on the fund manager managing the funds of the section 13O company or the section 13U vehicle concerned.

(10) If the fund manager fails to comply with any of the conditions subsequent, the deduction allowed to the approved donor is treated as the approved donor's income for the year of assessment in which the Comptroller discovers the non-compliance.

(11) No deduction may be made under subsection (1) to an approved donor in respect of any donation made to an approved recipient unless the approved donor provides to the approved recipient any information within the time and in the form and manner specified by the Comptroller.

(12) Section 37(3C), (3E) (but not the definition of "recipient"), (3F), (3G), (3H), (3I), (3J) and (10A) (except paragraph (b)) applies in relation to a donation of money under subsection (1) as those provisions apply in relation to a donation mentioned in section 37(3)(b), (c), (d), (e) or (f), subject to the necessary modifications and the following other modifications:

(a) a reference in section 37(3C), (3F), (3G) and (3J) to a donor is to an approved donor;

- (b) a reference in section 37(3C) to a recipient under section 37(3)(b)(i) or (ii), (c), (d), (e) or (f) is to an approved recipient;
- (c) a reference in section 37(10A)(a) and (c) to the person making the donation is to the approved donor; 5
- (d) such other modifications as may be prescribed by rules made under subsection (13).

(13) The Minister may make rules with respect to the following matters:

- (a) the manner in which a person must be related (directly or indirectly) to a section 13O company or a section 13U vehicle, to be an approved donor; 10
- (b) the conditions of approval of an approved recipient;
- (c) the matters in section 37(3H) as applied by subsection (12); 15
- (d) any other matter for giving full effect to or for carrying out the purposes of this provision.

(14) In this regulation, “feeder fund”, “master-feeder fund structure”, “master-feeder fund-SPV structure”, “master fund-SPV structure”, “master fund” and “SPV” have the meanings given by section 13U.” 20

### **New sections 37R and 37S**

**34.** In the principal Act, after section 37Q, insert —

#### **“Cash payout under Enterprise Innovation Scheme**

**37R.**—(1) Subject to this section, where any eligible person has incurred expenditure during the basis period for any year of assessment between the years of assessment 2024 and 2028 (both years inclusive), for which a deduction or an allowance is allowable or can be made to the eligible person under any provision of this Act mentioned in subsection (3) (as qualified by that subsection), the eligible person may, in lieu of one or more of the deductions or allowances or any part thereof, make 25 30

an irrevocable written election for a cash payout computed in accordance with subsection (4) in respect of —

(a) the expenditure qualifying for the deductions or allowances; or

(b) any part of the expenditure,

(called in this section the selected expenditure), the total amount of which (together with the cash price of any intellectual property rights in respect of which an election under subsection (6) is made at the same time) is at least \$400.

(2) The election under subsection (1) must —

(a) be made to the Comptroller by the eligible person —

(i) on or before the expiry of the time (including any extended time) for the eligible person to lodge the eligible person's return of income for the year of assessment relating to the basis period in which the selected expenditure was incurred, as described in section 62; or

(ii) within such extended time as the Comptroller may allow;

(b) be made using the electronic service, except that the Comptroller may in any particular case or class of cases permit the election to be made in any other manner; and

(c) be accompanied by such information and supporting document, to be given in such form and manner, as may be specified by the Comptroller.

(3) For the purposes of subsection (1), the provisions of this Act are —

(a) section 14 in respect of —

(i) expenditure on the licensing from another person of any qualifying intellectual property rights for which a deduction may be given under section 14U(1A); or

- (ii) expenditure that falls within the definition of “qualifying training expenditure” in section 14ZG(5) for which a deduction may be given under section 14ZG;
- (b) section 14A(1)(b) and (1BC); 5
- (c) section 14C in respect of expenditure that falls within the definition of “qualifying expenditure” in section 14D(11), for which a deduction may be given under section 14D;
- (d) section 14D(1) and (1A); 10
- (e) section 14EA(1);
- (f) section 14U(1A);
- (g) section 14ZG(1); and
- (h) section 19B(1AA) and (1AD) other than —
- (i) a writing-down allowance made in a case where 15  
the requirements under section 19B(2A)(a) and (b) are waived; and
- (ii) a writing-down allowance made in respect of 20  
any intellectual property rights acquired under an IPR instalment agreement signed in the basis period for any year of assessment between the years of assessment 2024 and 2028 (both years inclusive).
- (4) For the purposes of subsection (1), the amount of cash 25  
payout for each year of assessment is
- $$A \times 20\%,$$
- where A is the lower of the following:
- (a) the amount of the selected expenditure;
- (b) \$100,000.
- (5) The Comptroller may reject any election that is not made in 30  
accordance with subsection (2).

***Cash payout in respect of IPR acquired under instalment agreement***

(6) Where —

- 5 (a) an eligible person has, in the basis period for any year of assessment between the years of assessment 2024 and 2028 (both years inclusive), signed an IPR instalment agreement to acquire any intellectual property rights for use in the eligible person's trade or business;
- 10 (b) allowances may be made to the eligible person under section 19B(1AA) and (1AD) for capital expenditure to be incurred under the agreement; and
- 15 (c) the cash price for the intellectual property rights (together with any selected expenditure mentioned in subsection (1) in respect of which an election is made under that subsection at the same time) is at least \$400,

the eligible person may, in lieu of all those allowances, make an irrevocable written election for a cash payout.

20 (7) The election under subsection (6) must —

- (a) be made to the Comptroller by the eligible person —
- 25 (i) on or before the expiry of the time (including any extended time) for the eligible person to lodge the eligible person's return of income for the year of assessment relating to the basis period in which the IPR instalment agreement was signed, as described in section 62; or
- (ii) within such extended time as the Comptroller may allow;
- 30 (b) be made using the electronic service, except that the Comptroller may in any particular case or class of cases permit the election to be made in any other manner; and

(c) be accompanied by such information and supporting document, to be given in such form and manner, as may be specified by the Comptroller.

(8) The Comptroller may reject any election that is not made in accordance with subsection (7). 5

(9) Where an election under subsection (6) is made, subsection (4) applies with the following modifications:

(a) the reference to the amount of selected expenditure for a year of assessment, being the year of assessment relating to the basis period in which the IPR instalment agreement is signed, is to the aggregate of — 10

(i) the cash price of the intellectual property rights; and

(ii) the expenditure mentioned in subsection (1) incurred in that basis period for which a deduction or an allowance is allowable or may be made to the eligible person, and in respect of which an election has been made under that subsection; 15 20

(b) the reference to the amount of selected expenditure for a year of assessment excludes the amount of any capital expenditure made by the eligible person under that IPR instalment agreement in the basis period for that year of assessment. 25

(10) For the purpose of subsections (12) and (22), the amount of cash payout for any intellectual property rights that are the subject of an IPR instalment agreement is the amount computed under subsection (4) (as modified by subsection (9)) that is attributable to — 30

(a) the cash price of the intellectual property rights; or

(b) if the amount of A is \$100,000, such part of that amount that the eligible person specifies to be

attributable to the cash price of the intellectual property rights.

5 (11) In subsections (9)(a)(i) and (10)(a), a reference to the cash price of the intellectual property rights is, in a case where section 19B(10I) applies, to the open-market price mentioned in section 19B(10F) for those intellectual property rights.

10 (12) The cash payout for a year of assessment under subsection (6) for any intellectual property rights that are the subject of an IPR instalment agreement must be made to the eligible person in the following manner:

15 (a) the eligible person may claim an amount of cash payout for the year of assessment relating to a basis period during which the eligible person incurred capital expenditure under the agreement for those rights;

(b) the amount of cash payout that may be made to the eligible person is the lesser of —

20 (i)  $A \times 20\%$ , where A is the amount of the capital expenditure incurred in that basis period; and

(ii) the amount mentioned in subsection (10) after deducting any cash payout made for those rights in any preceding year of assessment or years of assessment under this subsection;

25 (c) no cash payout may be made for those rights if the amount mentioned in paragraph (b)(ii) is zero;

(d) each claim must be made in a form and be accompanied by any information and supporting document relating to the capital expenditure specified by the Comptroller;

30 (e) to avoid doubt, a claim may be made for any year of assessment after the year of assessment 2028.

***Cases where no election allowed***

(13) No election under subsection (1) or (6) may be made by a person in respect of —

- (a) any deduction allowable under any provision mentioned in subsection (3)(a)(i) and (f) unless the person is a qualifying person within the meaning of section 14U(1C) for the year of assessment in question; 5
- (b) any deduction allowable under any provision mentioned in subsection (3)(b) for any qualifying intellectual property registration costs in respect of an application for the registration or grant of a qualifying intellectual property right incurred by the person over the basis periods of 2 or more consecutive years of assessment, if the person had made any claim for deduction under that provision in respect of any part of such costs for a previous year of assessment; or 10 15
- (c) any allowance that may be made under any provision mentioned in subsection (3)(h) unless the person is a qualifying company for the year of assessment in question within the meaning of section 19B(1AF). 20

***Cash payout to individuals carrying on trade, etc., through 2 or more firms***

(14) For the purposes of subsections (1), (4) and (6), an individual carrying on one or more trades or businesses through 2 or more firms (excluding partnerships) must not be granted a cash payout that exceeds the amount computed in accordance with subsection (4) or that subsection as modified by subsection (9), as the case may be. 25

***Section 14A costs deductible for 2 or more consecutive years of assessment treated as incurred on date of approval or rejection of application for registration of intellectual property rights, etc.***

- 5 (15) For the purposes of this section, where —
- (a) an eligible person has incurred qualifying intellectual property registration costs in respect of an application for the registration or grant of a qualifying intellectual property right for which a deduction is allowable under section 14A(1)(b) and (1BC), over the basis periods of 2 or more consecutive years of assessment;
  - 10 (b) the eligible person is not disqualified from making an election under subsection (1) by reason of subsection (13)(b); and
  - 15 (c) the eligible person makes an election under subsection (1) in respect of those costs,

the eligible person is treated as having incurred those costs during the basis period of the year of assessment in which the application or grant is approved or rejected.

20 ***When open-market price treated as section 19B expenditure***

- (16) Where the Comptroller has treated the open-market price as the capital expenditure incurred for the acquisition of intellectual property rights under section 19B(10E), then the reference in this section to selected expenditure, insofar as it relates to that capital expenditure, is to the open-market price of the intellectual property rights.

***Election deemed made on full amount of section 14A or 19B expenditure***

- 30 (17) Where an eligible person makes an election under subsection (1) or (6) in respect of a deduction or an allowance under section 14A(1)(b) and (1BC) or 19B(1AA) and (1AD), the election is treated as having been made on the full amount of the expenditure qualifying for the deduction or allowance and incurred on —

(a) the grant or registration of each qualifying intellectual property right in each country; or

(b) the acquisition of each intellectual property right,

as the case may be, to which the election relates, net of any grant or subsidy from the Government or a statutory board. 5

(18) No part of the amount of any expenditure mentioned in subsection (17) for which an election is made or treated as having been made under subsection (1) or (6) is eligible for a deduction or an allowance against the income of the eligible person for any year of assessment. 10

***Capital expenditure in acquiring rights in software for licensing not eligible for cash payout***

(19) Despite subsections (1) and (6), where an eligible person has incurred capital expenditure in acquiring any intellectual property rights in any software for the purpose of licensing all or any part of those rights, the eligible person is not allowed to make an election under subsection (1) or (6) in respect of such expenditure. 15

***Recovery of cash payout by Comptroller***

(20) Where a cash payout has been made to a person under this section in lieu of a deduction under section 14A(1)(b) and (1BC), and the intellectual property rights or the application for the registration or grant of the rights for which the deduction is made is sold, transferred or assigned within one year after the date of filing of the application for the registration or grant of such rights, the following provisions apply: 20

(a) the person must give written notice to the Comptroller of the sale, transfer or assignment in the manner specified by the Comptroller within 30 days after the date of the sale, transfer or assignment; 30

(b) the cash payout in respect of the intellectual property rights, or the application for the registration or grant of those rights is recoverable by the Comptroller from the person as a debt due to the Government.

(21) Where a cash payout has been made to a person pursuant to an election under subsection (1) in lieu of a writing-down allowance under section 19B(1AA) and (1AD), and any of the following events occurs within 5 years after the acquisition of the intellectual property rights:

- (a) the intellectual property rights for which the writing-down allowance is made come to an end without being subsequently revived;
- (b) all or any part of the intellectual property rights for which the writing-down allowance is made are sold, transferred or assigned;
- (c) the person permanently ceases to carry on the trade or business for which the intellectual property rights are used;
- (d) all or any part of the intellectual property rights in any software for which the writing-down allowance is granted are licensed to another,

then the following provisions apply:

- (e) the person must give written notice to the Comptroller of that event in the manner specified by the Comptroller within 30 days after the date of such event;
- (f) an amount computed in accordance with the following formula is recoverable by the Comptroller from the person as a debt due to the Government:

$$\text{Amount of cash payout} \times \frac{\left( 5 - \text{Number of complete years the intellectual property rights were held by the person} \right)}{5}.$$

(22) Where —

- (a) an election has been made by a person under subsection (6) for a cash payout in lieu of a

writing-down allowance under section 19B(1AA) and (1AD); and

- (b) any of the events mentioned in subsection (21)(a) to (d) occurs within 5 years after the acquisition of the intellectual property rights,

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then the following provisions apply:

- (c) the person must give written notice to the Comptroller of such event in the manner specified by the Comptroller within 30 days after the date of such event;

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- (d) where any amount of the cash payout has been made to the person before the occurrence of the event, an amount computed in accordance with the formula in subsection (21)(f) is recoverable by the Comptroller from the person as a debt due to the Government;

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- (e) for the purposes of paragraph (d), the reference in the formula to the amount of cash payout is to the total amount of the cash payout that has been made to the person before the occurrence of the event;

- (f) the amount of the cash payout that may be made to the person for the basis period in which the event occurs and thereafter is, instead of the amount computed in accordance with subsection (12)(b), an amount computed in accordance with the formula

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$$\text{Cash payout computed in accordance with subsection (12)(b)} \times \frac{\text{Number of complete years the intellectual property rights were held by the person}}{5}.$$

25

### ***Record keeping***

(23) Subsection (24) applies if an eligible person makes an election under subsection (1) for a cash payout in lieu of any

deduction or allowances in respect of any expenditure mentioned in subsection (3) incurred by the eligible person.

5 (24) Despite section 67, the eligible person must keep and retain in safe custody sufficient records for a period of 7 years after the year of assessment relating to the basis period in which that expenditure is incurred, in order to enable the Comptroller or any officer authorised on behalf of the Comptroller to readily ascertain the expenditure incurred by the eligible person.

10 (25) Subsection (26) applies if an eligible person makes an election under subsection (6) for a cash payout in lieu of allowances that may be made for capital expenditure incurred by that eligible person under an IPR instalment agreement signed by that eligible person.

15 (26) Despite section 67, the eligible person must keep and retain in safe custody sufficient records for a period of 7 years after the year of assessment relating to the basis period in which that capital expenditure is incurred, in order to enable the Comptroller or any officer authorised on behalf of the Comptroller to readily ascertain the cash price for the intellectual property rights that are the subject of the IPR instalment agreement and that capital expenditure.

### ***Other provisions***

25 (27) The Comptroller may disallow any cash payout pursuant to an election made under subsection (1) or (6), if the Comptroller is satisfied that the person is not carrying on a trade or business at the time of disbursement of the cash payout.

30 (28) Where any tax, duty, interest or penalty is due under this Act, the Goods and Services Tax Act 1993, the Property Tax Act 1960 or the Stamp Duties Act 1929 by the eligible person to the Comptroller of Income Tax, the Comptroller of Goods and Services Tax, the Comptroller of Property Tax or the Commissioner of Stamp Duties —

- 35 (a) the amount of cash payout made by the Comptroller to the eligible person is reduced by the amount so due; and

(b) any amount reduced under paragraph (a) is deemed to be tax, duty, interest or penalty paid by the eligible person under the relevant Act and must (if it is due under an Act other than this Act) be paid by the Comptroller to the Comptroller of Goods and Services Tax, the Comptroller of Property Tax or the Commissioner of Stamp Duties, as the case may be.

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(29) If an election has been made or treated as made under subsection (1) or (6) in respect of an amount of expenditure qualifying for a deduction or an allowance under section 14, 14A, 14C, 14D, 14EA, 14U, 14ZG or 19B, the amount of expenditure qualifying for the deduction or allowance under that provision is, despite anything in that provision, reduced by the firstmentioned amount.

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15

(30) Where an eligible person has received a cash payout under subsection (1) or (6) —

(a) in respect of any expenditure that is subsequently found not to qualify for the allowance or deduction under any provision of this Act mentioned in subsection (3) or (6);

20

(b) without having satisfied all of the requirements in this section (excluding the requirements in subsections (20), (21) and (22)) for the payout; or

(c) that is in excess of that which may be given to the eligible person under this section,

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the amount of the cash payout or the excess amount of the cash payout (as the case may be) is recoverable by the Comptroller from the eligible person as a debt due to the Government.

(31) For the purposes of subsections (20), (21), (22) and (30) —

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(a) the amount to be repaid under each of those subsections is payable at the place stated in the notice served by the Comptroller on the eligible person within 30 days after the service of the notice or

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such further time as the Comptroller may, in the Comptroller's discretion and subject to such terms and conditions as the Comptroller may impose, allow; and

- 5 (b) sections 86(1) to (6), 87(1) and (2), 89, 90 and 91 apply to the collection and recovery by the Comptroller of the amounts recoverable under those subsections as they apply to the collection and recovery of tax.

10 ***Consequential adjustments to allowable deductions upon recovery of payout***

(32) Unless disallowed by the Comptroller under subsection (33), where the Comptroller has recovered any amount under subsection (30)(b) or (c), the amount of the  
15 relevant expenditure mentioned in subsection (29) is to be increased by an amount determined in accordance with the formula

$$\frac{A}{20\%},$$

20 where A is the amount recovered by the Comptroller under subsection (30)(b) or (c).

(33) The Comptroller may disallow the increase under subsection (32) if the Comptroller is satisfied that the eligible person has —

- 25 (a) provided the Comptroller with any information or document, in connection with the election under subsection (1) or (6), which is false or misleading in a material particular;
- (b) omitted any material particular from any information or document given in connection with the election  
30 under subsection (1) or (6);
- (c) prepared or maintained or authorised the preparation or maintenance of any false books of account or other records or falsified or authorised the falsification of

any books of account or other records in connection with the election under subsection (1) or (6); or

- (d) made use of any fraud, art or contrivance whatsoever or authorised the use of such fraud, art or contrivance, in connection with the election under subsection (1) or (6).

5

***Definitions and miscellaneous provisions***

(34) In this section —

“cash price”, in relation to any intellectual property rights that are the subject of an IPR instalment agreement, means the price at which those rights might have been purchased for cash at the time of the signing of the agreement;

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“central hirer” and “central hiring arrangement” have the meanings given by section 14ZG(5);

15

“eligible person” means —

(a) any company or firm (excluding a partnership) that —

(i) carries on a trade or business in Singapore; and

20

(ii) employs and makes contributions to the Central Provident Fund in respect of at least 3 full-time local employees, each earning a gross monthly salary of at least \$1,400 based on its payroll, for at least 6 months (which need not be continuous) in the basis period of the applicable year of assessment (called in this subsection and subsections (35) and (36) the minimum period); or

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30

(b) any partner of a partnership, being a partnership that —

(i) carries on a trade or business in Singapore;  
and

(ii) employs and makes contributions to the Central Provident Fund in respect of at least 3 full-time local employees, each earning a gross monthly salary of at least \$1,400 based on its payroll, for at least the minimum period;

“full-time local employee” means any Singapore citizen or Singapore permanent resident who is required to work under his or her contract of service with an employer for at least 35 hours a week, but excludes —

(a) in the case of an eligible person in paragraph (a) of the definition of that term that is a company as defined in section 4(1) of the Companies Act 1967 — a shareholder who is also a director of the eligible person; and

(b) in the case of an eligible person in paragraph (b) of the definition of that term — any partner under a contract of service with the partnership;

“IPR instalment agreement” means an agreement for the purchase of intellectual property rights the payment for which is to be made by instalments;

“qualifying intellectual property registration costs” and “qualifying intellectual property right” have the meanings given by section 14A(6).

(35) In paragraphs (a)(ii) and (b)(ii) of the definition of “eligible person” in subsection (34), a reference to a full-time local employee includes —

(a) a Singapore citizen or Singapore permanent resident —

(i) who is engaged by the central hirer of a central hiring arrangement for a group of related parties that includes the eligible person;

- (ii) who is deployed to work solely for the company, firm or partnership (called in this subsection and subsection (36) *X*) for at least the minimum period;
  - (iii) who is on the payroll of the central hirer or *X* in that period; and 5
  - (iv) whose salary and other remuneration (including training expenditure incurred in respect of the individual) is borne (directly or indirectly) by *X* in that period; or 10
- (b) a Singapore citizen or Singapore permanent resident —
- (i) who, being an employee of another person that is a related party of *X* (called in this subsection and subsection (36) the employer), is seconded to a position of *X* under a bona fide commercial arrangement to work solely for *X* for at least the minimum period; 15
  - (ii) who is on the payroll of the employer or *X* in that period; and 20
  - (iii) whose salary and other remuneration (including training expenditure incurred in respect of the individual) is borne (directly or indirectly) by *X* in that period.

(36) In determining whether the central hirer or employer mentioned in subsection (35) satisfies the definition of “eligible person” in subsection (34), the individual mentioned in subsection (35)(a) or (b) is not treated as being employed by the central hirer or the employer based on the payroll of the central hirer or employer for the period in which the salary or other remuneration of the individual (including any training expenditure incurred in respect of him or her) is borne by *X*. 25 30

**Penalties for false information, etc., resulting in payment under section 37R**

37S.—(1) Any person who —

5 (a) gives to the Comptroller any information under section 37R(2) or (7) that is false in any material particular; or

(b) omits any material particular from any information or document given under that provision to the Comptroller,

10 shall be guilty of an offence and shall on conviction be punished with a penalty that is equal to the amount of cash payout that has been made to the person or any other person as a result of the offence, or which would have been made to the person or any other person if the offence had not been detected.

15 (2) Any person who, without reasonable excuse or through negligence —

(a) gives to the Comptroller any information under section 37R(2) or (7) that is false in any material particular; or

20 (b) omits any material particular from any information or document given under that provision to the Comptroller,

25 shall be guilty of an offence and shall on conviction be punished with a penalty that is double the amount of cash payout that has been made to the person or any other person as a result of the offence, or which would have been made to the person or any other person if the offence had not been detected, and shall also be liable to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding 3 years or to both.

30 (3) Any person who wilfully with intent to obtain, or to assist another person to obtain, a cash payout or a higher amount of cash payout which the person or that other person is not entitled to —

- (a) gives to the Comptroller any information under section 37R(2) or (7) that is false in any material particular or omits any material particular from any information or document given under that provision; or
- (b) gives any false answer, whether verbally or in writing, to any question or request for information asked or made by the Comptroller,

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shall be guilty of an offence and shall on conviction be punished with a penalty that is treble the amount of cash payout that has been made to the person or that other person as a result of the offence, or which would have been made to the person or that other person if the offence had not been detected, and shall also be liable to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 3 years or to both.

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(4) Any person who wilfully with intent to obtain, or to assist another person to obtain, a cash payout or a higher amount of cash payout which the person or that other person is not entitled to —

- (a) prepares or maintains or authorises the preparation or maintenance of any false books of account or other records or falsifies or authorises the falsification of any books of account or other records; or
- (b) makes use of any fraud, art or contrivance or authorises the use of such fraud, art or contrivance,

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shall be guilty of an offence and shall on conviction be punished with a penalty that is 4 times the amount of cash payout that has been made to the person or that other person as a result of the offence, or which would have been made to the person or that other person if the offence had not been detected, and shall also be liable to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 5 years or to both.

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(5) Where an individual has been convicted of —

- (a) 3 or more offences under subsection (3) or section 37M(3) or 96;

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(b) 2 or more offences under subsection (4) or section 37M(4) or 96A; or

(c) one offence under either subsection (3) or section 37M(3) or 96, and one offence under either subsection (4) or section 37M(4) or 96A,

the imprisonment the individual shall be liable to shall not be less than 6 months.

(6) Where in any proceedings under subsection (3) it is proved that any information that is false in a material particular is given to the Comptroller under section 37R(2) or (7) by or on behalf of any person, the person who gave the information is presumed, unless the contrary is proved, to have given it with intent to obtain, or to assist the person on whose behalf the information is given to obtain, a cash payout or a higher amount of cash payout.

(7) Where in any proceedings under subsection (4) it is proved that any false statement or entry is made in any books of account or other records maintained by or on behalf of any person, the person who made the statement or entry is presumed, unless the contrary is proved, to have made that false statement or entry with intent to obtain, or to assist the person on whose behalf the statement or entry is made to obtain, a cash payout or a higher amount of cash payout.

(8) The Comptroller may compound any offence under this section other than subsection (4).

(9) In this section, a reference to the amount of cash payout that has been made to a person as a result of an offence, or which would have been made to the person if the offence had not been detected, excludes an amount of the cash payout that the person is entitled to.

(10) In this section, “cash payout” means a payment under section 37R.”.

### **Amendment of section 39**

**35.** In the principal Act, in section 39 —

(a) in subsection (1)(b), replace “suffering from” with “had”;

- (b) in subsection (2), before paragraph (d), in the sub-heading, replace “*handicapped spouse*” with “*spouse with physical or mental infirmity*”;
- (c) in subsection (2), before paragraph (j), in the sub-heading, replace “*handicapped siblings*” with “*siblings with physical or mental infirmity*”; 5
- (d) in subsection (2)(p), replace sub-paragraph (iii) with —  
 “(iii) either —
- (A) where the year of assessment is between the year of assessment 2005 and year of assessment 2023 (both years inclusive) — was not carrying on any trade, business, profession, vocation or employment in the year preceding the year of assessment; or 10
- (B) where the year of assessment is the year of assessment 2024 or any subsequent year of assessment — did not derive income that exceeds an aggregate of \$4,000 from any trade, business, profession, vocation or employment or a combination thereof in the year preceding the year of assessment,”; and 15 20 25
- (e) in subsection (11), replace “In” with “For the year of assessment 2024 and any preceding year of assessment, in”. 30

### **Amendment of section 43H**

**36.** In the principal Act, in section 43H —

(a) in subsections (1)(aa), (ab) and (ac), (2)(a), (b), (c) and (d) and (3), replace “2023” with “2028”;

5 (b) in subsections (1)(ac) and (2)(d), replace “prepayment fee, redemption premium or break cost” with “early redemption fee or redemption premium”;

10 (c) in subsection (4), delete the definitions of “break cost”, “financial institution”, “prepayment fee”, “qualifying debt securities” and “redemption premium”; and

(d) in subsection (4), after the definition of “debt securities”, insert —

15 ““early redemption fee”, “financial institution”, “qualifying debt securities” and “redemption premium” have the meanings given by section 13(16);”.

### **New section 43MA**

**37.** In the principal Act, after section 43M, insert —

20 **“Concessionary rate of tax for estate income received by beneficiary, etc.**

25 **43MA.** Where any person resident in Singapore is a beneficiary of an estate administered in Singapore, and any share of the statutory income of the estate is received by, distributed to or applied to the benefit of that person, that share is, if it would have been subject to a concessionary rate of tax under any provision of this Part had it been derived or received directly by that person instead of the executor of the estate, subject to the same concessionary rate of tax.”.

### **Amendment of section 43R**

30 **38.** In the principal Act, in section 43R(4), replace “2023” with “2028”.

### **Amendment of section 43X**

**39.** In the principal Act, in section 43X —

(a) in subsection (2), replace “2023” with “2028”; and

(b) replace subsection (6) with —

“(6) For the purposes of subsection (5)(b), the Minister or the appointed person must specify to an approved company, for the 3rd, 4th, 5th and 7th 5-year period of its tax relief period, a rate increase of at least 0.5% that applies to the years of assessment of all the basis periods within each of those 5-year periods.”.

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### **Amendment of section 45**

**40.** In the principal Act, in section 45(9)(a), replace “2023” with “2028”.

### **Amendment of section 45A**

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**41.** In the principal Act, in section 45A —

(a) in subsections (2), (2A) and (2B)(a), replace “2023” with “2028”;

(b) in subsection (2B)(a) and (b), replace “prepayment fee, redemption premium or break cost” with “early redemption fee or redemption premium”; and

20

(c) in subsection (3), replace the definitions of “break cost”, “prepayment fee”, “qualifying debt securities”, “qualifying project debt securities” and “redemption premium” with —

25

““early redemption fee”, “qualifying debt securities”, “qualifying project debt securities” and “redemption premium” have the meanings given by section 13(16);”.

**Amendment of section 45F**

42. In the principal Act, in section 45F —

(a) in subsection (1), replace “and (2)” with “, (2) and (2A)”;

(b) in subsection (1A), replace “subsection (2)” with  
5 “subsections (2) and (2A)”;

(c) after subsection (2), insert —

“(2A) Where an individual or a foreign firm to  
which section 43(4) or (4A) applies makes an  
irrevocable option under section 43(5) to be taxed  
under section 43(1)(b) on any payment of income  
10 accruing in or derived from Singapore by the  
individual or foreign firm, the application of  
section 45 by subsections (1), (1A) and (2) is  
further modified as follows:

(a) the reference to the payment of income to  
15 the individual or foreign firm is to such  
payment after deducting any expenditure  
that the person making the payment  
reasonably believes is wholly and  
exclusively incurred by the individual or  
20 foreign firm in the production of that  
income;

(b) the deduction of tax under section 45 for  
such payment is at the rate specified in  
25 section 43(1)(b).”.

**Amendment of section 45GA**

43. In the principal Act, in section 45GA —

(a) in subsection (1), replace “and (2A)” with “, (2A) and  
(2B)”;

(b) after subsection (2A), insert —

“(2B) The reference in subsection (1) to income is  
to the amount of the income after deducting any  
expenditure which the person making the payment

reasonably believes is wholly and exclusively incurred by the public entertainer in the production of that income.”.

#### **Amendment of section 50A**

**44.** In the principal Act, in section 50A(1) — 5

(a) in paragraph (h), delete “and” at the end; and

(b) after paragraph (h), insert —

“(ha) any gains treated as income under section 10L; and”.

#### **New section 50BA**

**45.** In the principal Act, after section 50B, insert — 10

**“Tax credits for estate income received by beneficiary, etc.**

**50BA.—(1)** Where an executor of an estate administered in Singapore receives income in Singapore from outside Singapore (called in this section the income) for which a tax credit is allowable under this Part against the tax payable in respect of the income, and any share of the income is — 15

(a) received by or distributed to a beneficiary who is resident in Singapore; or

(b) applied to the benefit of such beneficiary, 20

the tax credit in respect of that share must be given to the beneficiary instead of the executor.

(2) The tax credit to be given to a beneficiary under subsection (1) is computed in accordance with section 50 or 50A (as the case may be) as if the share of the income had been received in Singapore directly by the beneficiary rather than the executor of the estate.”. 25

### Amendment of section 50C

46. In the principal Act, in section 50C —

(a) in subsection (6), replace “and 50B(2)” with “, 50B(2) and 50BA(2)”; and

5 (b) in subsection (7), replace “and 50B” with “, 50B and 50BA”.

### New section 68A

47. In the principal Act, after section 68, insert —

10 **“Duty to collect and retain information of certain persons, etc.**

**68A.**—(1) The Minister may make rules under section 7 to prescribe a class of persons to whom this section applies.

(2) The Comptroller may —

15 (a) by written notice require any person (*X*) that falls within a prescribed class of persons to collect, keep and retain in safe custody for a specified period not exceeding 5 years, specified identification information and income information of any person or each person within a class (*Y*) (including information of any outgoings and expenses incurred by *Y*) that entered into an agreement or arrangement of a specified description with *X* for *Y* to carry on any trade, business, profession or vocation for which *Y* derives income chargeable to tax under this Act; and

20 (b) by written notice to *X*, require *X* to provide the Comptroller or any person specified in the written notice, any information retained under paragraph (a) in the form and manner and within the time specified in the notice, or any extension of such time by the  
30 Comptroller in any particular case.

(3) Any person who, without reasonable excuse, fails to comply with any requirement under subsection (2)(a) or (b) shall be guilty of an offence.

(4) In this section, “person” includes a partnership, and the reference in subsection (2)(a) to income of *Y* that is chargeable to tax is, in a case where *Y* is a partnership, to the income of the partners of *Y*.”.

### **Amendment of section 80**

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**48.** In the principal Act, in section 80(1)(b), replace “within” with “not later than”.

### **Amendment of section 80A**

**49.** In the principal Act, in section 80A(1A), (4)(a) and (5)(a), replace “the parties object” with “any party objects”.

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### **Amendment of section 93**

**50.** In the principal Act, in section 93 —

(a) in subsection (9)(c), after “any year”, insert “before 2025”;

(b) in subsection (9)(c), delete “or” at the end;

(c) in subsection (9)(d), after “any year”, insert “before 2024”;

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(d) in subsection (9)(d), replace the full-stop at the end with “; or”;

(e) in subsection (9), after paragraph (d), insert —

“(e) for any part of the interest period falling on or after 1 April 2024, the rate as prescribed by rules made under section 7.”; and

20

(f) after subsection (11), insert —

“(12) Rules made under section 7 for the purpose of subsection (9)(e) may prescribe different rates for different parts of the interest period.”.

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### **Amendment of section 101**

**51.** In the principal Act, in section 101 —

(a) in subsection (1), replace “or 96A” with “, 96A or 105M”;

(b) in subsection (2), after “96A,” insert “105M(1) and (1B),”; and

(c) in subsection (3), replace “, 98 or 105M” with “or 98”.

### **New section 102A**

5     **52.** In the principal Act, after section 102, insert —

#### **“Notice to attend court**

10     **102A.**—(1) Where the Comptroller has reasonable grounds to believe that a person has committed an offence under this Act (or any subsidiary legislation made under this Act) that is punishable by a fine or by an imprisonment term not exceeding 12 months or both, the Comptroller may, in lieu of applying to a court for a summons, serve on that person a written notice, containing such information as may be prescribed by rules made under section 7, requiring that person to attend at the court described, at the time and on the date specified in the notice.

(2) The Comptroller must, if so required by a court, produce a copy of the notice to the court.

20     (3) The notice may be served on the person alleged to have committed the offence in the manner provided in section 102, as if it were a summons issued by a court.

25     (4) On a person appearing before a court pursuant to such notice, the court is to proceed as though the person were produced before the court under section 153 of the Criminal Procedure Code 2010.

(5) If a person on whom such notice has been served fails to appear before a court in accordance with the notice, the court may, if satisfied that the notice was duly served —

30     (a) issue a warrant for the arrest of the person, unless that person has before that date been permitted to compound the offence; or

(b) proceed with the matter in the absence of the person pursuant to section 156 of the Criminal Procedure

Code 2010, and a reference in that section to a summons or notice to attend court is to a written notice served under this section.

(6) Upon a person arrested pursuant to a warrant issued under subsection (5)(a) being produced before a court, the court is to proceed as though the person were produced under section 153 of the Criminal Procedure Code 2010.

(7) The Comptroller may, at any time before the date specified in the notice, cancel the notice.”.

### **Amendment of Fifth Schedule**

**53.** In the principal Act, in the Fifth Schedule —

- (a) in paragraph 5(1A), after “a child”, insert “(X)”;
- (b) in paragraph 5(1A)(b), replace “the child” with “X”;
- (c) in paragraph 5(1A), before “the following deductions”, insert “and sub-paragraph (1AA) applies, then”;
- (d) in paragraph 5(1A), replace sub-paragraphs (c), (d) and (e) with —

“(c) if <i>X</i> is the first eligible child	15% of her earned income;	
(d) if <i>X</i> is the second eligible child	20% of her earned income;	
(e) if <i>X</i> is the third eligible child or a subsequent eligible child	25% of her earned income.”;	

(e) in paragraph 5, after sub-paragraph (1A), insert —

“(1AA) For the purpose of sub-paragraph (1A), the date mentioned in sub-paragraph (a), (b), (c), (d) or (e) (whichever is applicable) must be on or before 31 December 2023:

- (a) if *X* is born to the married woman, divorcee or widow and her husband, former husband or deceased husband (as the case may be), on or after the date of their marriage — the date of *X*’s birth;
- (b) if *X* is born to the married woman, divorcee or widow and her husband, former husband or deceased

husband (as the case may be), before the date of their marriage — the date of the marriage;

(c) if *X* is a stepchild of the married woman, divorcee or widow — the date of *X*'s birth;

(d) if *X* is adopted by the married woman, divorcee or widow and her husband, former husband or deceased husband (as the case may be) in accordance with any written law relating to the adoption of children — the date of *X*'s adoption as specified in the adoption order;

(e) if *X* is not a citizen of Singapore by birth — the date that *X* becomes a citizen of Singapore.

(1AB) Where a married woman, divorcee or widow maintained, in a year immediately preceding any year of assessment (being the year of assessment 2025 or any subsequent year of assessment), a child (*Y*) who —

(a) is a citizen of Singapore as at 31 December of that year; or

(b) if *Y* died in that year, was a citizen of Singapore on the date of his or her death,

and sub-paragraph (1AC) applies, then the following deductions are, without affecting any deduction allowable under paragraph 1 or proviso (v) to section 39(2)(e), allowable for that year of assessment to her only:

(c) if *Y* is the first eligible child                      \$8,000;

(d) if *Y* is the second eligible child                      \$10,000;

(e) if *Y* is the third eligible child or a                      \$12,000.  
subsequent eligible child

(1AC) For the purpose of sub-paragraph (1AB), the date mentioned in sub-paragraph (a), (b), (c), (d) or (e) (whichever is applicable) must be on or after 1 January 2024:

(a) if *Y* is born to the married woman, divorcee or widow and her husband, former husband or deceased husband (as the case may be), on or after the date of their marriage — the date of *Y*'s birth;

(b) if *Y* is born to the married woman, divorcee or widow and her husband, former husband or deceased

husband (as the case may be), before the date of their marriage — the date of the marriage;

- (c) if *Y* is a stepchild of the married woman, divorcee or widow — the date of *Y*'s birth;
- (d) if *Y* is adopted by the married woman, divorcee or widow and her husband, former husband or deceased husband (as the case may be) in accordance with any written law relating to the adoption of children — the date of *Y*'s adoption as specified in the adoption order;
- (e) if *Y* is not a citizen of Singapore by birth — the date that *Y* becomes a citizen of Singapore.”;
- (f) in paragraph 5(1B) and (3), replace “sub-paragraph (1A)” with “sub-paragraphs (1A) and (1AB)”;
- (g) in paragraph 5(2), after “sub-paragraph (1A)”, insert “or (1AB)”;
- (h) in paragraph 6(2), after “and 5(1A)”, insert “or (1AB)”.

### Miscellaneous amendments

**54.**—(1) In the principal Act —

- (a) in section 2(1), in the definition of “Comptroller”, after “37M(5),”, insert “37S(8),”;
- (b) in section 8A(15)(a) and (16), after “or (4A)”, insert “or 37R(1) or (6)”;
- (c) in the following provisions, after “14C,”, insert “14EA,”:
  - section 14X(2)(c)
  - section 34G(9);
- (d) in section 14X(2)(c), after “14C(2),”, insert “14EA(8),”;
- (e) in the following provisions, after “14E,”, insert “14EA,”:
  - section 15(2)
  - section 107(11);
- (f) in section 15(2), replace “or 14T” with “, 14T or 14U”;
- (g) in section 34G, before subsection (9), in the sub-heading, after “*14C*,”, insert “*14EA*,”;

(h) in section 34G(18)(d), replace “(1AC)” with “(1AC) to (1AH)”;

(i) in section 37O(15)(a), after “section 37G”, insert “or 37R”;

5 (j) in section 37Q(2)(a), after “14D(12)(b),”, insert “14EA(10),”;

(k) in the following provisions, after “or (4),”, insert “37S(3) or (4),”:

section 65B(1A)

10 section 65F(1)(a);

(l) in section 96(2)(a), replace “or section 37M(3)” with “, section 37M(3) or section 37S(3)”;

(m) in section 96(2)(b), replace “either section 96A or 37M(4)” with “section 96A, 37M(4) or 37S(4)”;

15 (n) in section 96A(2)(a), replace “or section 37M(4)” with “, section 37M(4) or section 37S(4)”;

(o) in section 96A(2)(b), replace “either section 96 or 37M(3)” with “section 96, 37M(3) or 37S(3)”;

(p) in the following provisions, after “37M,”, insert “37S,”:

20 section 101(1)

section 104(2)(a);

(q) in section 101(2), after “(except subsection (4)),”, insert “37S (except subsection (4)),”;

(r) in section 107(11), after “14Z”, insert “, 14ZG”; and

25 (s) in the Third Schedule, in Part 2, in section 34G(18)(d), after “(1AC),”, insert “(1AD), (1AE), (1AF), (1AG), (1AH),”.

30 (2) Subsection (1)(l), (m), (n) and (o) only applies in relation to an offence under section 96 or 96A of the principal Act that is committed on or after the date the Income Tax (Amendment) Act 2023 is published in the *Gazette*.

## Related amendments to Goods and Services Tax Act 1993

### 55. In the Goods and Services Tax Act 1993 —

- (a) in section 52(1)(b), replace “within” with “not later than”;
- (b) in section 53(2), (5)(a) and (6)(a), replace “the parties object” with “any party objects”; and
- (c) after section 73, insert —

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#### “Notice to attend court

**73A.**—(1) Where the Comptroller has reasonable grounds to believe that a person has committed an offence under this Act that is punishable by a fine or by an imprisonment term not exceeding 12 months or both, the Comptroller may, in lieu of applying to a court for a summons, serve on that person a written notice, containing such information as may be prescribed by regulations made under section 86, requiring that person to attend at the court described, at the time and on the date specified in the notice.

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(2) The Comptroller must, if so required by a court, produce a copy of the notice to the court.

(3) The notice may be served on the person alleged to have committed the offence in the manner provided in section 73, as if it were a summons issued by a court.

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(4) On a person appearing before a court pursuant to such notice, the court is to proceed as though the person were produced before the court under section 153 of the Criminal Procedure Code 2010.

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(5) If a person on whom such notice has been served fails to appear before a court in accordance with the notice, the court may, if satisfied that the notice was duly served —

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- (a) issue a warrant for the arrest of the person, unless that person has before that date been permitted to compound the offence; or

(b) proceed with the matter in the absence of the person pursuant to section 156 of the Criminal Procedure Code 2010, and a reference in that section to a summons or notice to attend court is to a written notice served under this section.

(6) Upon a person arrested pursuant to a warrant issued under subsection (5)(a) being produced before a court, the court is to proceed as though the person were produced under section 153 of the Criminal Procedure Code 2010.

(7) The Comptroller may, at any time before the date specified in the notice, cancel the notice.”.

### **Related amendment to Property Tax Act 1960**

**56.** In the Property Tax Act 1960, after section 68, insert —

#### **“Notice to attend court**

**68A.**—(1) Where the Comptroller has reasonable grounds to believe that a person has committed an offence under this Act that is punishable by a fine or by an imprisonment term not exceeding 12 months or both, the Comptroller may, in lieu of applying to a court for a summons, serve on that person a written notice, containing such information as may be prescribed by regulations made under section 72, requiring that person to attend at the court described, at the time and on the date specified in the notice.

(2) The Comptroller must, if so required by a court, produce a copy of the notice to the court.

(3) The notice may be served on the person alleged to have committed the offence in the manner provided in section 68, as if it were a summons issued by a court.

(4) On a person appearing before a court pursuant to such notice, the court is to proceed as though the person were produced before the court under section 153 of the Criminal Procedure Code 2010.

(5) If a person on whom such notice has been served fails to appear before a court in accordance with the notice, the court may, if satisfied that the notice was duly served —

(a) issue a warrant for the arrest of the person, unless that person has before that date been permitted to compound the offence; or 5

(b) proceed with the matter in the absence of the person pursuant to section 156 of the Criminal Procedure Code 2010, and a reference in that section to a summons or notice to attend court is to a written notice served under this section. 10

(6) Upon a person arrested pursuant to a warrant issued under subsection (5)(a) being produced before a court, the court is to proceed as though the person were produced under section 153 of the Criminal Procedure Code 2010. 15

(7) The Comptroller may, at any time before the date specified in the notice, cancel the notice.”.

### **Saving and transitional provision**

57. For a period of 2 years after the date of publication in the *Gazette* of the Income Tax (Amendment) Act 2023, the Minister may, by regulations, prescribe such provisions of a saving or transitional nature consequent on the enactment of any provision of that Act as the Minister may consider necessary or expedient, and such regulations may be made to operate retrospectively to a date no earlier than the commencement of the provision. 20 25

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## EXPLANATORY STATEMENT

This Bill seeks to implement the tax changes in the Government’s 2023 Budget Statement in the Income Tax Act 1947 (the Act), to make certain other amendments to the Act, and to make related amendments to the Goods and Services Tax Act 1993 and the Property Tax Act 1960.

Clause 1 relates to the short title and commencement.

Clause 2 amends section 10 (Charge of income tax) to extend by 5 years (till 31 December 2028) the period within which qualifying debt securities are to be issued for subsection (20A)(f)(ii) and (h) to apply. Under subsection (20A)(f)(ii) and (h), a distribution by a designated unit trust to a unit holder out of certain income from qualifying debt securities, that do not form part of the statutory income of the designated unit trust because of section 35(12), is treated as the income of the unit holder unless the unit holder is a foreign investor.

Clause 2 also replaces (as types of income qualifying for the tax treatment under subsection (20A)) the terms “break cost” and “prepayment fee” in section 10(20A)(h) with “early redemption fee”. Early redemption fee covers all payments relating to an early redemption of debt securities, including break cost and prepayment fee.

Finally, clause 2 amends section 10(26) to include references to sections 12A, 12AB, 12E, 12H and 12HA of the Child Development Co-Savings Act 2001. Section 10(26) treats payments that accrue to a self-employed individual under certain provisions of that Act as the individual’s income chargeable to tax under section 10(1)(a).

Clause 3 amends section 10B (Excess provident fund contributions, etc., deemed to be income) to change the various amounts of Central Provident Fund (CPF) contributions by an employer for an employee that are to be exempt from tax. The amendment is necessitated by the phased increase in the monthly salary ceiling for compulsory CPF contributions from the present \$6,000 to \$8,000 in 2026, as announced in the 2023 Budget Statement.

Clause 4 replaces certain words in section 10G (Withdrawals from Supplementary Retirement Scheme) to make the language more inclusive. There is no change to the substance of the section.

Clause 5 introduces a new section 10K to provide the tax treatment for income derived by an approved covered bond company from a cover pool for covered bonds issued by a bank incorporated in Singapore, being a cover pool which the bank transferred to the approved covered bond company under a covered bond transaction during the period from 15 February 2023 to 31 December 2028 (both dates inclusive). Subject to the conditions in rules made under section 7, any income derived by the approved covered bond company from the cover pool is treated as income of the bank that is chargeable to tax for the year of assessment relating to the basis period in which the income is derived.

Clause 6 inserts a new section 10L to treat gains received in Singapore from the sale or disposal by an entity of a multinational group of any immovable or movable property situated outside Singapore (referred to in the section as a foreign asset), as income chargeable to tax. This section applies if the gains would not otherwise be treated as income or if the gains would otherwise be exempt from tax under the Act.

The new section only applies to a sale or disposal of a foreign asset by an entity that is part of a multinational group and that does not have adequate economic substance in Singapore. A sale or disposal by an entity that is part of a group of entities that only have business operations in Singapore is not subject to this section. This section also does not apply to any sale or disposal of foreign assets (not being intellectual property rights) —

- (a) by prescribed financial institutions where the sale or disposal is carried out as part of their businesses; or
- (b) by entities under certain tax incentive schemes where the sale or disposal is carried out as part of, or incidental to, activities that qualify for exemption or concessionary tax rates under those schemes.

Where the foreign asset is a qualifying intellectual property right (as defined in section 43X(13)), the new section does not apply to a prescribed percentage of the gain received in Singapore. The prescribed percentage corresponds to the percentage of any qualifying intellectual property income (as defined in section 43X(13)) that would qualify for the concessionary tax rate in section 43X if the entity had been approved under that section on 1 January 2024, the sale or disposal had occurred within the tax relief period under that section, an election had been made in respect of that right under that section, and such income had been derived from that right.

Only the net amount of gains (after deducting relevant expenditure) that are received in Singapore or deemed to be received in Singapore is taxable.

Where the sale of the foreign asset is at a price less than the open-market price of the foreign asset, the Comptroller may treat as the amount of gain received in Singapore, an amount derived by adding the open-market price of the foreign asset to the actual amount of gain received in Singapore and deducting from that total amount the sale price.

Clause 7 amends section 13 (Exempt income) —

- (a) to extend by 5 years the last date (till 31 December 2028) on which qualifying debt securities must be issued for certain income derived by certain persons from those debt securities to be exempt from tax under that section;
- (b) to replace the terms “break cost” and “prepayment fee” with the term “early redemption fee” and to amend the definition of “redemption premium” to provide clarity that all payments in relation to an early redemption of qualifying debt securities, qualifying project debt securities or other debt securities qualify for tax exemption under that section;
- (c) to exempt from tax any amount derived from a sale or disposal of a foreign asset by an entity (as defined in section 10L) that is treated as

income under section 10L (inserted by clause 6) and that is assessable as the income of an individual (for example, where the entity is a partnership);

- (d) to provide that, for the purpose of the tax exemption, qualifying debt securities may be arranged by persons specified in the new paragraphs (b)(v) and (c)(iv) (called in this paragraph specified persons) of the definition of “qualifying debt securities” for securities issued during the period from 15 February 2023 to 31 December 2023 (both dates inclusive). However, for securities issued during the period from 1 January 2024 to 31 December 2028, they must be arranged by specified persons in order to be “qualifying debt securities”;
- (e) to provide that, for debt securities issued by a Special Purpose Reinsurance Vehicle (commonly known as insurance-linked securities) on or after 1 January 2024 to qualify as “qualifying debt securities” for the purposes of the section, 30% of the costs incurred in relation to the issue of the securities must be paid to persons or partnerships carrying on any trade, business or profession in Singapore. This is an increase from the existing threshold of 20% of the issue costs; and
- (f) to provide that, for the purpose of the tax exemption, qualifying project debt securities may be arranged by persons specified in the new paragraph (a)(iv) (called in this paragraph specified persons) of the definition of “qualifying project debt securities” for securities issued during the period from 15 February 2023 to 31 December 2023 (both dates inclusive). However, for securities issued during the period from 1 January 2024 to 31 December 2025, they must be arranged by specified persons in order to be “qualifying project debt securities”.

Clause 8 amends section 13M (Exemption of income derived from asset securitisation transaction) to extend by 5 years (till 31 December 2028) the period within which an asset securitisation transaction must be entered into in order for income derived from it to enjoy tax exemption under that section.

Clause 9 inserts a new section 13QA to exempt from tax any share of the statutory income of an estate administered in Singapore received by, distributed to or applied to the benefit of a beneficiary resident in Singapore, if the income would have been exempt from tax had it been derived or received directly by the beneficiary. The amendment accords such a beneficiary the same tax treatment as that given under section 13Q in respect of the share of any statutory income of a trust to which a Singapore resident beneficiary is entitled.

Clause 10 amends section 14A (Deduction for costs for protecting intellectual property), as part of the Enterprise Innovation Scheme —

- (a) to extend to the year of assessment 2028, the period in which a deduction for qualifying intellectual property registration costs incurred for the purposes of a trade or business is allowed; and
- (b) to increase the enhanced deduction to 300% of up to \$400,000 of those costs, for each year of assessment between the years of assessment 2024 and 2028 (both years inclusive).

Clause 11 amends section 14B (Further deduction for expenses relating to approved trade fairs, exhibitions or trade missions or to maintenance of overseas trade office) to allow a deduction for expenses incurred by an approved firm or company in connection with the use of an electronic medium (called an electronic marketplace) to trade goods or provide services in a foreign country.

The expenses include expenses for the creation and maintenance of an account with the electronic marketplace, expenses for promotion campaigns and expenses for engaging a third party to provide advisory services.

Clause 12 amends section 14C (Expenditure on research and development) as part of the Enterprise Innovation Scheme to extend to the year of assessment 2028, the period in which a deduction is allowed for any expenditure incurred by a person on research and development in Singapore that is not related to the person's trade or business. The clause also makes amendments to section 14C consequential on the insertion of the new section 37R.

Clause 13 amends section 14D (Enhanced deduction for qualifying expenditure on research and development) as part of the Enterprise Innovation Scheme —

- (a) to extend to the year of assessment 2028, the period in which an enhanced deduction of 150% is allowed for qualifying expenditure on research and development;
- (b) to provide for a further deduction of 150% of up to \$400,000 of qualifying expenditure on research and development, incurred during the basis period for each year of assessment from the years of assessment 2024 to 2028 (both years inclusive); and
- (c) to make amendments consequential on the insertion of the new section 37R.

Clause 14 inserts a new section 14EA as part of the Enterprise Innovation Scheme, to provide a 400% deduction of up to \$50,000 of qualifying expenditure paid by a person to an approved educational or research institution for undertaking a qualifying innovation project together with the person during the basis period for each year of assessment from the years of assessment 2024 to 2028 (both years inclusive). The project must be certified by the approved educational or research institution as one that predominantly involves the carrying out of one or more relevant activities (as defined).

However, a deduction under section 14EA is not allowed if a deduction or allowance has been allowed in respect of such expenditure under section 14, 14A, 14C, 14D, 14U or 19B.

In addition, the deduction is not allowed if —

- (a) a trade or business of the person involves the carrying out of one or more relevant activities on behalf of another person; and
- (b) the qualifying innovation project is undertaken in the course of carrying on that trade or business.

Clause 15 amends section 14F (Expenditure on building modifications for benefit of disabled employees) to provide that the last day on which any expenditure mentioned in section 14F(1) may be approved for the purpose of a deduction under that section is 14 February 2023.

Clause 16 amends section 14G (Provisions by banks and qualifying finance companies for doubtful debts and diminution in value of investments) to provide an exception to section 14G(2)(a) so that any of the following provisions and allowance that is written back by a bank or qualifying finance company is not deemed as its trading receipt, but only if the amount of provision or allowance that is written back is directly identifiable:

- (a) a provision made for expected credit losses of any loan that is not credit-impaired and is one mentioned in paragraph (a)(i) to (v) of the new subsection (2CA), being losses that were recognised in accordance with FRS 109 or SFRS(I) 9 in the basis period for the year of assessment 2021 or any preceding year of assessment;
- (b) a provision made for expected credit losses of securities issued or guaranteed by the Government or a foreign government that are not credit-impaired, being losses that were recognised in accordance with FRS 109 or SFRS(I) 9 in the basis period for the year of assessment 2021 or any preceding year of assessment;
- (c) an allowance for any loan or investment in securities mentioned in paragraph (a) or (b) where the loan or securities are not credit-impaired, being allowances that were recognised in the retained earnings account of the bank or qualifying finance company as required by an MAS notice in the basis period for the year of assessment 2021 or any preceding year of assessment.

Clause 16 also amends section 14G to extend the period in which a deduction under section 14G(1) may be made by 5 years. No deduction will be allowed starting from the year of assessment for a basis period that begins on or after 1 January 2029.

Finally, clause 16 deletes the definition of “capital funds” in section 14G(7) as the definition is no longer used in section 14G.

Clause 17 amends subsection (3A) of section 14N (Deduction for renovation or refurbishment expenditure), which allows the full amount of renovation or refurbishment expenditure incurred by a person during the basis period for the year of assessment 2021 or 2022 to be deducted in that year of assessment, instead of over 3 years of assessment under subsection (3) (subject to any election by the taxpayer for the deduction to be made in accordance with subsection (3)). The amendment allows the same treatment to be given to any such expenditure incurred during the basis period for the year of assessment 2024.

Clause 18 amends section 14O (Deduction for qualifying training expenditure) to insert “for years of assessment 2011 to 2018” in the section heading, in light of the new section 14ZG.

Clause 19 amends section 14U (Enhanced deduction for expenditure on licensing intellectual property rights) as part of the Enterprise Innovation Scheme —

- (a) to extend to the year of assessment 2028, the period in which a deduction may be given for expenditure incurred by a taxpayer on licensing from another person any intellectual property rights other than trade marks or software user rights;
- (b) to enhance the deduction to 300% of up to \$400,000 of such expenditure, if incurred in the basis period for a year of assessment between 2024 to 2028 (both years inclusive) and the taxpayer is a qualifying person (as defined) for that year of assessment; and
- (c) to provide that the combined expenditure for a deduction under paragraph (b) and an allowance under section 19B(1AD) (enhanced writing-down allowance for intellectual property rights for the years of assessment 2024 to 2028 (both years inclusive)) must not exceed the expenditure cap of \$400,000 for that year of assessment.

Clause 20 amends section 14Z (Deduction for expenditure for services or secondment to institutions of a public character) which allows a taxpayer whose employees provided services to, or were seconded to, an institution of a public character (called an IPC), to claim an additional deduction for any qualifying expenditure thereby incurred. The amendment extends by 3 years (till 31 December 2026) the period in which such qualifying expenditure may be incurred to be allowed a deduction under section 14Z(1).

Clause 20 also makes clear that the provision of services must be for the purpose of meeting needs in Singapore, and the secondment with an IPC must also be to provide services for the purpose of meeting needs in Singapore, in order for the deduction under section 14Z(1) to be allowed.

Lastly, clause 20 amends section 14Z to increase the maximum amount of qualifying expenditure for which a deduction may be allowed under section 14Z(1) in relation to each IPC, to \$100,000 for the calendar years in 2024, 2025 and 2026.

Clause 21 amends section 14ZC (Deduction for payments made to drivers of chauffeured private hire cars and taxis) which allows a deduction for a Tenth Schedule entity against its income for certain payments made to individuals who drive chauffeured private hire cars or taxis.

The amendment enables a deduction to be given for any benefit given on or after 1 August 2022 by a Tenth Schedule entity to an individual who drives a chauffeured private hire car or taxi. The benefit must be given in connection with an amount received by the Tenth Schedule entity out of a payment made by or on behalf of the Government pursuant to any public scheme, or out of a fund, established by or on behalf of the Government for the benefit (whether exclusively or otherwise) of individuals who drive chauffeured private hire cars or taxis.

Clause 22 inserts a new section 14ZG to provide for a further deduction (in addition to the deduction under section 14) of 300% of qualifying training expenditure (up to \$400,000) incurred by a person during the basis period for each year of assessment from the years of assessment 2024 to 2028 (both years inclusive).

The qualifying training expenditure consists of course fees, certification fees and assessment fees approved by the SkillsFuture Singapore Agency for eligible courses (as defined in the new section 14ZG(5)) for the purposes of the new section 14ZG.

Clause 23 inserts a new section 14ZH to enable an individual who derives in a basis period income from performing delivery services by certain means of transport that is chargeable to tax under section 10(1)(a), to claim a deduction for outgoings and expenses incurred of an amount that is determined by a prescribed formula, instead of the actual amount of such outgoings and expenses. This only applies if there are deductible outgoings and expenses for the income.

The application of the new tax treatment is subject to the following:

- (a) the gross amount of the individual's income from performing delivery services by prescribed means of transport in the basis period must not exceed \$50,000;
- (b) the treatment only applies to income derived from the personal performance of the delivery services;
- (c) the treatment does not apply to income derived by the individual when acting as an employee of another person;

- (d) the treatment only applies to income derived from performing delivery services by a prescribed means of transport, and not by other means;
- (e) the individual may elect to disapply the tax treatment to his or her income from performing delivery services derived in the basis period of a particular year of assessment. If the individual performed delivery services using more than one prescribed means of transport, he or she may not make the election for only delivery services performed using one or some of those prescribed means of transport.

Clause 24 amends section 19 (Initial and annual allowances for machinery or plant) to extend till the year of assessment 2028, the period in which an allowance may be made for capital expenditure incurred by a person on the provision of any machinery or plant for research and development undertaken in Singapore (being machinery or plant that is not for the purpose of the person's trade or business).

Clause 25 amends section 19A (Allowances of 3 years or 2 years write-off for machinery and plant, and 100% write-off for computer, prescribed automation equipment and robot, etc.). Under section 19A(1E), a person who incurs capital expenditure on the provision of machinery or plant for the purposes of a trade, profession or business in the basis period for the year of assessment 2021 or 2022, may elect for the following allowances (in lieu of the allowances under section 19 or section 19A(1)):

- (a) an allowance of 75% in respect of the expenditure for the year of assessment of the basis period in which the expenditure is incurred;
- (b) an allowance of 25% in respect of the expenditure for the following year of assessment.

The amendment extends the tax treatment in section 19A(1E) to any such capital expenditure incurred in the basis period for the year of assessment 2024. This treatment is also extended to an instalment under a hire-purchase agreement that is entered into in the basis period for the year of assessment 2024.

Clause 25 also amends section 19A(14B) to extend till the year of assessment 2028, the period in which an allowance may be made for capital expenditure incurred by a person on the provision of any machinery or plant for research and development undertaken in Singapore (being machinery or plant that is not for the purpose of that person's trade or business).

Clause 26 amends section 19B (Writing-down allowances for intellectual property rights) as part of the Enterprise Innovation Scheme —

- (a) to extend the period (till the last day of the basis period for the year of assessment 2028) in which qualifying intellectual property rights may be acquired for the grant of the writing-down allowance under section 19B(1AA);

- (b) to provide for a further writing-down allowance of 300% of capital expenditure for acquiring qualifying intellectual property rights up to \$400,000, if incurred during the basis period for a year of assessment between 2024 and 2028 (both years inclusive) and the taxpayer is a qualifying company (as defined) for that year of assessment; and
- (c) to make a consequential amendment as a result of the insertion of the new section 14EA.

Clause 27 amends section 19D (Writing-down allowance for IRU) to extend the last day (till 31 December 2028) on which capital expenditure incurred for the acquisition of an indefeasible right to use any international telecommunications submarine cable system is eligible for a writing-down allowance under that section.

Clause 28 amends section 34AA (Adjustment on change of basis of computing profits of financial instruments resulting from FRS 109 or SFRS(I) 9) to extend the tax treatment applicable to a bank or qualifying finance company for the transfer of a loan on revenue account to another person (called the transferee), where a provision for an expected credit loss arising from that loan is also transferred by the bank or qualifying finance company to the transferee for which a deduction was previously allowed to the bank or qualifying finance company. The tax treatment is extended to a taxpayer that is not a bank or qualifying finance company. This amendment addresses the risk of tax leakage arising from such transfers by a taxpayer that is neither a bank nor a qualifying finance company but that engages in any money lending business.

Clause 28 also makes an amendment of a clarifying nature to section 34AA(5)(d) and (f).

Clause 29 amends section 34AAA (Change of basis for computing profits from financial instruments for insurers) by inserting a new subsection (6A). The new subsection provides that if an insurer (called the transferor) transfers a loan on revenue account to another person (called the transferee) and a provision for an impairment loss arising from that loan (called the transferred provision) is also transferred to the transferee, then a deduction of an amount in respect of the transferred provision which was previously allowed to the transferor is treated, for the purposes of section 14, as having been allowed to the transferee under that section if both the transferor and the transferee are, on the date of the transfer of that loan, in the business of lending money.

In any other case, the transferred provision is treated as a trading receipt of the transferor for the basis period in which the date of transfer falls.

Clause 30 amends section 34CA (Transfer of businesses by insurer) to allow the Minister to make regulations for the application of that section for a year of assessment where any requirement for the application of that section is yet to be satisfied. The Minister may also make regulations to reverse any such application

if that requirement is not subsequently satisfied, and for the Comptroller to amend any assessments previously made.

Clause 31 replaces subsection (9) of section 35 (Basis for computing statutory income) which provides that in determining the statutory income of an estate for any year of assessment, there is to be allowed a deduction in respect of any income received by, distributed to or applied to the benefit of a beneficiary before 31 March in the year after that year of assessment. The new subsection (9) provides that the deduction is limited to any income received by, distributed to or applied to the benefit of a beneficiary within the same calendar year in which the income is derived, or any longer period allowed by the Comptroller.

Clause 32 amends section 37 (Assessable income) to extend by 3 years (till 31 December 2026) the period within which a qualifying donation made by a person under section 37(3)(b) to (f) is entitled to a deduction of 2.5 times the amount or value of the donation.

Clause 32 also amends section 37(7), which is consequential on the insertion of the new section 37AA. The amendment provides that the deduction under section 37AA(1) must first be allowed against the statutory income of a person before any deduction under section 37(3)(b), (c), (d), (e) or (f) is allowed to that person.

Clause 33 inserts a new section 37AA to provide that, in determining the assessable income in a year of assessment of a person approved by the Minister or an authorised body (called an approved donor) that is related in accordance with rules to —

- (a) a company incorporated and resident in Singapore and approved under section 13O (called a section 13O company); or
- (b) a person, master fund, feeder fund, SPV, master-feeder fund structure, master-feeder fund-SPV structure, or master fund-SPV structure approved under section 13U (called a section 13U vehicle),

there is to be deducted a prescribed amount of all donations of money (for a purpose specified by the Minister or authorised body to the approved recipients) and made to persons approved by the Minister or authorised body as approved recipients in the year before that year of assessment. Any amount of donation not deducted in any year of assessment may not be carried forward.

The Minister or authorised body may approve a person as an approved donor during the period between 1 January 2024 and 31 December 2028 (both dates inclusive). However, there can only be one approved donor in relation to each section 13O company or section 13U vehicle at any one time.

The deduction allowed to an approved donor is subject to any condition precedent or condition subsequent imposed on the fund manager managing the funds of the section 13O company or section 13U vehicle. If the fund manager

fails to comply with any condition subsequent, the amount of deduction allowed is treated as the approved donor's income for the year of assessment in which the non-compliance is discovered by the Comptroller.

Clause 34 inserts new sections 37R and 37S as part of the Enterprise Innovation Scheme.

The new section 37R(1), (2) and (3) allows an eligible person (as defined) to make an irrevocable written election for deductions or allowances that may be allowed or made under the Enterprise Innovation Scheme for qualifying expenditure incurred by the eligible person, to be replaced by a cash payout for such expenditure, subject to a cap on the amount of such expenditure that may be the subject of a cash payout (called selected expenditure). The selected expenditure will reduce, dollar for dollar, the expenditure that would otherwise qualify for deductions or allowances. The new section 37R(4) provides for the computation of the amount of cash payout.

The new section 37R(5) provides that any election that is not made in accordance with the new section 37R(2) may be rejected by the Comptroller.

The new section 37R(6) to (12) provides for an eligible person to elect for a cash payout to be given in lieu of allowances for capital expenditure incurred to acquire intellectual property rights (IPR) under an instalment agreement, where the instalments are payable over 2 or more basis periods. This applies to IPR instalment agreements that are signed during the basis periods for the years of assessment 2024 to 2028 (both years inclusive). The cash payout for expenditure incurred under the IPR instalment agreement will be computed together with all other expenditure eligible for a cash payout in the year of assessment in which the IPR instalment agreement is signed, based on the cash price of the IPR instalment agreement and subject to the cap on expenditure eligible for a cash payout for that year of assessment. The amount of cash payout attributable to the IPR will then be paid out in each basis period during which capital expenditure under the IPR instalment agreement is incurred.

The new section 37R(13) precludes the making of an election under certain circumstances.

The new section 37R(14) provides that the total cash payout available to an individual is subject to the cap on the amount of cash payout in the new section 37R(4) (or that provision as modified by section 37R(9)) regardless of the number of firms through which the individual carries on his or her trades or businesses.

The new section 37R(15) provides that where certain expenditure is incurred by an eligible person for an application for the registration or grant of a qualifying IPR over 2 or more basis periods, the eligible person is treated as having incurred such expenditure in the year of assessment in which the outcome of the application is determined. However, the eligible person must not have claimed a deduction in

respect of such expenditure in any year of assessment prior to that year of assessment.

The new section 37R(16) provides that if the Comptroller has treated the open-market price as the capital expenditure incurred for the acquisition of any IPR under section 19B(10E), any reference to the selected expenditure for which a cash payout is elected is to the open-market price of the IPR.

The new section 37R(17) provides that the cash payout in lieu of a deduction or allowance under section 14A or 19B is treated as made on the full amount of expenditure (net of any grant or subsidy) qualifying for the deduction or allowance, and incurred for the registration or grant of each qualifying IPR in each country, or the acquisition of each qualifying IPR.

The new section 37R(18) provides that where an election is made for a cash payout in respect of any expenditure (or part of such expenditure) mentioned in subsection (17), no part of such expenditure is eligible for a deduction or an allowance against the income of an eligible person.

The new section 37R(19) provides that no election for cash payout may be made in respect of capital expenditure incurred on the acquisition of IPR in software for the purpose of licensing such IPR.

The new section 37R(20) provides that where a cash payout has been made to an eligible person in lieu of a deduction under section 14A(1)(b) and (1BC), and the IPR are disposed of within one year after the date of filing of the application for the registration or grant of the IPR, the eligible person must notify the Comptroller of the disposal and repay the cash payout.

The new section 37R(21) and (22) makes similar provisions to those described in subsection (20) for a cash payout in lieu of a writing-down allowance under section 19B where the IPR come to an end or are disposed of, the eligible person permanently ceases to carry on the trade or business concerned, or the IPR in any software for which the allowance is granted are licensed, within 5 years after the acquisition of the IPR.

The new section 37R(23), (24), (25) and (26) requires an eligible person to keep and retain sufficient records relating to any cash payout made to the eligible person for a period of 7 years after —

- (a) the year of assessment relating to the basis period in which the expenditure concerned is incurred; or
- (b) if the cash payout is in respect of capital expenditure incurred under an IPR instalment agreement signed by the person — the year of assessment relating to the basis period in which the capital expenditure is incurred.

The period of the record keeping requirement applies despite section 67.

The new section 37R(27) provides that the Comptroller may disallow a cash payout pursuant to an election if the eligible person is no longer carrying on a trade or business at the time of disbursement of the cash payout.

The new section 37R(28) provides for the recovery of outstanding taxes, duties, interest or penalties under the Act and certain other Acts out of the cash payout.

The new section 37R(29) provides that the amount of expenditure qualifying for a deduction or allowance must be reduced by the amount in respect of which an election for a cash payout for such expenditure has been made or treated as made.

The new section 37R(30) provides for the recovery of a cash payout where the expenditure qualifying for the deduction or allowance is subsequently disallowed, certain requirements under the section are not met or the cash payout is in excess of what is allowed under the section.

The new section 37R(31) provides for the time and manner of repayment of the cash payout under subsections (20), (21), (22) and (30), and the recovery of such cash payout by the Comptroller.

The new section 37R(32) provides that the amount of the relevant expenditure mentioned in subsection (29) is to be increased upon the recovery of the cash payout under subsection (30)(b) or (c).

The new section 37R(33) provides that the Comptroller may disallow the increase in relevant expenditure under subsection (32) under certain circumstances.

The new section 37R(34), (35) and (36) defines certain terms used in the section.

The new section 37S criminalises the giving of false information or the omission of information in connection with an election for a cash payout under the new section 37R, and the falsification of books or the employment of any fraud, art or contrivance in connection with such election.

Clause 35 amends certain words in section 39 (Relief and deduction for resident individual) to make the language more inclusive. There is no change to the substance of the section.

Clause 35 also amends section 39 to allow a married woman, widow or divorcee to claim the deduction under the grandparent caregiver relief provided in section 39(2)(p), if the caregiver did not derive income exceeding an aggregate of \$4,000 from any trade, business, profession, vocation or employment or a combination thereof in the year immediately preceding the year of assessment concerned. Presently, the deduction is allowed only if the caregiver was not carrying on any trade, business, profession, vocation or employment in that year. All other conditions to claim the deduction remain unchanged. The change takes effect from the year of assessment 2024.

Finally, clause 35 amends section 39 to lapse, after the year of assessment 2024, the deduction allowed to a woman for the levy imposed under the Employment of Foreign Manpower Act 1990 for a domestic servant employed by the woman or her husband.

Clause 36 amends section 43H (Concessionary rate of tax for income derived from debt securities) —

- (a) to extend the last date (till 31 December 2028) in which qualifying debt securities mentioned in subsection (1) must be issued. Under subsection (1), regulations may be made to apply a concessionary tax rate of 10% to qualifying income derived by certain persons from qualifying debt securities;
- (b) to extend by 5 years (till 31 December 2028) the period within which tax exempt income may be derived by a primary dealer from trading in any Singapore Government securities; and
- (c) to replace the terms “break cost” and “prepayment fee” with the term “early redemption fee” and incorporate the amended definition of “redemption premium” in section 13(16).

Clause 37 inserts a new section 43MA to provide that a concessionary rate of tax applies to any share of the statutory income of an estate administered in Singapore that is received by, distributed to or applied to the benefit of a beneficiary who is resident in Singapore, if that rate of tax would have applied had the income been derived or received directly by the beneficiary.

The amendment accords such a beneficiary the same tax treatment as that accorded under section 43M to a Singapore resident beneficiary entitled to a share of statutory income of a trust.

Clause 38 amends section 43R (Concessionary rate of tax for approved insurance brokers) to extend the date by which an insurance broker may be approved for the purposes of that section, to 31 December 2028.

Clause 39 amends section 43X (Concessionary rate of tax for intellectual property income) which provides for a concessionary rate of tax to be levied on a percentage of qualifying intellectual property income derived by an approved company from any qualifying intellectual property right elected by the company in any part of a basis period for a year of assessment that falls within its tax relief period. The amendment extends the last day for approving a company for the purposes of the section to 31 December 2028.

In addition, clause 39 replaces section 43X(6) to provide that the rate increase of at least 0.5% for the concessionary rate of tax enjoyed by an approved company applies to the 3rd, 4th, 5th and 7th 5-year period of the approved company’s tax relief period.

Clause 40 amends section 45 (Withholding of tax in respect of interest paid to non-resident persons) to extend by 5 years (till 31 December 2028) the period within which qualifying debt securities must be issued for the withholding tax exemption under that section to apply to income derived from such securities.

Clause 41 amends section 45A (Application of section 45 to royalties, management fees, etc.) —

- (a) for a similar purpose to the amendment to section 45; and
- (b) to replace the terms “break cost” and “prepayment fee” with the term “early redemption fee”, and incorporate the amended definition of “redemption premium” in section 13(16).

Clause 42 amends section 45F (Application of section 45 to income from profession or vocation carried on by non-resident individual, etc.) to insert a new subsection (2A).

The new section 45F(2A) provides that where a non-resident individual or foreign firm opts under section 43(5) to be taxed at the rate of 24% on the individual or firm’s chargeable income (instead of 15% or 10% on the gross amount of any income), the payer of such income to the individual or firm must withhold tax in accordance with the following requirements:

- (a) the payer is to deduct expenditure which the payer reasonably believes is wholly and exclusively incurred by the individual or foreign firm in producing that income;
- (b) the withholding tax rate is 24% instead of 15% or 10%.

Clause 43 amends section 45GA (Application of section 45 to income derived as public entertainer) to provide that for the purpose of determining the amount of tax to be withheld from income payable to a person as a public entertainer under section 45 as applied by section 45GA, there is to be deducted from that income expenditure that the payer reasonably believes is wholly and exclusively incurred by the public entertainer in the production of that income.

Clause 44 amends section 50A (Unilateral tax credits) to provide that unilateral tax credits must be given for any foreign tax paid in respect of a gain that is treated as income under section 10L (inserted by clause 6).

Clause 45 inserts a new section 50BA to provide that where an executor of an estate administered in Singapore receives income from outside Singapore, tax credit for any part of that income that is received by, distributed to or applied to the benefit of a Singapore resident beneficiary is to be given to the beneficiary. This is similar to the treatment given under section 50B to a share of trust income received from outside Singapore that a beneficiary of the trust is entitled to.

Clause 46 makes consequential amendments to section 50C (Pooling of credits) arising from clause 45.

Clause 47 inserts a new section 68A to impose an obligation on any person (*X*) who belongs to a prescribed class of persons to comply with various notices by the Comptroller. The Comptroller may give a notice requiring *X* to collect and retain identification and income information (including expenses) of any person (*Y*), who entered into an agreement or arrangement of a specific description with *X* for carrying on any trade, business, vocation or profession for which *Y* derives chargeable income. The Comptroller may further give notice requiring *X* to provide any such information to the Comptroller or any other specified person. Examples of *X* may include commission-paying agencies and taxi or platform operators. The classes of persons that fall within *X* may be expanded from time to time by rules made by the Minister.

The purpose of the new section 68A is to facilitate the income tax assessment of certain classes of self-employed persons (including non-individual taxpayers).

Clause 48 amends section 80 (Hearing and disposal of appeals) to make a technical correction of subsection (1)(b) as to the period for giving a notice of hearing to the parties of an appeal to the Income Tax Board of Review.

Clause 49 amends section 80A (Hearing of appeal by committee where member becomes unavailable) to provide that where there is an appeal before a committee of the Board or where an appeal has been determined before the making of an ancillary order, and any member of that committee resigns or is otherwise unable to hear the appeal or make the ancillary order, another committee of the Board must be constituted to rehear the appeal or make the ancillary order if any party objects to the remaining members hearing the appeal or making the ancillary order.

Clause 50 amends section 93 (Repayment of tax) to provide that where the Comptroller withholds a refund of tax pending the determination of an appeal by the Comptroller against a decision by the Income Tax Board of Review or by a court, the interest payable for any part of the period on or after 1 April 2024, on any refund amount ultimately determined to be due as a result of the appeal, is at a rate prescribed by rules made under section 7.

Clause 51 amends section 101 (Consent for prosecution) to provide that prosecution in respect of an offence under section 105M may also be commenced at the instance or with the consent of the Comptroller (in addition to the Public Prosecutor). Clause 51 also amends section 101(2) to allow the Comptroller to authorise an officer to compound an offence under section 105M(1) and (1B).

Clause 52 introduces a new section 102A to provide for the service by the Comptroller of a notice to attend court on any person who appears to the Comptroller to have committed an offence that is punishable by a fine or an imprisonment term not exceeding 12 months or both.

Clause 53 amends the Fifth Schedule (Child relief) to change the basis of determining the amount of deduction allowed to a married woman, divorcee or

widow (*W*) for maintaining a child (*Y*) who is an eligible child in the year immediately preceding the year of assessment. Presently, the amount of deduction is calculated based on a percentage of *W*'s earned income, depending on the ranking of the eligible child in respect of whom the deduction is claimed.

After the amendment, the amount of deduction will be a fixed quantum as follows (based on the ranking of the eligible child), and not a percentage of *W*'s earned income:

- (a) if *Y* is the first eligible child — \$8,000;
- (b) if *Y* is the second eligible child — \$10,000;
- (c) if *Y* is the third or a subsequent eligible child — \$12,000.

The change takes effect from the year of assessment 2025 onwards and will apply in the following cases:

- (a) where *Y* is born to *W* and her husband, former husband or deceased husband on or after the date of their marriage — *Y*'s date of birth is on or after 1 January 2024;
- (b) where *Y* is born to *W* and her husband, former husband or deceased husband before she is married to him — the date of marriage is on or after 1 January 2024;
- (c) where *Y* is a stepchild of *W* — *Y*'s date of birth is on or after 1 January 2024;
- (d) where *Y* is adopted by *W* and her husband, former husband or deceased husband — the date of the adoption as specified in the adoption order is on or after 1 January 2024;
- (e) where *Y* is not a citizen of Singapore by birth — the date on which *Y* becomes a citizen of Singapore is on or after 1 January 2024.

Clause 54 makes amendments to various provisions in the Act that are consequential to the introduction of the Enterprise Innovation Scheme.

Clause 55 amends section 52(1)(b) of the Goods and Services Tax Act 1993 to make a technical correction to the period for giving a notice to the parties of the hearing of an appeal to the Goods and Services Tax Board of Review. Clause 55 also makes an amendment to section 53 of that Act related to that in clause 49.

Finally, clause 55 inserts a new section 73A to provide for the service by the Comptroller of a notice to attend court on any person who appears to the Comptroller to have committed an offence that is punishable by a fine or to an imprisonment term not exceeding 12 months or both.

Clause 56 makes a related amendment to the Property Tax Act 1960 to insert a new section 68A to provide for the service by the Comptroller of a notice to attend

court on any person who appears to the Comptroller to have committed an offence that is punishable by a fine or to an imprisonment term not exceeding 12 months or both.

Clause 57 enables the Minister, for a period of 2 years after the publication in the *Gazette* of the Bill, to make saving and transitional provisions by regulations.

## EXPENDITURE OF PUBLIC MONEY

This Bill will involve the Government in extra financial expenditure, the exact amount of which cannot at present be ascertained.

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