



**THE STATUTES OF THE REPUBLIC OF SINGAPORE**

**ECONOMIC EXPANSION INCENTIVES (RELIEF FROM  
INCOME TAX) ACT**

**(CHAPTER 86)**

**(Original Enactment: Act 36 of 1967)**

**REVISED EDITION 2005**

(31st March 2005)

*Prepared and Published by*

THE LAW REVISION COMMISSION  
UNDER THE AUTHORITY OF  
THE REVISED EDITION OF THE LAWS ACT (CHAPTER 275)

Informal Consolidation – version in force from 15/6/2020

# Economic Expansion Incentives (Relief from Income Tax) Act

## ARRANGEMENT OF SECTIONS

### PART I

#### PRELIMINARY

#### Section

1. Short title
2. Act to be construed as one with Income Tax Act
3. Interpretation

### PART II

#### PIONEER INDUSTRIES

4. Power to approve an industry and a product as a pioneer industry and a pioneer product
5. Application for and issue and amendment of pioneer certificate
6. Tax relief period for pioneer product
7. Provisions governing old and new trade or business
8. Provisions governing separate trade or business
9. Power to give directions
10. Ascertainment of income in respect of old trade or business
11. Application of Part XVI of Income Tax Act
12. Comptroller to issue statement of income
13. Exemption from income tax
14. Recovery of tax exempted
15. Carry forward of loss and allowance

### PART III

#### PIONEER SERVICE COMPANIES

16. Interpretation of this Part
17. Application for and issue and amendment of certificate for pioneer service company
18. [*Repealed*]
19. Application of sections 6 to 15 to pioneer service company

Section

- 19A. Exclusion of intellectual property income from sections 10 and 15

PART IIIA

[REPEALED]

- 19B. [Repealed]  
19D. [Repealed]  
19E. [Repealed]  
19F. [Repealed]  
19G. [Repealed]  
19H. [Repealed]

PART IIIB

DEVELOPMENT AND EXPANSION INCENTIVE

- 19I. Interpretation of this Part  
19J. Application for and issue of certificate to development and expansion company  
19K. Tax relief period of development and expansion company  
19KA. International legal services  
19L. Recovery of tax subject to concessionary rate  
19M. Ascertainment of income from qualifying activities  
19N. Ascertainment of income from other trade or business  
19O. Deduction of losses  
19P. Power to give directions

PART IV

TRANSFER OF AWARDS

20. Interpretation of this Part  
21. Application of this Part  
22. Application for transfer of award  
23. Certificate for transferred awards  
24. [Repealed]  
25. [Repealed]

PART V

[REPEALED]

26. [Repealed]

## Section

- 27.    *[Repealed]*
- 28.    *[Repealed]*

## PART VI

*[REPEALED]*

- 29. to 44.    *[Repealed]*

## PART VIA

*[REPEALED]*

- 44A.    *[Repealed]*
- 44B.    *[Repealed]*
- 44C.    *[Repealed]*
- 44D.    *[Repealed]*
- 44E.    *[Repealed]*
- 44F.    *[Repealed]*
- 44G.    *[Repealed]*
- 44H.    *[Repealed]*
- 44I.    *[Repealed]*

## PART VII

*[REPEALED]*

- 45. to 56.    *[Repealed]*

## PART VIII

## FOREIGN LOANS FOR PRODUCTIVE EQUIPMENT

- 57.    Application for approval of foreign loan
- 58.    Restriction on disposal of specified productive equipment
- 59.    Exemption of approved foreign loan interest from tax
- 60.    Exemption of additional interest on approved foreign loan from tax

## PART IX

## ROYALTIES, FEES AND DEVELOPMENT CONTRIBUTIONS

- 61.    Application for approval of royalties, fees or contributions
- 62.    Notice of variation of terms of agreement or arrangement
- 63.    *[Repealed]*

Section

- 64. Reduction of tax for approved royalties, fees or contributions
- 65. Exemption from tax where investment made in approved enterprise

PART X

INVESTMENT ALLOWANCES

- 66. Interpretation of this Part
- 66A. Application of Parts X and XIV and section 3 in relation to corporate partnerships and partners of corporate partnerships
- 67. Capital expenditure investment allowance
- 68. Investment allowance
- 69. Crediting of investment allowance
- 70. Prohibition to sell, lease out or dispose of assets
- 71. Exemption from income tax
- 72. Recovery of tax exempted
- 73. *[Repealed]*
- 74. *[Repealed]*
- 74A. No investment allowance for certain expenditure

PART XI

*[REPEALED]*

- 75. to 84. *[Repealed]*

PART XII

*[REPEALED]*

- 85. to 92. *[Repealed]*

PART XIII

*[REPEALED]*

- 93. to 97. *[Repealed]*

PART XIII A

*[REPEALED]*

- 97A. *[Repealed]*
- 97B. *[Repealed]*
- 97C. *[Repealed]*

## Section

- 97D. *[Repealed]*
- 97E. *[Repealed]*
- 97F. *[Repealed]*
- 97G. *[Repealed]*

## PART XIIIIB

*[REPEALED]*

## PART XIIIIC

*[REPEALED]*

## PART XIIIID

## INTEGRATED INVESTMENT ALLOWANCE

- 97ZA. Interpretation of this Part
- 97ZB. Application for approval of project
- 97ZC. Grant of IIA
- 97ZD. Crediting of IIA
- 97ZE. Exemption from income tax: general
- 97ZF. Exemption from income tax where company derives normal income or mixed income before a date, and concessionary income from that date
- 97ZG. Exemption from income tax where company derives concessionary income or mixed income before a date, and normal income from that date
- 97ZH. Prohibition against selling, leasing out or disposing of qualifying equipment
- 97ZHA. Recovery of IIA
- 97ZI. Recovery of tax
- 97ZJ. *[Repealed]*

## PART XIII E

[REPEALED]

## PART XIII F

[REPEALED]

## PART XIV

## MISCELLANEOUS PROVISIONS

## Section

- 98. Prohibition of publication of application and certificate or letter
- 99. Revocation of certificate or letter
- 100. Provisions of Income Tax Act not affected
- 101. Action of officers no offence
- 102. Regulations
- 103. Savings provision
- 104. [Repealed]

---

An Act relating to incentives for the establishment of pioneer industries and for economic expansion generally, by way of providing relief from income tax.

[ : 15th December 1967]

## PART I

## PRELIMINARY

**Short title**

1. This Act may be cited as the Economic Expansion Incentives (Relief from Income Tax) Act.

**Act to be construed as one with Income Tax Act**

2. This Act shall, unless otherwise expressly provided for in this Act, be construed as one with the Income Tax Act (Cap. 134).

**Interpretation**

3. In this Act, unless the context otherwise requires —

“approved foreign loan” means a loan which is approved under section 57 to be an approved foreign loan;

*[Act 11 of 2016 wef 24/02/2015]*

“approved royalties, fees or contributions” means royalties, technical assistance fees or contributions to research and development costs which have been approved under section 61 to be approved royalties, fees or contributions;

*[Act 11 of 2016 wef 24/02/2015]*

“certificate” includes a letter or other document issued by the Minister to a company pursuant to an application made by the company under a provision of this Act;

*[Act 1 of 2012 wef 29/02/2012]*

“company” means any company incorporated or registered in accordance with the provisions of any written law relating to companies;

“Comptroller” means the Comptroller of Income Tax appointed under the Income Tax Act (Cap. 134);

“foreign loan certificate” means a foreign loan certificate issued under section 57;

“intellectual property income” means any intellectual property income prescribed by the Minister under section 102;

*[Act 8 of 2018 wef 04/05/2018]*

“manufacture”, in relation to a product, includes any process or method used in making or developing the product;

“new trade or business” means the trade or business —

- (a) in respect of any product or products specified in a single pioneer certificate of a pioneer enterprise; and
- (b) that is considered under section 7 to have been set up and commenced on the day following the tax relief



expiry date of the old trade or business in respect of that product or those products;

*[Act 11 of 2016 wef 19/04/2016]*

“old trade or business” means the trade or business of a pioneer enterprise which satisfies all the following conditions:

- (a) it is in respect of one or more pioneer products specified in a single pioneer certificate of the pioneer enterprise;
- (b) the part of the trade or business in respect of each pioneer product is carried on during the tax relief period for that product;
- (c) it either ceases before or is considered, under section 7, to have permanently ceased on the tax relief expiry date;

*[Act 11 of 2016 wef 19/04/2016]*

“pioneer certificate” means a pioneer certificate issued under section 5;

“pioneer enterprise” means any company which has been approved by the Minister under section 5 for a pioneer product and to which a pioneer certificate is issued under that section;

*[Act 11 of 2016 wef 19/04/2016]*

“pioneer industry” means an industry approved under section 4 to be a pioneer industry;

“pioneer product” means a product approved under section 4 to be a pioneer product;

“production day”, in relation to a pioneer product that is approved under section 5(2) for a pioneer enterprise, means the date specified in the pioneer enterprise’s pioneer certificate under section 5(3)(b) or (5)(a) or (c) as the production day of that product;

*[Act 11 of 2016 wef 19/04/2016]*

“productive equipment” means machinery or plant which would normally qualify for deduction under sections 19, 19A, 20, 21 and 22 of the Income Tax Act;

“royalties, fees or contributions certificate” means a certificate issued under section 61;

“royalties or technical assistance fees” includes —

- (a) any royalties, rentals or other amounts paid as consideration for the use of, or the right to use, copyright, scientific works, patents, designs, plans, secret processes, formulae, trade marks, licences or other like property or rights;
- (b) income derived from the alienation of property or information mentioned in paragraph (a); and
- (c) other amounts paid in consideration of services rendered by a non-resident person or his employee in connection with the use of property or rights belonging to, or the initial operation of any plant, machinery or other apparatus purchased from, the non-resident person,

but does not include royalties, rentals or other amounts paid in respect of the operation of mines, quarries or other places of extraction of natural resources; or fees paid to an individual for the performance of professional services in Singapore other than as an employee;

“tax” means income tax imposed by the Income Tax Act (Cap. 134);

*[34/84; 11/2004; 48/2004]*

*[Act 11 of 2016 wef 19/04/2016]*

“tax relief expiry date”, in relation to an old trade or business, means —

- (a) where the old trade or business is in respect of only one pioneer product, the date on which the tax relief period for that pioneer product expires; or
- (b) where the old trade or business is in respect of 2 or more pioneer products, the date on which all the tax relief periods for those products expire, or (if the Minister has removed one or more but not all of those

products from the pioneer certificate under section 5, or extended the tax relief period or periods for one or more but not all of those products under section 6) the date of expiry of the tax relief period with the latest date of expiry.

*[Act 11 of 2016 wef 19/04/2016]*

## PART II

### PIONEER INDUSTRIES

#### **Power to approve an industry and a product as a pioneer industry and a pioneer product**

4.—(1) The Minister may, if he considers it expedient in the public interest to do so, approve an industry, which is not being carried on in Singapore on a scale adequate to the economic needs of Singapore and for which in his opinion there are favourable prospects for development, to be a pioneer industry and any specific product of that industry to be a pioneer product.

*[48/2004]*

(2) The Minister may revoke any approval given under this section but any such revocation shall not affect the operation of any pioneer certificate issued to any pioneer enterprise before the revocation.

*[48/2004]*

(3) Any industry which has been approved as a pioneer industry or any product which has been approved as a pioneer product before the date of commencement of the Economic Expansion Incentives (Relief from Income Tax) (Amendment No. 2) Act 2004 shall be deemed to have been approved under this section.

*[48/2004]*

#### **Application for and issue and amendment of pioneer certificate**

5.—(1) Any company which is desirous of producing a pioneer product may make an application in writing to the Minister to be approved as a pioneer enterprise for that pioneer product in such form and with such particulars as may be prescribed.

*[Act 11 of 2016 wef 19/04/2016]*

(1A) A company may make an application under subsection (1) to be approved as a pioneer enterprise for more than one pioneer product which it is desirous of producing.

*[Act 11 of 2016 wef 19/04/2016]*

(2) Where the Minister is satisfied that it is expedient in the public interest to do so and, in particular, having regard to the production or anticipated production of the pioneer product from all sources of production in Singapore, the Minister may approve that company as a pioneer enterprise for that pioneer product and issue a pioneer certificate to the company in respect of that pioneer product, subject to such conditions as he thinks fit.

*[Act 11 of 2016 wef 19/04/2016]*

(2A) No company may be approved as a pioneer enterprise on or after 1 January 2024.

*[Act 11 of 2016 wef 19/04/2016]*

(3) Every pioneer certificate issued under this section to a pioneer enterprise must be in respect of a pioneer product and must specify —

- (a) the pioneer product; and
- (b) the date on or before which it is expected that the pioneer enterprise will commence to produce in marketable quantities the pioneer product.

*[Act 11 of 2016 wef 19/04/2016]*

(4) Where the Minister approves a company as a pioneer enterprise for 2 or more pioneer products, the Minister may issue a single pioneer certificate in respect of those pioneer products if —

- (a) the tax relief periods of the pioneer enterprise for all the pioneer products, as determined by the Minister under section 6, expire on the same day; and
- (b) the Minister is satisfied that the pioneer enterprise will be producing all the pioneer products as part of the same project.

*[Act 11 of 2016 wef 19/04/2016]*

(5) The Minister may, upon the application of any pioneer enterprise, amend a pioneer certificate issued to the pioneer enterprise —

- (a) by substituting for the date referred to in subsection (3)(b) of a pioneer product specified in the pioneer certificate such earlier or later date as the Minister thinks fit, and upon such substitution the provisions of this Act have effect as if the date so substituted were the pioneer enterprise's production day of that product;
- (b) by removing any pioneer product from the pioneer certificate with effect from a date determined by the Minister; or
- (c) by adding to the pioneer certificate any pioneer product and the date on or before which it is expected that the pioneer enterprise will commence to produce that product in marketable quantities, if —
  - (i) the tax relief period for the pioneer product expires on the same day as the tax relief period or periods of the other pioneer product or products already specified in the pioneer certificate; and
  - (ii) the Minister is satisfied that the pioneer enterprise will be producing that pioneer product and the other pioneer product or products already specified in the pioneer certificate as part of the same project.

*[Act 11 of 2016 wef 19/04/2016]*

(6) Without prejudice to section 99, the Minister may, on the Minister's own initiative, remove any pioneer product from a pioneer certificate with effect from a date determined by the Minister, if the Minister is satisfied that the pioneer enterprise has contravened —

- (a) any provision of this Act; or
- (b) any condition of its approval as a pioneer enterprise.

*[Act 11 of 2016 wef 19/04/2016]*

### **Tax relief period for pioneer product**

**6.—(1)** The tax relief period of a pioneer enterprise for a pioneer product commences on the production day of that pioneer product and continues for such period, not exceeding 15 years, as the Minister may determine.

(2) Subject to subsections (3) and (4), the Minister may, if the Minister is satisfied that it is expedient in the public interest to do so and subject to such conditions as the Minister may impose —

- (a) where the pioneer certificate issued to a pioneer enterprise only specifies one pioneer product, extend the tax relief period in subsection (1) for that product for such further period or periods, not exceeding 5 years at any one time, as the Minister may determine; or
- (b) where the pioneer certificate issued to a pioneer enterprise specifies more than one pioneer product, extend the tax relief period or periods in subsection (1) for one or more of those products for such further period or periods, not exceeding 5 years at any one time, as the Minister may determine.

(3) The total tax relief period for a pioneer product, together with all extensions, must not in total exceed 15 years.

(4) Where the Minister extends the tax relief periods of a pioneer enterprise for more than one of the pioneer products specified in the pioneer certificate under subsection (2)(b), the Minister must ensure that all the tax relief periods of those pioneer products, after such extension, expire on the same day.

(5) Where a pioneer product is removed from a pioneer certificate under section 5(5)(b) or (6), its tax relief period expires on the effective date of its removal.

*[Act 11 of 2016 wef 19/04/2016]*

### **Provisions governing old and new trade or business**

7. For the purposes of the Income Tax Act (Cap. 134) and this Act —

- (a) an old trade or business of a pioneer enterprise in respect of a pioneer product or products which is or are the subject of a single pioneer certificate issued to the pioneer enterprise is considered to have permanently ceased on the tax relief expiry date;

- (b) the pioneer enterprise is considered to have set up and commenced a new trade or business in respect of the same product or products on the day immediately following the tax relief expiry date;
- (c) the pioneer enterprise must make up accounts of each old trade or business for a period not exceeding one year, commencing on —
  - (i) the production day of the pioneer product; or
  - (ii) where the pioneer certificate specifies 2 or more pioneer products, the earlier or earliest of the production days of those pioneer products,for successive periods of one year thereafter and for the period not exceeding one year ending on the tax relief expiry date;
- (d) in making up the first accounts of the new trade or business referred to in paragraph (b), the pioneer enterprise must take as the opening figures for those accounts the closing figures in respect of its assets and liabilities as shown in its last accounts of the corresponding old trade or business; and
- (e) the next accounts of the new trade or business following the first accounts referred to in paragraph (d), must be made up by reference to the closing figures in the first accounts, and any subsequent accounts of the new trade or business must be similarly made up by reference to the closing figures of the preceding accounts of the new trade or business.

*[Act 11 of 2016 wef 19/04/2016]*

### **Provisions governing separate trade or business**

**8.—(1)** Where at any time —

- (a) during the tax relief period for a pioneer product of a pioneer enterprise; or

(b) where the pioneer certificate issued to a pioneer enterprise specifies 2 or more pioneer products, during the longer or longest of the tax relief periods for those pioneer products, the pioneer enterprise carries on any trade or business other than the old trade or business in respect of that product or those products (called in this section separate trade or business), separate accounts must be maintained for that separate trade or business and in respect of the same accounting period.

*[Act 11 of 2016 wef 19/04/2016]*

(2) Where the carrying on of such separate trade or business results in a loss in any accounting period, the loss must be brought into the computation of the income of the pioneer enterprise from the old trade or business for that period unless the Comptroller, having regard to all the circumstances of the case, is satisfied that the loss was not incurred for the purpose of obtaining a tax advantage.

*[22/87]*

*[Act 11 of 2016 wef 19/04/2016]*

(3) Where the carrying on of such separate trade or business results in a profit in any accounting period, and the profit, computed in accordance with the provisions of the Income Tax Act (Cap. 134) as modified by this section, amounts to less than 5% of the full sum receivable from the sale of goods or the provision of services, the statutory income from that source shall be deemed to be 5% (or such lower rate as the Comptroller may specify in any particular case) of the full sum so receivable and the income of the pioneer enterprise from the old trade or business shall be abated accordingly.

*[22/87; 11/2004]*

*[Act 11 of 2016 wef 19/04/2016]*

(4) Where, in the opinion of the Comptroller, the carrying on of such separate trade or business is subordinate and incidental to the carrying on of the old trade or business, the income or loss arising from such separate trade or business is considered to form part of the income or loss of the pioneer enterprise from that old trade or business.

*[Act 11 of 2016 wef 19/04/2016]*

(5) *[Deleted by Act 11 of 2016 wef 19/04/2016]*

*[Act 8 of 2018 wef 04/05/2018]*



**Power to give directions**

**9.** For the purposes of the Income Tax Act (Cap. 134) and this Act, the Comptroller may direct that —

- (a) any sums payable to a pioneer enterprise for a pioneer product in any accounting period which, but for the provisions of this Act, might reasonably and properly have been expected to be payable, in the normal course of business, after the end of that period, are to be treated as not having been payable in that period but as having been payable on such date, after that period, as the Comptroller thinks fit;
- (b) where the date referred to in paragraph (a) is after the end of the tax relief period for that pioneer product, those sums are to be treated as having been so payable on that date, in relation to the new trade or business of the pioneer enterprise in respect of that product; and
- (c) any expense incurred by a pioneer enterprise in respect of a pioneer product within one year after the end of the tax relief period for that pioneer product which, but for the provisions of this Act, might reasonably and properly have been expected to be incurred, in the normal course of business, during the tax relief period for that pioneer product, are to be treated —
  - (i) as not having been incurred within that year; but
  - (ii) as having been incurred for the purposes of its old trade or business in respect of that pioneer product and on such date, during the tax relief period for that pioneer product, as the Comptroller thinks fit.

*[Act 11 of 2016 wef 19/04/2016]*

**Ascertainment of income in respect of old trade or business**

**10.—(1)** The income of a pioneer enterprise from each of its old trades or businesses shall be ascertained in accordance with the provisions of the Income Tax Act (Cap. 134) after making such

adjustments as may be necessary in consequence of any direction given under section 9.

*[Act 11 of 2016 wef 19/04/2016]*

(2) In determining the income of a pioneer enterprise referred to in subsection (1), the allowances provided for in sections 16, 17, 18, 18B, 18C, 19, 19A, 19B, 20, 21 and 22 of the Income Tax Act for capital expenditure incurred for the purposes of each old trade or business shall be taken into account notwithstanding that no claim for such allowances has been made.

*[48/2004]*

*[29/2010 wef 23/02/2010]*

*[Act 11 of 2016 wef 19/04/2016]*

(3) Where the tax relief expiry date of an old trade or business of a pioneer enterprise is before the last day of the basis period for any year of assessment, then, for the purpose of determining the income in respect of —

- (a) that old trade or business for that year of assessment; and
- (b) the corresponding new trade or business for the same year of assessment,

allowances provided for in sections 16, 17, 18, 18B, 18C, 19, 19A, 19B, 20, 21 and 22 of the Income Tax Act for capital expenditure incurred for the purposes of that old trade or business must be deducted even though no claim for such allowances has been made.

*[Act 11 of 2016 wef 19/04/2016]*

(3A) For the purpose of computing the allowances under subsection (3) —

- (a) the allowances for that year of assessment must be computed as if the old trade or business of the pioneer enterprise had not been considered to have permanently ceased on the tax relief expiry date in accordance with section 7(a); and
- (b) the allowances computed in accordance with paragraph (a) must be apportioned between that old trade or business and that new trade or business in such manner as appears to the Comptroller to be reasonable in the circumstances.

*[Act 11 of 2016 wef 19/04/2016]*

(4) Where in any year of assessment full effect cannot, by reason of an insufficiency of profits for that year of assessment, be given to the allowances mentioned in subsection (2), then the balance of the allowances shall be added to, and be deemed to form part of, the corresponding allowances, if any, for the next succeeding year of assessment and, if no such corresponding allowances fall to be made for that year, shall be deemed to constitute the corresponding allowances for that year, and so on for subsequent years of assessment.

(5) Notwithstanding subsections (1) and (2), where a pioneer enterprise has incurred or has given a written undertaking to the Minister to incur a capital expenditure of not less than \$150 million and —

- (a) more than 50%, or such other percentage as the Minister may determine, of the paid-up capital of the pioneer enterprise is held by persons permanently resident in Singapore; and
- (b) such capital expenditure has been approved by the Minister as promoting or enhancing the economic or technological development of Singapore,

the capital expenditure so incurred by the pioneer enterprise whilst it is carrying on an old trade or business in respect of any asset used for the purposes of its corresponding new trade or business are (subject to such conditions as the Minister may impose) considered for the purposes of sections 16, 17, 18, 18B, 18C, 19, 19A, 19B, 20, 21 and 22 of the Income Tax Act, to have been incurred on the day immediately following the tax relief expiry date of the old trade or business.

*[29/91; 48/2004]*

*[29/2010 wef 23/02/2010]*

*[Act 11 of 2016 wef 19/04/2016]*

(6) Where a pioneer enterprise referred to in subsection (5) carries on a separate trade or business, and any building, plant or machinery is used both for the purposes of that trade or business and the trade or

business relating to the relevant pioneer product, subsection (5) shall apply to that building, plant or machinery.

[29/91; 11/2004]

[29/2010 wef 23/02/2010]

(7) Where a pioneer enterprise has, before 16th August 1991, incurred a capital expenditure of not less than \$1,000 million, subsection (5) shall apply to that enterprise in respect of that expenditure notwithstanding that the enterprise has not complied with paragraphs (a) and (b) of that subsection.

[29/91; 48/2004]

(8) Where —

- (a) a pioneer enterprise mentioned in subsection (5) or (7) is the holder of 2 or more pioneer certificates;
- (b) the tax relief expiry dates of the old trades or businesses relating to those pioneer certificates are different; and
- (c) capital expenditure has been incurred in respect of any building, plant or machinery which is jointly used in carrying on those old trades or businesses,

then a deduction must not be made in respect of such expenditure under any of the provisions contained in sections 16, 17, 18, 18B, 18C, 19, 19A, 19B, 20, 21 and 22 of the Income Tax Act until after the tax relief expiry date that is later or latest in time.

[Act 11 of 2016 wef 19/04/2016]

(9) In subsections (5) and (7), “capital expenditure” means capital expenditure in connection with a pioneer product, on factory building (excluding land) in Singapore, on any new plant or new machinery used in Singapore and on intellectual property rights for use in Singapore and, subject to the approval of the Minister, on any secondhand plant or secondhand machinery used in Singapore.

[48/2004]

### **Application of Part XVI of Income Tax Act**

11. Part XVI of the Income Tax Act (relating to returns of income) shall apply in all respects as if the income of a pioneer enterprise in respect of each of its old trades or businesses were chargeable to tax.

[Act 11 of 2016 wef 19/04/2016]

### **Comptroller to issue statement of income**

**12.** For each year of assessment, the Comptroller shall issue to the pioneer enterprise a statement (to be included in a notice of any assessment served on the pioneer enterprise under section 76 of the Income Tax Act) showing the amount of income in respect of each of its old trades or businesses for that year of assessment, and Parts XVII and XVIII of the Income Tax Act (relating to assessments, objections and appeals) shall apply, with the necessary modifications, as if that statement were a notice of assessment given under those provisions.

*[34/2008 Y/A 2009 and sub Y/A]*

*[Act 11 of 2016 wef 19/04/2016]*

### **Exemption from income tax**

**13.—(1)** Where any statement issued under section 12 has become final and conclusive, the amount of the income shown by the statement shall not form part of the statutory income of the pioneer enterprise for any year of assessment and shall be exempt from tax.

*[Act 11 of 2016 wef 19/04/2016]*

(2) The Comptroller may, in his discretion and before such a statement has become final and conclusive, declare that a specified part of the amount of such income is not in dispute and such an undisputed amount of income is exempt from tax, pending such a statement becoming final and conclusive.

### **Recovery of tax exempted**

**14.—(1)** Despite section 13, the Comptroller may, subject to section 74 of the Income Tax Act (Cap. 134), make an assessment or additional assessment as described in subsection (2) upon a pioneer enterprise if it appears to the Comptroller that any amount of income of the pioneer enterprise exempted from tax ought not to have been exempted by reason of —

- (a) any direction made under section 9; or
- (b) the revocation under section 99 of a pioneer certificate issued to the pioneer enterprise.

(2) The assessment or additional assessment under subsection (1) is at an amount that appears to the Comptroller to be necessary to

counteract any profit obtained by the pioneer enterprise from the exempted income.

(3) Parts XVII and XVIII of the Income Tax Act (relating to assessments, objections and appeals) and any rules made under that Act apply, with the necessary modifications, to an assessment or additional assessment under subsection (1) as if it were a notice of assessment under those Parts.

*[Act 11 of 2016 wef 19/04/2016]*

### **Carry forward of loss and allowance**

**15.—**(1) Where a pioneer enterprise has at any time —

- (a) during its tax relief period for a pioneer product; or
- (b) where the pioneer certificate issued to the pioneer enterprise specifies 2 or more pioneer products, during the longer or longest of the tax relief periods for those pioneer products,

incurred a loss in the old trade or business in respect of that product or any of those products for any year, that loss must be deducted in accordance with section 37 of the Income Tax Act (Cap. 134) (as applied with the necessary modifications), but only against the income of the pioneer enterprise from that old trade or business as ascertained under section 10.

(2) The balance of any such loss which remains unabsorbed on the tax relief expiry date of the old trade or business is available as a deduction for the year of assessment which relates to the basis period in which the new trade or business commences and for any subsequent year of assessment in accordance with section 37 of the Income Tax Act, in the following descending order of priority:

- (a) against the statutory income of the pioneer enterprise from the corresponding new trade or business;
- (b) against the statutory income of the pioneer enterprise from any other trade or business;
- (c) against the statutory income of the pioneer enterprise from any other source.

*[Act 8 of 2018 wef 19/04/2016]*

(3) Despite section 7(a), the balance of any allowance as provided for in section 10 which remains unabsorbed on the tax relief expiry date of the old trade or business is available as a deduction for the year of assessment which relates to the basis period in which the new trade or business commences and for any subsequent year of assessment in accordance with section 23 of the Income Tax Act, in the following descending order of priority:

- (a) against the statutory income of the pioneer enterprise from the corresponding new trade or business;
- (b) against the statutory income of the pioneer enterprise from any other trade or business;
- (c) against the statutory income of the pioneer enterprise from any other source.

*[Act 8 of 2018 wef 19/04/2016]*

*[Act 11 of 2016 wef 19/04/2016]*

### PART III

#### PIONEER SERVICE COMPANIES

##### **Interpretation of this Part**

**16.** In this Part, unless the context otherwise requires —

“commencement day”, in relation to a qualifying activity that is approved under section 17(2) for a pioneer service company, means the date specified in the pioneer service company’s certificate under section 17(4)(b) or (6)(a) or (c) as the commencement day of that qualifying activity;

*[Act 11 of 2016 wef 19/04/2016]*

“pioneer service company” means a company which has been issued with a certificate under section 17;

“qualifying activity” means any of the following:

- (a) any engineering or technical services including laboratory, consultancy and research and development activities;

- (b) computer-based information and other computer related services;
- (c) the development or production of any industrial design; and
- (d) such other services or activities as may be prescribed.

[34/84]

### **Application for and issue and amendment of certificate for pioneer service company**

17.—(1) Where a company is engaged in or desires to engage in any qualifying activity, the company may apply in the prescribed form to the Minister for approval as a pioneer service company for that qualifying activity.

[34/84]

[Act 11 of 2016 wef 19/04/2016]

[Act 20 of 2020 wef 15/06/2020]

(1A) A company may make an application under subsection (1) to be approved as a pioneer service company for more than one qualifying activity which it is engaged in or desires to engage in.

[Act 11 of 2016 wef 19/04/2016]

[Act 20 of 2020 wef 15/06/2020]

(2) The Minister may, if he considers it expedient in the public interest to do so, approve the company as a pioneer service company for the qualifying activity and issue to that company a certificate subject to such conditions as the Minister thinks fit.

[34/84]

[Act 11 of 2016 wef 19/04/2016]

(3) No company may be approved as a pioneer service company on or after 1 January 2024.

[Act 11 of 2016 wef 19/04/2016]

(4) Every certificate issued under this section to a pioneer service company must be in respect of a qualifying activity and must specify —

- (a) the qualifying activity; and
- (b) a date as the commencement day of the qualifying activity.

[Act 11 of 2016 wef 19/04/2016]



(5) Where the Minister approves a company as a pioneer service company for 2 or more qualifying activities, the Minister may issue a single certificate in respect of those qualifying activities if —

- (a) the tax relief periods of the pioneer service company for all the qualifying activities, as determined by the Minister under section 6 (as applied by section 19), expire on the same day; and
- (b) the Minister is satisfied that the pioneer service company is engaged in or desires to engage in all the qualifying activities as part of the same project.

*[Act 11 of 2016 wef 19/04/2016]*

*[Act 20 of 2020 wef 15/06/2020]*

(6) The Minister may, upon the application of any pioneer service company, amend a certificate issued to the company —

- (a) by substituting for the commencement day of a qualifying activity specified in the certificate under subsection (4)(b) such earlier or later date as the Minister thinks fit, and upon such substitution the provisions of this Act have effect as if the date so substituted were the company's commencement day of that qualifying activity;
- (b) by removing any qualifying activity from the certificate with effect from a date determined by the Minister; or
- (c) by adding to the certificate any qualifying activity and a date as its commencement day, if —
  - (i) the tax relief period for the qualifying activity expires on the same day as the tax relief period or periods for the other qualifying activity or activities already specified in the certificate; and
  - (ii) the Minister is satisfied that the pioneer service company is engaged in or desires to engage in the qualifying activity and the other qualifying activity or activities already specified in the certificate as part of the same project.

*[Act 11 of 2016 wef 19/04/2016]*

*[Act 20 of 2020 wef 15/06/2020]*

(7) Without prejudice to section 99, the Minister may, on the Minister's own initiative, remove any qualifying activity from a certificate with effect from a date determined by the Minister, if the Minister is satisfied that the pioneer service company has contravened —

- (a) any provision of this Act; or
- (b) any condition of its approval as a pioneer service company.  
*[Act 11 of 2016 wef 19/04/2016]*

**18.** *[Repealed by Act 11 of 2016 wef 19/04/2016]*

### **Application of sections 6 to 15 to pioneer service company**

**19.** Sections 6 to 15 shall apply to a pioneer service company under this Part and for the purposes of such application —

- (a) any reference to a pioneer enterprise shall be read as a reference to a pioneer service company;
- (b) any reference to a pioneer product shall be read as a reference to a qualifying activity;
- (c) any reference to the production day of a pioneer product of a pioneer enterprise shall be read as a reference to the commencement day of a qualifying activity of a pioneer service company; and  
*[Act 11 of 2016 wef 19/04/2016]*
- (d) any reference to a pioneer certificate shall be read as a reference to a certificate issued under section 17.

*[34/84]*

*[Act 11 of 2016 wef 19/04/2016]*

### **Exclusion of intellectual property income from sections 10 and 15**

**19A.—(1)** In ascertaining the income of a pioneer service company from a qualifying activity under section 10 (as applied by section 19), any intellectual property income produced by the activity, as well as any allowance for capital expenditure incurred for the purposes of that activity that is attributable to or apportioned by the Comptroller to any intellectual property income, must be excluded.

(2) For the purposes of the application of section 15 (as applied by section 19), a reference to income in section 15(1) excludes any intellectual property income.

(3) To avoid doubt, intellectual property income excluded under subsection (1) remains chargeable to tax under the Income Tax Act (Cap. 134).

*[Act 8 of 2018 wef 04/05/2018]*

### PART IIIA

#### POST-PIONEER COMPANIES

**19B.** *[Repealed by Act 11/2004 wef 28/04/2004]*

**19D.** *[Repealed by Act 11/2004 wef 28/04/2004]*

**19E.** *[Repealed by Act 11/2004 wef 28/04/2004]*

**19F.** *[Repealed by Act 11/2004 wef 28/04/2004]*

**19G.** *[Repealed by Act 11/2004 wef 28/04/2004]*

**19H.** *[Repealed by Act 11/2004 wef 28/04/2004]*

### PART IIIB\*

#### DEVELOPMENT AND EXPANSION INCENTIVE

#### **Interpretation of this Part**

**19I.** In this Part, unless the context otherwise requires —

“commencement day”, in relation to a qualifying activity that is approved under section 19J(2) for a development and expansion company, means the date specified in the development and expansion company’s certificate under section 19J(4)(b) or (5A)(a) or (c) as the commencement day of that qualifying activity;

*[Act 11 of 2016 wef 19/04/2016]*

“development and expansion company” means a company which has been issued with a certificate under section 19J(2);

---

\*From year of assessment 1997.

“qualifying activity” means any of the following:

- (a) the manufacturing or increased manufacturing of any product from any industry that would be of economic benefit to Singapore;
- (b) any qualifying activity as defined in section 16; and
- (c) such other services or activities as may be prescribed.

[36/96]

### **Application for and issue of certificate to development and expansion company**

**19J.**—(1) Any company engaged in, or which desires to engage in, any qualifying activity may apply in the prescribed form to the Minister for approval as a development and expansion company for that qualifying activity.

[36/96]

[Act 11 of 2016 wef 19/04/2016]

[Act 20 of 2020 wef 15/06/2020]

(1A) A company may make an application under subsection (1) to be approved as a development and expansion company for more than one qualifying activity which it is engaged in or desires to engage in.

[Act 11 of 2016 wef 19/04/2016]

[Act 20 of 2020 wef 15/06/2020]

(2) The Minister may, if he considers it expedient in the public interest to do so, approve the company as a development and expansion company for the qualifying activity and issue to that company a certificate subject to such conditions as the Minister may impose.

[36/96]

[Act 11 of 2016 wef 19/04/2016]

(3) No company may be approved as a development and expansion company on or after 1 January 2024.

[Act 11 of 2016 wef 19/04/2016]

(4) Every certificate issued to a development and expansion company must be in respect of a qualifying activity and must specify —

- (a) the qualifying activity;

- (b) a date as the commencement day of the qualifying activity;  
and
- (c) the concessionary rate of tax to be levied for that qualifying activity for the purposes of this Part.

*[Act 11 of 2016 wef 19/04/2016]*

(5) Where the Minister approves a company as a development and expansion company for 2 or more qualifying activities, the Minister may issue a single certificate in respect of those qualifying activities if —

- (a) the tax relief periods of the development and expansion company for all the qualifying activities, as determined by the Minister under section 19K, expire on the same day;  
and
- (b) the Minister is satisfied that the development and expansion company is engaged in or desires to engage in all the qualifying activities as part of the same project.

*[Act 11 of 2016 wef 19/04/2016]*

*[Act 20 of 2020 wef 15/06/2020]*

(5A) The Minister may, upon the application of any development and expansion company, amend a certificate issued to the company —

- (a) by substituting for the commencement day of a qualifying activity specified in the certificate under subsection (4)(b) such earlier or later date as the Minister thinks fit, and upon such substitution the provisions of this Act have effect as if the date so substituted were the company's commencement day of that qualifying activity;
- (b) by removing any qualifying activity from the certificate with effect from a date determined by the Minister; or
- (c) by adding to the certificate any qualifying activity and a date as its commencement day, if —
  - (i) the tax relief period for the qualifying activity expires on the same day as the tax relief period or periods for the other qualifying activity or activities already specified in the certificate; and

- (ii) the Minister is satisfied that the development and expansion company is engaged in or desires to engage in the qualifying activity and the other qualifying activity or activities already specified in the certificate as part of the same project.

*[Act 11 of 2016 wef 19/04/2016]*

*[Act 20 of 2020 wef 15/06/2020]*

(5B) Without prejudice to section 99, the Minister may, on the Minister's own initiative, remove any qualifying activity from a certificate with effect from a date determined by the Minister, if the Minister is satisfied that the development and expansion company has contravened —

- (a) any provision of this Act; or
- (b) any condition of its approval as a development and expansion company.

*[Act 11 of 2016 wef 19/04/2016]*

(5C) Despite section 43 of the Income Tax Act, tax at the applicable concessionary rate in subsections (5D), (5DA), (5E) and (5EB) (whichever is applicable) is levied and must be paid for each year of assessment —

- (a) upon the expansion income derived by a development and expansion company from the qualifying activity specified in its certificate during its tax relief period for that activity; or
- (b) if the certificate specifies 2 or more qualifying activities, upon the expansion income derived by it from all of those qualifying activities during its respective tax relief periods for those activities.

*[Act 11 of 2016 wef 19/04/2016]*

*[Act 8 of 2018 wef 04/05/2018]*

(5D) In subsection (5C), the concessionary rate is —

- (a) in the case of a development and expansion company approved as such before the date of commencement of section 17(d) of the Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2016, a

concessionary rate of not less than 5%, as the Minister may specify in the certificate; or

- (b) in any other case, either 5% or 10% as the Minister may specify in the certificate.

*[Act 11 of 2016 wef 19/04/2016]*

(5DA) The Minister may, on the Minister's own initiative or on the application of a development and expansion company, amend the company's certificate by substituting the concessionary rate of tax specified in the certificate in accordance with subsection (5D), with a concessionary rate of either 5% or 10%, and in that event the concessionary rate is the rate as substituted.

*[Act 8 of 2018 wef 04/05/2018]*

(5DB) Subsection (5DA) applies whether the development and expansion company was approved as such before, on or after the date of commencement of section 6(b) of the Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2018.

*[Act 8 of 2018 wef 04/05/2018]*

(5E) Subject to subsection (5EA), in the case of a development and expansion company that is approved as such on or after 29 February 2012, or that has been granted on or after that date an extension of its tax relief period or periods for any qualifying activity or activities, the concessionary rate of tax applicable to the expansion income derived by it —

- (a) from the qualifying activity specified in the company's certificate during any part of the company's tax relief period for that activity mentioned in subsection (5F); or
- (b) if the certificate specifies 2 or more qualifying activities, from all of those activities during any part of the company's respective tax relief periods for those activities mentioned in subsection (5F),

at any time on or after the date of the approval or during the extension period (as the case may be), is the rate specified by the Minister to the company, which must not be less than —

$$(0.5 + A)\%$$

where A is the concessional rate of tax applicable to the company's expansion income derived by it from that activity or those activities (as the case may be) immediately before the commencement of that part of the tax relief period or those tax relief periods.

*[Act 11 of 2016 wef 19/04/2016]*

*[Act 8 of 2018 wef 04/05/2018]*

(5EA) The Minister may, on the Minister's own initiative or on the application of a development and expansion company mentioned in subsection (5E), amend the company's certificate for any qualifying activity by substituting the rate of tax specified in the certificate in accordance with that subsection (called in this section the initial rate) for expansion income derived from that activity during a part of the tax relief period, with a rate of tax that complies with subsection (5EC) (called in this section the substituted rate).

*[Act 8 of 2018 wef 04/05/2018]*

(5EB) Where subsection (5EA) applies, then —

- (a) if the date of the substitution is the first day of that part of the tax relief period, the concessional rate of tax that applies to the expansion income derived from that activity during that part of the tax relief period is the substituted rate; and
- (b) if the date of the substitution is not the first day of that part of the tax relief period —
  - (i) the concessional rate of tax that applies to the expansion income derived from that activity during the period beginning on the first day of that part of the tax relief period and ending on the day immediately before the date of the substitution is the initial rate; and
  - (ii) the concessional rate of tax that applies to the expansion income derived from that activity during the balance of that part of the tax relief period is the substituted rate.

*[Act 8 of 2018 wef 04/05/2018]*



(5EC) The substituted rate for a part of the tax relief period mentioned in subsection (5EA) is a rate computed by the formula  $A + B$ , where —

(a) A is the difference between —

- (i) the sum arrived at by totalling the concessionary rate of tax that applies to the company's expansion income from that activity on the first day of each part of the tax relief period up to and including that part of the tax relief period for that activity, or would have so applied had it not been substituted under subsection (5DA) or (5EA) (as the case may be); and
- (ii) the sum arrived at by totalling the concessionary rate of tax that applies to the company's expansion income from that activity on the day immediately before the first day of each part of the tax relief period up to and including that part of the tax relief period for that activity; and

(b) B is either 5% or 10%, as determined by the Minister.

*[Act 8 of 2018 wef 04/05/2018]*

(5F) In subsections (5E), (5EA), (5EB) and (5EC), the parts of a tax relief period for a qualifying activity are —

- (a) the beginning of the 11th year of the tax relief period to the end of the 15th year of, or the end of, the tax relief period, whichever is earlier;
- (b) the beginning of the 16th year of the tax relief period to the end of the 20th year of, or the end of, the tax relief period, whichever is earlier;
- (c) the beginning of the 21st year of the tax relief period to the end of the 30th year of, or the end of, the tax relief period, whichever is earlier; and
- (d) the beginning of the 31st year of the tax relief period to the end of the 40th year of, or the end of, the tax relief period, whichever is earlier.

*[Act 11 of 2016 wef 19/04/2016]*

*[Act 8 of 2018 wef 04/05/2018]*

(6) The expansion income shall be the income from such qualifying activity or activities (referred to in this section and section 19M as qualifying income) to which the certificate issued under this section relates that exceeds the average corresponding income.

[36/96; 11/2004]

[Act 11 of 2016 wef 19/04/2016]

(7) The average corresponding income referred to in subsection (6) shall be determined by taking one-third of the total of the corresponding qualifying income for the 3 years immediately preceding the commencement day specified in the certificate issued under this section from that qualifying activity or those qualifying activities.

[36/96; 11/2004]

[Act 11 of 2016 wef 19/04/2016]

(8) Where a development and expansion company which has been approved as such at any time before the date the Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2012 is published in the *Gazette*, and has been granted a tax relief period of at least 10 years, is granted at any time before that date an extension or a further extension of its tax relief period under section 19K(1)(b) or (2), the Minister shall compute the average corresponding income for each such extension or further extension in accordance with subsection (9).

[48/2004]

[Act 1 of 2012 wef 29/02/2012]

(9) The average corresponding income for each extension or further extension referred to in subsection (8) shall be determined by taking one-third of the total of the corresponding qualifying income for the 3 years immediately preceding the date of that extension or further extension of its tax relief period, as the case may be.

[48/2004]

(10) Notwithstanding subsections (7), (8) and (9), the Minister may, if he thinks fit, specify any amount to be the average corresponding income in substitution of the amount determined under those subsections.

[48/2004]

**Tax relief period of development and expansion company**

**19K.**—(1) Subject to subsection (3), the tax relief period of a development and expansion company for a qualifying activity commences on its commencement day of that qualifying activity and continues —

- (a) for such period not exceeding 10 years as the Minister may determine; and
- (b) for such further period or periods, not exceeding 5 years for each period, as the Minister may determine, where the Minister is satisfied that it is expedient in the public interest to do so and subject to such terms and conditions as he may impose.

[48/2004]

[Act 11 of 2016 wef 19/04/2016]

(2) Subject to subsection (3), the Minister may, if the Minister is satisfied that it is expedient in the public interest to do so and subject to such conditions as the Minister may impose —

- (a) where the certificate issued to a development and expansion company only specifies one qualifying activity, extend the tax relief period of the company in subsection (1) for that activity for such further period or periods, not exceeding 5 years at any one time, as the Minister may determine; or
- (b) where the certificate issued to a development and expansion company specifies more than one qualifying activity, extend the tax relief period or periods of the company in subsection (1) for one or more of those activities for such further period or periods, not exceeding 5 years at any one time, as the Minister may determine.

[Act 11 of 2016 wef 19/04/2016]

(3) The total tax relief period of a development and expansion company for a qualifying activity under subsections (1) and (2) shall not in the aggregate exceed 20 years.

[48/2004]

[Act 11 of 2016 wef 19/04/2016]

(3A) Notwithstanding subsection (3) and subject to subsection (3B), the Minister may, if he is satisfied that it is expedient in the public interest to do so and subject to such terms and conditions as he may impose, extend the tax relief period of a relevant development and expansion company for a qualifying activity (beyond the maximum total period allowed under subsection (3)) for such further period or periods, not exceeding 10 years at any one time, as he may determine.

*[Act 2 of 2013 wef 18/02/2008]*

*[Act 11 of 2016 wef 19/04/2016]*

(3B) The total tax relief period of a relevant development and expansion company for a qualifying activity under subsections (1), (2) and (3A) shall not in the aggregate exceed 40 years.

*[Act 2 of 2013 wef 18/02/2008]*

*[Act 11 of 2016 wef 19/04/2016]*

(3C) An extension of the tax relief period of a relevant development and expansion company for a qualifying activity under subsection (3A) shall only be granted during the period between 18 February 2008 and 31 December 2023 (both dates inclusive).

*[Act 2 of 2013 wef 18/02/2008]*

*[Act 11 of 2016 wef 19/04/2016]*

*[Act 8 of 2018 wef 04/05/2018]*

(3D) In subsections (3A), (3B) and (3C), “relevant development and expansion company” means a development and expansion company which engages in one or more qualifying activities, and oversees, manages or controls the conduct of any activity on a regional or global basis.

*[Act 2 of 2013 wef 18/02/2008]*

(4) Any tax relief period initially granted to a development and expansion company before the date of commencement of the Economic Expansion Incentives (Relief from Income Tax) (Amendment No. 2) Act 2004 which exceeds 10 years shall be deemed to have been granted under this section.

*[48/2004]*

(5) Where a development and expansion company has been granted tax relief under Part IIIA in force immediately before the date of commencement of the Economic Expansion Incentives (Relief from

Income Tax) (Amendment) Act 2004 in respect of any qualifying activity specified in the certificate issued under section 19J(2), the Minister shall, in extending the tax relief period of the company for that qualifying activity under subsection (1), (2) or (3A), take into account the tax relief period of the company for that qualifying activity under that Part.

*[36/96; 11/2004; 48/2004]*

*[Act 2 of 2013 wef 18/02/2008]*

*[Act 11 of 2016 wef 19/04/2016]*

(6) The Minister must, in extending the tax relief period of a development and expansion company for international legal services as defined in section 19KA(3), take into account any tax relief period which it enjoyed for such services under section 19KA.

*[Act 11 of 2016 wef 19/04/2016]*

(7) Notwithstanding anything in this section, the tax relief period of a development and expansion company that is deemed to be an approved company for the purposes of section 43ZF of the Income Tax Act (Cap. 134) under regulations made under that section, shall expire on 1st June 2011 and shall not be extended.

*[Act 2 of 2013 wef 01/06/2011]*

### **International legal services**

**19KA.**—(1) If a company engaged in international legal services is approved under section 19J(1) as a development and expansion company for those services at any time between 1 April 2010 and 30 June 2017 (both dates inclusive), then —

(a) despite section 19K(1), (2), (3), (3A) and (3B), the tax relief period of the company for international legal services is a non-extendable period of 5 years commencing on its commencement day; and

*[Act 11 of 2016 wef 19/04/2016]*

(b) despite section 19J(5C), tax at the rate of 10% is levied and must be paid for each year of assessment upon the expansion income derived from the provision of those

services by the company during its tax relief period for those services.

*[Act 11 of 2016 wef 01/04/2015]*

*[Act 11 of 2016 wef 19/04/2016]*

*[Act 8 of 2018 wef 04/05/2018]*

(2) This section does not apply to a company approved under section 13V(1) of the Income Tax Act (Cap. 134).

(3) In this section —

“expansion income” has the meaning given to that expression in section 19J;

“international legal services” means any qualifying activity comprising legal services that qualify for zero-rating under section 21(3) of the Goods and Services Tax Act (Cap. 117A).

*[Act 1 of 2012 wef 01/04/2010]*

### **Recovery of tax subject to concessionary rate**

**19L.** Despite any other provision of this Part, the Comptroller may, subject to section 74 of the Income Tax Act (Cap. 134), make an assessment or additional assessment upon a company to make good any loss of tax, if it appears to the Comptroller that any income of the company ought not to have been taxed at a concessionary rate under section 19J or 19KA.

*[Act 11 of 2016 wef 19/04/2016]*

### **Ascertainment of income from qualifying activities**

**19M.**—(1) Subject to subsections (2) and (3) —

(a) the qualifying income of a development and expansion company derived from a qualifying activity; or

(b) where the certificate issued to a development and expansion company under section 19J(2) specifies 2 or more qualifying activities, the total qualifying income of the development and expansion company derived from all of those qualifying activities,

is ascertained in accordance with the provisions of the Income Tax Act, after making the deductions and adjustments in subsection (1A).

*[Act 11 of 2016 wef 19/04/2016]*

*[Act 8 of 2018 wef 04/05/2018]*

(1A) The deductions and adjustments for subsection (1) are as follows:

- (a) the deduction of intellectual property income derived from any qualifying activity or qualifying activities;
- (b) such adjustments as may be necessary to give effect to any direction given under section 19P.

*[Act 8 of 2018 wef 04/05/2018]*

(1B) To avoid doubt, intellectual property income deducted under subsection (1) (read with subsection (1A)) remains chargeable to tax under the Income Tax Act.

*[Act 8 of 2018 wef 04/05/2018]*

(2) In determining the qualifying income of a development and expansion company mentioned in subsection (1)(a) or the total qualifying income of a development and expansion company mentioned in subsection (1)(b) for the basis period for any year of assessment —

- (a) the allowances provided for in sections 16 to 22 of the Income Tax Act for capital expenditure incurred for the purposes of the qualifying activity or all the qualifying activities shall be taken into account notwithstanding that no claim for such allowances has been made;

*[Act 11 of 2016 wef 19/04/2016]*

- (b) the allowances referred to in paragraph (a) for that year of assessment shall firstly be deducted against the qualifying income of the company from the qualifying activity or the total qualifying income of the company from all the qualifying activities, and any unabsorbed allowances shall be deducted against the other income of the company subject to tax at a different rate of tax under this Act or the Income Tax Act (Cap. 134) in accordance with subsection (3);

*[Act 11 of 2016 wef 19/04/2016]*

- (c) the balance, if any, of the allowances after the deduction in paragraph (b) shall be available for deduction for any subsequent year of assessment in accordance with sections 22A and 23 of the Income Tax Act and shall be made in the manner provided in that paragraph;
- (d) any loss incurred in carrying out the qualifying activity, or any net loss incurred in carrying out all the qualifying activities, for that basis period shall be deducted in accordance with subsection (3) against the other income of the company subject to tax at a different rate of tax under this Act or the Income Tax Act;  
*[Act 11 of 2016 wef 19/04/2016]*
- (e) the balance, if any, of the losses after the deduction in paragraph (d) shall be available for deduction for any subsequent year of assessment in accordance with section 37 of the Income Tax Act firstly against the qualifying income of the company from the qualifying activity or the total qualifying income of the company from all the qualifying activities, and any balance of the losses shall be deducted against the other income of the company subject to tax at a different rate of tax under this Act or the Income Tax Act in accordance with subsection (3);  
*[Act 11 of 2016 wef 19/04/2016]*
- (f) any unabsorbed donation for that year of assessment shall be deducted in accordance with subsection (3) against the other income of the company subject to tax at a different rate of tax under this Act or the Income Tax Act; and
- (g) the balance, if any, of the donations after the deduction in paragraph (f) shall be available for deduction for any subsequent year of assessment in accordance with section 37 of the Income Tax Act firstly against the qualifying income of the company from the qualifying activity or the total qualifying income of the company from all the qualifying activities, and any balance of the donations shall be deducted against the other income of the company subject to tax at a different rate of tax under



this Act or the Income Tax Act in accordance with subsection (3).

[11/2004]

[Act 11 of 2016 wef 19/04/2016]

(2A) In subsection (2), a reference to allowances for capital expenditure incurred for the purposes of a qualifying activity excludes any such allowance that is attributable to or apportioned by the Comptroller to intellectual property income.

[Act 8 of 2018 wef 04/05/2018]

(3) Section 37B of the Income Tax Act shall apply, with the necessary modifications, in relation to —

- (a) the deduction of the allowances provided for in sections 16 to 22 of that Act; and
- (b) the losses or donations under section 37 of that Act in respect of —

- (i) the qualifying income or the total qualifying income of the development and expansion company; and

[Act 11 of 2016 wef 19/04/2016]

- (ii) such part of the development and expansion company's income as is subject to tax at a different rate of tax under this Act or the Income Tax Act (Cap. 134).

[11/2004]

(4) For the purpose of the application under subsection (3), any reference in section 37B of the Income Tax Act to income of a company subject to tax at a higher or lower rate of tax or income of the company subject to tax at a higher or lower rate of tax, as the case may be, shall be read as a reference to the qualifying income or the total qualifying income of the development and expansion company.

[11/2004]

[Act 11 of 2016 wef 19/04/2016]

### **Ascertainment of income from other trade or business**

**19N.—**(1) Where at any time —

- (a) during the tax relief period of a development and expansion company for a qualifying activity; or

- (b) where the certificate issued to the development and expansion company under section 19J(2) specifies 2 or more qualifying activities, during the longer or longest of the tax relief periods of the company for those qualifying activities,

the development and expansion company carries on any trade or business other than the qualifying activity or activities, separate accounts must be maintained for that other trade or business and in respect of the same accounting period; and the income from that other trade or business must be computed and assessed in accordance with the Income Tax Act (Cap. 134) with such adjustments as the Comptroller thinks reasonable and proper.

(2) Where, in the opinion of the Comptroller, the carrying on of such other trade or business is subordinate or incidental to the carrying on of the qualifying activity or activities, the income or loss arising from such other trade or business is considered to form part of the income or loss of the company from that qualifying activity or the total income or total loss of the company from those qualifying activities.

*[Act 11 of 2016 wef 19/04/2016]*

### **Deduction of losses**

**19O.** The Minister may, in relation to development and expansion companies, by regulations provide for —

- (a) the manner in which expenses, capital allowances and donations allowable under the Income Tax Act are to be deducted; and
- (b) the deduction of capital allowances, losses and donations otherwise than in accordance with sections 23 and 37 of the Income Tax Act (Cap. 134).

*[11/2004]*

### **Power to give directions**

**19P.** For the purposes of this Act and the Income Tax Act, the Comptroller may direct that —

- (a) any sum payable to a development and expansion company in its tax relief period for a qualifying activity which might reasonably and properly have been expected to be payable, in the normal course of business, after the end of that period shall be treated as not having been payable in that period but as having been payable on such date, after that period, as the Comptroller thinks fit; and

*[Act 11 of 2016 wef 19/04/2016]*

- (b) any expense incurred by a development and expansion company in respect of a qualifying activity within one year after the end of the tax relief period for that activity which might reasonably and properly have been expected to be incurred, in the normal course of business, during that tax relief period, is to be treated —

(i) as not having been incurred within that year; but

(ii) as having been incurred for the purposes of that qualifying activity and on such date during that tax relief period as the Comptroller thinks fit.

*[Act 11 of 2016 wef 19/04/2016]*

## PART IV

### TRANSFER OF AWARDS

*[Act 20 of 2020 wef 15/06/2020]*

#### **Interpretation of this Part**

**20.** In this Part, unless the context otherwise requires —

“average corresponding income” means the average corresponding income mentioned in section 19J(6);

“development and expansion award” means an approval given by the Minister to a company under Part IIIB to be a development and expansion company for a Part IIIB qualifying activity;

“development and expansion company” means a development and expansion company as defined in section 19I;

“Part III commencement day”, in relation to a Part III qualifying activity, has the meaning given to “commencement day” in section 16;

“Part III qualifying activity” means any qualifying activity as defined in section 16;

“Part IIIB commencement day”, in relation to a Part IIIB qualifying activity, has the meaning given to “commencement day” in section 19I;

“Part IIIB qualifying activity” means any qualifying activity as defined in section 19I;

“pioneer industry award” means an approval given by the Minister to a company under Part II to be a pioneer enterprise for a pioneer product;

“pioneer service award” means an approval given by the Minister to a company under Part III to be a pioneer service company for a Part III qualifying activity;

“pioneer service company” means a pioneer service company as defined in section 16.

*[Act 20 of 2020 wef 15/06/2020]*

### **Application of this Part**

**21.—**(1) This Part applies where, because of a transfer or proposed transfer to a company (called in this Part a transferee company) of any business of a pioneer enterprise, pioneer service company or development and expansion company (called in this Part a transferor company) to which the transferor company’s pioneer industry award, pioneer service award or development and expansion award (as the case may be) relates —

- (a) a pioneer product under the pioneer industry award (called in this Part the subject product) is or will be produced by the transferee company instead of the transferor company;
- (b) a Part III qualifying activity under the pioneer service award (called in this Part the subject activity) is or will be engaged in by the transferee company instead of the transferor company; or

(c) a Part IIIB qualifying activity under the development and expansion award (also called in this Part the subject activity) is or will be engaged in by the transferee company instead of the transferor company.

(2) In subsection (1), a transferee company includes a company that results from an amalgamation or merger involving the transferor company.

*[Act 20 of 2020 wef 15/06/2020]*

### **Application for transfer of award**

**22.**—(1) The transferor company may apply to the Minister to transfer to the transferee company the whole or part of its pioneer industry award, pioneer service award or development and expansion award (called in this Part the subject award) that relates to the subject product or subject activity, as the case may be.

(2) The application under subsection (1) must be made in writing, in the form and containing the particulars specified by the Minister.

(3) The Minister may approve the application under subsection (1) if the Minister is satisfied that —

(a) because of a transfer or proposed transfer to the transferee company of any business of the transferor company to which the subject award relates, the transferee company instead of the transferor company is or will be producing the subject product, or is or will be engaging in the subject activity; and

(b) it is in the public interest to approve the transfer.

(4) In approving an application under subsection (1), the Minister may —

(a) impose on the transferee company as conditions of the subject award transferred to it any conditions that the Minister thinks fit, which may be the same as or different from the conditions imposed on the transferor company for the subject award; and

(b) add to the conditions, or vary or remove any conditions, imposed on the transferor company for the subject award

that relates to any pioneer product, Part III qualifying activity or Part IIIB qualifying activity (as the case may be) under the subject award that the transferor company continues to produce or engage in.

(5) In approving an application under subsection (1) that relates to a development and expansion award, the Minister may, despite section 19J(7), (8) and (9) —

- (a) specify an amount as the average corresponding income of the transferee company for the subject activity for the year of assessment for which the approval is given and subsequent years of assessment, which may be —
  - (i) the average corresponding income of the transferor company for the subject activity immediately before the specified date mentioned in subsection (6)(a); or
  - (ii) any other amount that the Minister thinks fit; and
- (b) substitute, with effect from the year of assessment for which the approval is given and subsequent years of assessment, the average corresponding income of the transferor company for any Part IIIB qualifying activity under the subject award that it continues to engage in on or after the specified date mentioned in subsection (6)(a), with any amount that the Minister thinks fit.

(6) Where the Minister approves an application under subsection (1), then —

- (a) on a date specified by the Minister (called in this Part the specified date), the transferor company ceases to be, as the case may be —
  - (i) a pioneer enterprise for the subject product;
  - (ii) a pioneer service company for the subject activity; or
  - (iii) a development and expansion company for the subject activity;
- (b) starting on the specified date, the transferee company is treated as having been approved as a pioneer enterprise, a pioneer service company, or a development and expansion

company for the subject product or subject activity, as the case may be;

- (c) the transferee company's production day of the subject product, Part III commencement day of the subject activity, or Part IIIB commencement day of the subject activity (as the case may be) is the same as that of the transferor company, for the purposes of determining the transferee company's tax relief period under Part II, III or IIIB;
- (d) where the subject award is a development and expansion award, the transferee company is treated as having, for the purposes of section 19J(5E), (5EA), (5EB), (5EC) and (5F), the same concessionary rate of tax for each part of the tax relief period for its expansion income derived on or after the specified date from the subject activity, as that of the transferor company had the transferor company remained a development and expansion company for the subject activity;
- (e) the Minister must —
  - (i) amend the certificate for the subject award issued to the transferor company to remove the subject product or subject activity, as the case may be; or
  - (ii) cancel the certificate for the subject award if the transferor company no longer produces any pioneer product, or engages in any Part III qualifying activity or Part IIIB qualifying activity (as the case may be), specified in the certificate; and
- (f) the Minister must issue a certificate to the transferee company for the subject award transferred to it for the subject product or subject activity (as the case may be) in accordance with section 23.

(7) The Minister may, instead of approving the application under subsection (1), require the transferee company to apply for a new pioneer industry award, pioneer service award or development and expansion award, as the case may be.

- (8) To avoid doubt —
- (a) the specified date may be the same as or different from the date on which the Minister approves the application; and
  - (b) the tax relief in Part II, III or IIIB (as the case may be) does not apply to any income derived by the transferee company before the specified date.

*[Act 20 of 2020 wef 15/06/2020]*

### **Certificate for transferred awards**

**23.—**(1) A certificate issued to a transferee company under section 22(6)(f) must specify —

- (a) in the case of a pioneer industry award —
  - (i) the subject product; and
  - (ii) the production day mentioned in section 22(6)(c);
- (b) in the case of a pioneer service award —
  - (i) the subject activity; and
  - (ii) the Part III commencement day mentioned in section 22(6)(c); or
- (c) in the case of a development and expansion award —
  - (i) the subject activity;
  - (ii) the Part IIIB commencement day mentioned in section 22(6)(c); and
  - (iii) the concessionary rate of tax to be levied for the subject activity.

(2) Where the Minister approves an application under section 22(1) involving 2 or more pioneer products, 2 or more Part III qualifying activities or 2 or more Part IIIB qualifying activities (as the case may be), the Minister may issue a single certificate to the transferee company in respect of those pioneer products, Part III qualifying activities or Part IIIB qualifying activities if —

- (a) the tax relief periods of the transferee company for all the pioneer products, Part III qualifying activities or Part IIIB



qualifying activities (as the case may be) expire on the same day; and

- (b) the Minister is satisfied that the transferee company is producing or will produce all the pioneer products, or is engaging in or will engage in all the Part III qualifying activities or Part IIIB qualifying activities, as part of the same project.

(3) A certificate issued to a transferee company under section 22(6)(f) is treated as a pioneer certificate, a certificate issued under section 17 or a certificate issued under section 19J, as the case may be.

*[Act 20 of 2020 wef 15/06/2020]*

**24.** *[Repealed by Act 11/2004 wef 28/04/2004]*

**25.** *[Repealed by Act 11/2004 wef 28/04/2004]*

## PART V

### EXPANDING SERVICE COMPANIES

**26.** *[Repealed by Act 11/2004 wef 28/04/2004]*

**27.** *[Repealed by Act 11/2004 wef 28/04/2004]*

**28.** *[Repealed by Act 11/2004 wef 28/04/2004]*

## PART VI

### PRODUCTION FOR EXPORT

**29. to 44.** *[Repealed by Act 11/2004 wef 28/04/2004]*

## PART VIA

### EXPORT OF SERVICES

**44A.** *[Repealed by Act 33/2010 wef 14/01/2011]*

**44B.** *[Repealed by Act 33/2010 wef 14/01/2011]*

**44C.** *[Repealed by Act 33/2010 wef 14/01/2011]*

**44D.** *[Repealed by Act 33/2010 wef 14/01/2011]*

**44E.** [*Repealed by Act 33/2010 wef 14/01/2011*]

**44F.** [*Repealed by Act 33/2010 wef 14/01/2011*]

**44G.** [*Repealed by Act 33/2010 wef 14/01/2011*]

**44H.** [*Repealed by Act 33/2010 wef 14/01/2011*]

**44I.** [*Repealed by Act 33/2010 wef 14/01/2011*]

## PART VII

### INTERNATIONAL TRADE INCENTIVES

**45. to 56.** [*Repealed by Act 11/2004 wef 28/04/2004*]

## PART VIII\*

### FOREIGN LOANS FOR PRODUCTIVE EQUIPMENT

#### **Application for approval of foreign loan**

**57.—**(1) A company that has obtained, or desires to obtain, a loan of not less than \$20 million from a non-resident person (called in this Part a foreign lender) by means of an agreement under which credit facilities are granted for the purchase of productive equipment for the purposes of its trade or business, may apply to the Minister for that loan to be approved as an approved foreign loan.

*[Act 11 of 2016 wef 24/02/2015]*

*[Act 20 of 2020 wef 15/06/2020]*

(2) The Minister may, where the Minister thinks it expedient to do so, consider an application for approval in respect of a foreign loan of less than \$20 million.

*[Act 11 of 2016 wef 24/02/2015]*

(3) The application shall be in such form and with such particulars as may be prescribed, and shall be accompanied by a copy of the agreement.

*[Act 11 of 2016 wef 24/02/2015]*

(4) Where the Minister is satisfied as to the bona fides of such an application and that it is expedient in the public interest to do so, the Minister may —

---

\*From year of assessment 1997.

(a) subject to such conditions as the Minister considers appropriate, approve the loan specified in the application as an approved foreign loan; and

(b) issue a certificate certifying the approval.

*[Act 11 of 2016 wef 24/02/2015]*

(5) Every certificate issued under subsection (4) shall be in such form and contain such particulars as may be prescribed.

*[Act 11 of 2016 wef 24/02/2015]*

(6) The Minister may not approve any loan as an approved foreign loan on or after 1 January 2024.

*[Act 11 of 2016 wef 24/02/2015]*

*[Act 11 of 2016 wef 24/02/2015]*

*[Act 20 of 2020 wef 15/06/2020]*

### **Restriction on disposal of specified productive equipment**

**58.** Any productive equipment purchased and financed from an approved foreign loan shall not be sold, transferred, or otherwise disposed of without the prior written permission of the Minister, unless the loan has been repaid in full.

*[Act 20 of 2020 wef 15/06/2020]*

### **Exemption of approved foreign loan interest from tax**

**59.—**(1) Notwithstanding section 43(1) of the Income Tax Act (Cap. 134), the Minister may, subject to subsection (2), if he is satisfied that it is expedient in the public interest to do so, by an endorsement to that effect on the approved foreign loan certificate, exempt from tax or authorise that tax at such concessionary rate as specified in the certificate be levied and paid upon any interest on an approved foreign loan payable to a foreign lender.

*[1/95]*

*[53/2007 wef Y/A 2008 and sub Y/A]*

(2) Where a company has contravened section 58 or any conditions imposed by the Minister under section 57(5), the amount which, but for subsection (1), would have been deductible by the company from the interest paid by it to the foreign lender under section 45 of the Income Tax Act shall be deemed to have been deducted from that interest and shall be a debt due from the company to the Government

and be recoverable in the manner provided by section 89 of the Income Tax Act (Cap. 134).

[1/95]

(3) No action shall be taken by the Comptroller to recover any debt under subsection (2) without the prior sanction of the Minister.

*[Act 20 of 2020 wef 15/06/2020]*

### **Exemption of additional interest on approved foreign loan from tax**

**60.**—(1) Subject to subsection (3), section 59 shall apply to any additional interest payable on an approved foreign loan by reason of any arrangement whereby the period within which the loan must be repaid in full has been extended.

(2) The rate of interest payable in respect of any such extended period shall not, without the prior sanction of the Minister, be higher than the rate of interest specified in the certificate relating to the approved foreign loan.

(3) Any company making any such arrangement shall give notice thereof in writing to the Minister within 30 days from the date on which the arrangement is made.

*[Act 20 of 2020 wef 15/06/2020]*

## **PART IX**

### **ROYALTIES, FEES AND DEVELOPMENT CONTRIBUTIONS**

#### **Application for approval of royalties, fees or contributions**

**61.**—(1) A company engaged in any industry which is desirous of entering into an agreement or arrangement with a non-resident person whereby royalties or technical assistance fees or contributions to research and development costs are payable to the non-resident person, may apply to the Minister for those royalties, fees or contributions to be approved as approved royalties, fees or contributions, as the case may be, for the purposes of this Part.

*[Act 11 of 2016 wef 24/02/2015]*

(2) The application must be in such form and contain such particulars as the Minister may require, and must be accompanied by —

- (a) a copy of the proposed agreement or arrangement certified by the non-resident person; or
- (b) such particulars as the Minister may require.

*[Act 11 of 2016 wef 24/02/2015]*

(3) Where the Minister is satisfied as to the bona fides of an application and that it is expedient in the public interest to do so, the Minister may —

- (a) subject to such conditions as the Minister considers appropriate, approve the royalties, fees or contributions specified in the application as approved royalties, fees or contributions; and
- (b) issue a certificate certifying the approval.

*[Act 11 of 2016 wef 24/02/2015]*

(4) The Minister may not approve any royalties, fees or contributions as approved royalties, fees or contributions on or after 1 January 2024.

*[Act 11 of 2016 wef 24/02/2015]*

### **Notice of variation of terms of agreement or arrangement**

**62.**—(1) If for any reason any approved royalties, fees or contributions payable by a company cease to become payable before the expiry of the period of agreement or arrangement related thereto, the company shall, within 30 days from the date on which the royalties, fees or contributions cease to become payable, give notice thereof to the Minister.

(2) The company to which a certificate has been issued under section 61 shall not, without the prior sanction of the Minister, amend or otherwise vary the terms of the agreement or arrangement related thereto, except in cases where for the same consideration the amount of the approved royalties, fees or contributions is to be reduced and in that event the company shall notify the Minister accordingly within 30 days from the date on which the amount is reduced.

### **Relief conditional on no increase in foreign tax**

**63.** *[Repealed by Act 1/95]*

**Reduction of tax for approved royalties, fees or contributions**

**64.**—(1) Notwithstanding section 43(1) of the Income Tax Act (Cap. 134), the Minister may, subject to subsection (2), if he is satisfied that it is expedient in the public interest to do so, by an endorsement to that effect on the approved royalties, fees or contributions certificate, exempt from tax or authorise that tax at such concessionary rate as specified in the certificate be levied and paid upon any approved royalties, fees or contributions received by a non-resident person.

[1/95]

[53/2007 wef Y/A 2008 and sub Y/A]

(2) Where —

- (a) on or after the date of commencement of section 26 of the Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2016, a company contravenes section 62(2) or any condition under section 61(3); and
- (b) the Minister is of the view that it is in the public interest to do so,

the Minister may revoke the approval under section 61(3)(a).

[Act 11 of 2016 wef 19/04/2016]

(3) In subsection (2), the approval to be revoked, in the case of a contravention of section 62(2), is the approval of those royalties, fees or contributions that are payable under the agreement or arrangement that is the subject of the contravention.

[Act 11 of 2016 wef 19/04/2016]

(4) Where an approval of any royalties, fees or contributions is revoked under subsection (2), the amount of tax which, but for subsection (1), would have been deductible by the company from the royalties, fees or contributions paid by it to the non-resident person under section 45A of the Income Tax Act —

- (a) is considered to have been deducted from the royalties, fees and contributions;
- (b) is a debt due from the company to the Government; and

(c) is, with the prior sanction of the Minister, recoverable in the manner provided by section 89 of the Income Tax Act.

*[Act 11 of 2016 wef 19/04/2016]*

(5) The Minister for Finance may waive all or a part of any debt due from a company under subsection (4), if the Minister for Finance is satisfied that the company did not knowingly or intentionally contravene —

(a) section 62(2); or

(b) the condition imposed under section 61(3),

as the case may be.

*[Act 11 of 2016 wef 19/04/2016]*

(6) A reference in subsections (2), (3) and (4) to an approval under section 61(3)(a) is, in the case of an approval given under section 61 before 24 February 2015, a reference to a certificate under that section as in force immediately before that date.

*[Act 11 of 2016 wef 19/04/2016]*

### **Exemption from tax where investment made in approved enterprise**

**65.** Where, in accordance with section 64, the tax payable on any approved royalties, fees or contributions is at a reduced rate, and it is proved to the satisfaction of the Comptroller that the royalties, fees or contributions, either wholly or in part, have been expended in the acquisition of ordinary share capital in the company from which those payments were received, the amount of income equal to that expenditure shall be exempt from tax.

*[22/87]*

## **PART X**

### **INVESTMENT ALLOWANCES**

#### **Interpretation of this Part**

**66.—**(1) In this Part, unless the context otherwise requires —

“approved project” means a project approved by the Minister under section 67(2);

“chargeable concessionary income” means concessionary income after deducting expenses, donations, allowances or losses allowable under the Income Tax Act against the concessionary income;

“chargeable normal income” means normal income after deducting expenses, donations, allowances or losses allowable under the Income Tax Act against the normal income;

“concessionary income” means income subject to tax at the concessionary rate of tax under section 43A, 43C, 43E, 43G, 43I, 43J, 43N, 43P, 43Q, 43R, 43W, 43X, 43Y, 43Z, 43ZA, 43ZB, 43ZC, 43ZD, 43ZE, 43ZF, 43ZG, 43ZH or 43ZI of the Income Tax Act, or the regulations made under any of those provisions, as the case may be;

*[14/2007 wef 05/03/2007]*

*[53/2007 wef 01/03/2007]*

*[34/2008 wef 01/04/2008]*

*[29/2010 wef 01/04/2010]*

*[22/2011 wef 01/06/2011]*

*[Act 19 of 2013 wef 25/02/2013]*

*[Act 2 of 2016 wef 01/04/2015]*

*[Act 34 of 2016 wef 29/12/2016]*

*[Act 39 of 2017 wef 26/10/2017]*

*[Act 20 of 2020 wef 15/06/2020]*

“concessionary investment allowance” means an investment allowance given to a company for an approved project from which the concessionary income of the company is derived;

“concessionary investment allowance account” means an account kept by a company for the purpose of calculating the amount of concessionary investment allowance granted under this Part;

“construction operations” means —

- (a) construction, alteration, repair, extension or demolition of buildings and structures;



- (b) construction, alteration, repair, extension or demolition of any works forming, or to form, part of any land; or
- (c) any operations which form an integral part of, or are preparatory to, or are for rendering complete the operations described in paragraph (a) or (b) including site clearance, earth-moving excavation, laying of foundations, site restoration, landscaping and the provision of drains and of roadways and other access works;

“corporate partnership” means a partnership, limited liability partnership or limited partnership comprising solely of partners that are companies;

*[Act 20 of 2020 wef 15/06/2020]*

“fixed capital expenditure” means capital expenditure to be incurred on an approved project by a company on the following items that are used for carrying out the project —

- (a) factory building (excluding land) in Singapore and, in relation to any project under section 67(1)(b), (c), (d), (f), (g) or (k), includes a building or structure specially designed for carrying out the project;

*[Act 20 of 2020 wef 15/06/2020]*

- (b) the acquisition of any know-how or patent rights; and
- (c) any new productive equipment (and, subject to the approval of the Minister, any secondhand productive equipment) to be used in Singapore and, in relation to any project under section 67(1)(h), (i) or (k), includes any productive equipment to be used outside Singapore as approved under section 67(3);

*[14/2007 wef 09/09/2004]*

*[Act 20 of 2020 wef 15/06/2020]*

“investment day”, in relation to a company, means the date specified in its certificate as the date from which the company shall qualify for the investment allowance;

“normal income” means income subject to tax at the rate of tax under section 43(1)(a) of the Income Tax Act (Cap. 134);

“normal investment allowance” means an investment allowance given to a company for an approved project from which the normal income of the company is derived;

“normal investment allowance account” means an account kept by a company for the purpose of calculating the amount of normal investment allowance granted under this Part;

“relevant income”, in relation to a company, means any income which —

(a) does not form part of the statutory income of the company or is exempt from tax under the provisions of this Act (other than this Part) or the Income Tax Act (Cap. 134); or

(b) is subject to tax at the concessionary rate under Part IIIA in force immediately before the date of commencement of the Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2004 or IIIB;

“research and development” has the same meaning as in section 2(1) of the Income Tax Act;

“space satellite” means an apparatus placed in orbit relative to the earth for any economic, scientific or technological purpose;

*[8/79; 29/80; 17/82; 34/84; 22/87; 1/95; 36/96; 4/98; 44/2002; 11/2004; 48/2004]*

*[Act 20 of 2020 wef 15/06/2020]*

“submarine cable system” means a network of interconnected submarine cables, and includes its submarine landing terminating equipment, terrestrial or submarine optical fibre systems, network equipment and any other equipment ancillary to the submarine cable system.

*[Act 20 of 2020 wef 15/06/2020]*

(2) For the purposes of this Part, fixed capital expenditure shall not be deemed to be incurred by a company unless —

- (a) in the case of any factory building or productive equipment to be constructed or installed on site, the expenditure is attributable to payment against work done in the construction of the building or the construction or installation of the productive equipment;
- (b) in the case of any productive equipment, other than that to which paragraph (a) or (c) applies, the company has received delivery of the equipment in Singapore;
- (c) in the case of any productive equipment to be used in relation to a project under section 67(1)(h), (i) or (k), the company has received delivery of the equipment.

*[8/79; 4/98]*

*[14/2007 wef 09/09/2004]*

*[Act 20 of 2020 wef 15/06/2020]*

(3) For the purposes of this Part, fixed capital expenditure incurred by a company in relation to a project under section 67(1)(k) excludes any such expenditure to the extent that it is or is to be subsidised by grants or subsidies from the Government or a statutory board.

*[Act 20 of 2020 wef 15/06/2020]*

### **Application of Parts X and XIV and section 3 in relation to corporate partnerships and partners of corporate partnerships**

**66A.**—(1) Regulations may be made under section 102(1) to apply the provisions of Parts X and XIV and section 3 (called in this section the applied provisions) for the following purposes:

- (a) to enable an investment allowance to be given to a corporate partnership;
- (b) to apportion the investment allowance given to the corporate partnership to its partners.

(2) Without limiting section 102(1), the regulations mentioned in subsection (1) may make provision —

- (a) to make any modification to any of the applied provisions that is necessary or expedient for the purposes mentioned in subsection (1);

- (b) to specify the circumstances under which a corporate partnership is considered to have sold, leased out or otherwise disposed of any assets in respect of which an investment allowance has been given; and
- (c) for the recovery of an investment allowance given to a corporate partnership from its partners, and the waiver of any liability of a partner to repay any part of the investment allowance.

*[Act 20 of 2020 wef 15/06/2020]*

### **Capital expenditure investment allowance**

**67.—**(1) Where a company proposes to carry out a project —

- (a) for the manufacture or increased manufacture of any product;
- (b) for the provision of specialised engineering or technical services;
- (c) for research and development;
- (d) for construction operations;
- (e) for reducing the consumption of water;
- (f) in relation to any qualifying activity as defined in section 16;
- (g) for the promotion of the tourist industry (other than a hotel) in Singapore;
- (h) for the operation of any space satellite;

*[14/2007 wef 09/09/2004]*

*[33/2010 wef 01/04/2010]*

- (i) for the provision of maintenance, repair and overhaul services to any aircraft;

*[14/2007 wef 09/09/2004]*

*[33/2010 wef 01/04/2010]*

*[Act 20 of 2020 wef 15/06/2020]*

- (j) for improving energy efficiency; or

*[33/2010 wef 01/04/2010]*

*[Act 20 of 2020 wef 15/06/2020]*

- (k) for the construction and operation by the company of any submarine cable system with one or more landing stations in Singapore, and any such landing station,

*[Act 20 of 2020 wef 15/06/2020]*

the company may apply in the prescribed form to the Minister for the approval of an investment allowance in respect of the fixed capital expenditure for the project.

*[8/79; 29/80; 17/82; 34/84; 22/87; 36/96; 4/98]*

(2) Where the Minister considers it expedient, having regard to the economic, technical and other merits of the project, he may approve the project and issue the company with a certificate which shall qualify the company for an investment allowance as stipulated in the certificate in respect of the fixed capital expenditure for the approved project subject to such terms and conditions as he thinks fit.

*[8/79]*

(3) For the purposes of subsection (2), the Minister may approve any investment allowance in respect of the fixed capital expenditure to be incurred on any productive equipment to be used outside Singapore for any project under subsection (1)(h), (i) or (k).

*[4/98]*

*[14/2007 wef 05/03/2007]*

*[Act 20 of 2020 wef 15/06/2020]*

(4) Every certificate issued under this section shall specify a date as the investment day from which the company shall be entitled to an investment allowance under this Part.

*[8/79]*

(5) The Minister may, in his discretion, upon the application of a company, amend its certificate by substituting for the investment day specified therein such earlier or later date as he thinks fit and thereupon the provisions of this Part shall have effect as if the date so substituted were the investment day in relation to that certificate.

(6) Approval under this section shall only be granted during the following periods to a company in respect of any project under subsection (1)(i):

- (a) between 9th September 2004 and 8th September 2009 (both dates inclusive); and

(b) between 1st April 2010 and 31st March 2015 (both dates inclusive).

*[33/2010 wef 01/04/2010]*

(7) Approval under this section shall only be granted during the period between 1st April 2010 and 31st March 2021 (both dates inclusive) to any company in respect of any project under subsection (1)(j).

*[33/2010 wef 01/04/2010]*

*[Act 11 of 2016 wef 01/04/2015]*

(8) Approval under this section may not be granted to any company in respect of any project under subsection (1)(a) to (h) on or after 1 January 2024.

*[Act 11 of 2016 wef 19/04/2016]*

(9) Approval under this section may only be granted during the period between 20 February 2018 and 31 December 2023 (both dates inclusive) to a company in respect of any fixed capital expenditure incurred by the company on or after 20 February 2018 on a submarine cable system or a landing station mentioned in subsection (1)(k), for a project under that subsection.

*[Act 20 of 2020 wef 15/06/2020]*

### **Investment allowance**

**68.**—(1) The investment allowance granted under section 67 shall be a specified percentage, not exceeding 100% of the amount (which may be subject to a specified maximum) of the fixed capital expenditure incurred on each item specified by the Minister under subsection (2) on an approved project if the fixed capital expenditure is incurred —

(a) within such period as the Minister may determine (referred to in this Act as the qualifying period), being a period commencing from the investment day and —

(i) not exceeding 5 years; or

(ii) not exceeding 8 years where the specified item is acquired under a hire-purchase agreement made on or after 15th February 2007; and

*[33/2010 wef 15/02/2007]*

- (b) in the case of a project under section 67(1)(g), within such period (hereinafter referred to as the qualifying period), not exceeding 10 years, commencing from the investment day as the Minister may determine.

*[8/79; 17/82; 22/87; 36/96]*

(2) The Minister —

- (a) shall specify the items of the fixed capital expenditure for the purposes of subsection (1); and
- (b) may specify the maximum amount of the investment allowance granted for the approved project.

(3) Where any question arises as to whether a particular item qualifies as one of the items under subsection (2)(a), it shall be determined by the Minister whose decision shall be final.

(4) In subsection (1), “specified” means specified by the Minister.

### **Crediting of investment allowance**

**69.**—(1) Where in the basis period for a year of assessment a company has incurred fixed capital expenditure, the company shall be given for that year of assessment an investment allowance in respect of such amount of the fixed capital expenditure as qualifies for the investment allowance under the terms and conditions of its certificate and in accordance with section 68.

(2) Notwithstanding subsection (1), no investment allowance shall be given to a company for an approved project from which relevant income of the company is derived.

*[36/96]*

(3) Where any investment allowance is given to a company for an approved project from which only normal income of the company is derived, the investment allowance shall be credited to an account to be called a “normal investment allowance account” which shall be kept by the company for the purposes of this Part.

*[1/95]*

(4) Where any investment allowance is given to a company for an approved project from which only concessionary income of the company is derived, the investment allowance shall be credited to an

account to be called a “concessionary investment allowance account” which shall be kept by the company for the purposes of this Part.

[1/95]

(5) Where a company derives both normal income and concessionary income at the same time from an approved project, the investment allowance shall be credited wholly to the normal investment allowance account or wholly to the concessionary investment allowance account as the Minister, or such person as he may appoint, may direct.

[1/95]

(6) Notwithstanding subsections (1) to (5), where a company has incurred, on or after 1st January 1996, fixed capital expenditure for a project approved under section 67(1)(e), the Minister may, if he is satisfied that it is expedient in the public interest to do so, direct that an investment allowance be given to the company for such expenditure, and such investment allowance shall be credited into a normal investment allowance account.

[36/96]

(7) Notwithstanding section 71, as from the relevant date, where the income of a company which is derived from an approved project is subject to tax as concessionary income instead of as normal income —

- (a) subject to paragraph (d), any balance in the normal investment allowance account at the end of the basis period for the year of assessment before the transitional year shall only be used for deduction against the chargeable normal income of the company for the transitional year;
- (b) where the company has incurred any fixed capital expenditure before the relevant date, any investment allowance given to the company for the fixed capital expenditure shall be credited to the normal investment allowance account;
- (c) where the company has incurred any fixed capital expenditure on or after the relevant date, any investment allowance given to the company for the fixed capital



expenditure shall be credited to the concessionary investment allowance account; and

- (d) the normal investment allowance account for the transitional year shall be debited with the amount of chargeable normal income for the transitional year not exceeding the credit in that account; and any remaining balance in that account for that year shall be debited from that account and credited to the concessionary investment allowance account for use against the chargeable concessionary income of the company for the transitional year and subsequent years of assessment.

[1/95]

(8) Notwithstanding section 71, as from the relevant date, where the income of a company which is derived from an approved project is subject to tax as normal income instead of as concessionary income —

- (a) subject to paragraph (d), any balance in the concessionary investment allowance account at the end of the basis period for the year of assessment before the transitional year shall only be used for deduction against the chargeable concessionary income of the company for the transitional year;
- (b) where the company has incurred any fixed capital expenditure before the relevant date, any investment allowance given to the company for the fixed capital expenditure shall be credited to the concessionary investment allowance account;
- (c) where the company has incurred any fixed capital expenditure on or after the relevant date, any investment allowance given to the company for the fixed capital expenditure shall be credited to the normal investment allowance account; and
- (d) the concessionary investment allowance account for the transitional year shall be debited with the amount of chargeable concessionary income for the transitional year not exceeding the credit in that account; and any remaining

balance in that account for that year shall be debited from that account and credited to the normal investment allowance account for use against the chargeable normal income of the company for the transitional year and subsequent years of assessment.

[1/95]

(9) Notwithstanding section 71(4), where the Comptroller is satisfied that a company has permanently ceased to derive any concessionary income in the basis period for any year of assessment —

- (a) the concessionary investment allowance account shall be debited with the amount of chargeable concessionary income of the company for that year of assessment not exceeding the credit in that account;
- (b) any remaining balance in the concessionary investment allowance account shall be debited from that account; and
- (c) an adjusted amount of any remaining balance referred to in paragraph (b) shall be credited to the normal investment allowance account for use against the chargeable normal income of the company for that year of assessment and subsequent years of assessment, and for this purpose “adjusted amount” means the amount ascertained in accordance with the formula

$$A \times \frac{B}{C}$$

where A is the amount of any remaining balance referred to in paragraph (b);

B is the concessionary rate of tax for that year of assessment at which the concessionary income is subject to tax; and

C is the rate of tax under section 43(1)(a) of the Income Tax Act (Cap. 134) for that year of assessment.

[1/95]

(10) In this section —

“relevant date” means the date in the basis period relating to any transitional year on which the income of an approved project is subject to tax as concessionary income instead of as normal income, or vice versa;

“transitional year” means any year of assessment relating to the basis period in which the income of an approved project is from the relevant date subject to tax as concessionary income instead of as normal income, or vice versa.

[1/95]

### **Prohibition to sell, lease out or dispose of assets**

**70.**—(1) During its qualifying period or within 2 years after the end of its qualifying period, a company shall not, without the written approval of the Minister, sell, lease out or otherwise dispose of any assets in respect of which an investment allowance has been given.

(2) Where during its qualifying period, or within 2 years after the end of its qualifying period, a company has sold, leased out or otherwise disposed of any assets in respect of which an investment allowance has been given, an amount equal to the aggregate of the investment allowance given in respect of that asset shall be recovered in the following manner:

(a) where the investment allowance given had been credited to the normal investment allowance account —

(i) the amount shall be deducted from that account; and

(ii) where that account is insufficient to give full effect to the recovery, an assessment or additional assessment in respect of the amount unrecovered shall be made upon the company; and

[Act 11 of 2016 wef 19/04/2016]

(b) where the investment allowance given had been credited to the concessionary investment allowance account —

(i) the amount shall be deducted from that account; and

- (ii) where that account is insufficient to give full effect to the recovery, an assessment or additional assessment in respect of the amount unrecovered shall be made upon the company.

*[1/95; 11/2004; 48/2004]*

*[Act 11 of 2016 wef 19/04/2016]*

- (3) Notwithstanding subsection (2), the Minister may waive wholly or partly the recovery of the investment allowance.

*[1/95]*

### **Exemption from income tax**

**71.**—(1) Subject to subsection (2), where for any year of assessment a normal investment allowance account of a company is in credit and the company has for that year of assessment any chargeable normal income —

- (a) an amount of the chargeable normal income, not exceeding the credit in the normal investment allowance account, shall be exempt from tax and the normal investment allowance account shall be debited with such amount; and
- (b) any remaining balance in the normal investment allowance account shall be carried forward to be used by the company in the first subsequent year of assessment when the company has chargeable normal income, and so on for subsequent years of assessment until the credit in the normal investment allowance account has been fully used.

*[1/95]*

(2) Where, for any year of assessment, a company has any chargeable concessionary income and the normal investment allowance account is in credit, the company may elect for any amount of the chargeable concessionary income, not exceeding the credit in the normal investment allowance account, to be exempt from tax and the normal investment allowance account to be debited with such amount.

*[1/95]*

(3) A company shall make the election under subsection (2) for any year of assessment at the time of lodgment of the return of income for

that year of assessment, except that the election for the year of assessment 1994 shall be made before 1st April 1995.

[1/95]

(4) Where, for any year of assessment, a concessionary investment allowance account of a company is in credit and the company has, for that year of assessment any chargeable concessionary income —

- (a) an amount of the chargeable concessionary income, not exceeding the credit in the concessionary investment allowance account, shall be exempt from tax and the concessionary investment allowance account shall be debited with such amount; and
- (b) any remaining balance in the concessionary investment allowance account shall be carried forward to be used by the company in the first subsequent year of assessment when the company has chargeable concessionary income, and so on for subsequent years of assessment until the credit in the concessionary investment allowance account has been fully used.

[1/95]

(5) Any amount of chargeable normal income of a company debited from the normal investment allowance account under section 69(7)(d) or any amount of chargeable concessionary income of a company debited from the concessionary investment allowance account under section 69(8)(d) or (9)(a) shall be exempt from tax.

[1/95]

### **Recovery of tax exempted**

**72.**—(1) Despite any other provision of this Part, the Comptroller may, subject to section 74 of the Income Tax Act (Cap. 134), make an assessment or additional assessment upon a company to recover any tax if it appears to the Comptroller that any amount of income of the company that has been exempted from tax ought not to have been so exempted by reason of the revocation under section 99 of a certificate issued under section 67 to the company.

(2) Parts XVII and XVIII of the Income Tax Act (relating to assessments, objections and appeals) and any rules made under that

Act apply, with the necessary modifications, to an assessment or additional assessment under subsection (1) as if it were a notice of assessment under those Parts.

*[Act 11 of 2016 wef 19/04/2016]*

**73.** *[Repealed by Act 11 of 2016 wef 19/04/2016]*

**74.** *[Repealed by Act 11 of 2016 wef 19/04/2016]*

### **No investment allowance for certain expenditure**

**74A.** No investment allowance shall be granted for any amount of fixed capital expenditure incurred on the acquisition of any know-how, patent rights or productive equipment for which an allowance has been claimed under section 19A(2A), (2B) or (2BAA) or 19B(1A), (1B) or (1BAA) of the Income Tax Act (Cap. 134).

*[Act 29/2010 wef Y/A 2011 & Sub Ys/A]*

*[Act 37 of 2014 wef 27/11/2014]*

## PART XI

### WAREHOUSING AND SERVICING INCENTIVES

**75. to 84.** *[Repealed by Act 11/2004 wef 28/04/2004]*

## PART XII

### INTERNATIONAL CONSULTANCY SERVICES

**85. to 92.** *[Repealed by Act 11/2004 wef 28/04/2004]*

## PART XIII

### INVESTMENTS IN NEW TECHNOLOGY COMPANIES

**93. to 97.** *[Repealed by Act 11/2004 wef 28/04/2004]*

## PART XIII A

### OVERSEAS INVESTMENT AND VENTURE CAPITAL INCENTIVES

**97A.** *[Repealed by Act 11/2004 wef 28/04/2004]*

- 97B.** [*Repealed by Act 11/2004 wef 28/04/2004*]  
**97C.** [*Repealed by Act 11/2004 wef 28/04/2004*]  
**97D.** [*Repealed by Act 11/2004 wef 28/04/2004*]  
**97E.** [*Repealed by Act 11/2004 wef 28/04/2004*]  
**97F.** [*Repealed by Act 11/2004 wef 28/04/2004*]  
**97G.** [*Repealed by Act 11/2004 wef 28/04/2004*]

### PART XIII B

[*Repealed by Act 11 of 2016 wef 25/02/2013*]

### PART XIII C

[*Repealed by Act 11 of 2016 wef 19/04/2016*]

### PART XIII D

## INTEGRATED INVESTMENT ALLOWANCE

[*Act 2 of 2013 wef 17/02/2012*]

### **Interpretation of this Part**

**97ZA.** In this Part, unless the context otherwise requires —

“approval letter” means a letter issued under section 97ZB(4);

“approved project” means a project approved by the Minister under section 97ZB(2);

“concessionary income” means income subject to tax at a concessionary rate of tax under this Act or the Income Tax Act (Cap. 134), or under the regulations made under any of those Acts;

“fixed capital expenditure”, in relation to any qualifying equipment for an approved project, means capital expenditure (including capital expenditure on alteration to any building incidental to the installation of the qualifying

equipment) to be incurred on the qualifying equipment on or after the investment day for the approved project in question;

“IIA” means an integrated investment allowance given under section 97ZC;

“investment day”, in relation to an approved project, means the date specified in section 97ZB(4)(b) for the project;

“net chargeable concessionary income” means concessionary income after deducting expenses, donations, allowances or losses allowable under the Income Tax Act against the concessionary income, and after deducting investment allowance (if any) under Part X;

“net chargeable normal income” means normal income after deducting expenses, donations, allowances or losses allowable under the Income Tax Act against the normal income, and after deducting investment allowance (if any) under Part X;

“normal income” means income subject to tax at the rate of tax under section 43(1)(a) of the Income Tax Act;

“project company” means the company referred to as such in section 97ZB(1);

“qualifying equipment”, in relation to a company that is issued an approval letter for an approved project, means —

(a) for a project that is approved under section 97ZB(2) before 21 February 2017 —

(i) any new productive equipment; or

(ii) any second-hand productive equipment (other than productive equipment sold and repurchased by the company),

to be provided to and used by a project company solely for manufacturing any product for the firstmentioned company or providing specialised engineering or technical services on behalf of or to the firstmentioned company under the approved project; and



(b) for a project that is approved under section 97ZB(2) on or after 21 February 2017 —

(i) any new productive equipment; or

(ii) any second-hand productive equipment (other than productive equipment sold and repurchased by the company),

to be provided to and used by a project company solely or primarily for manufacturing any product for the firstmentioned company or providing specialised engineering or technical services on behalf of or to the firstmentioned company under the approved project;

*[Act 8 of 2018 wef 04/05/2018]*

“qualifying period”, in relation to any qualifying equipment, means the period specified in section 97ZB(4)(b) for that equipment.

*[Act 2 of 2013 wef 17/02/2012]*

### **Application for approval of project**

**97ZB.**—(1) Where a company proposes to carry out a project outside Singapore under which another company (referred to in this Part as the project company) —

(a) is to manufacture or increase the manufacture of any product for the first-mentioned company; or

(b) is to provide specialised engineering or technical services on behalf of or to the first-mentioned company,

the first-mentioned company may apply in the prescribed form to the Minister for an IIA in respect of the fixed capital expenditure to be incurred on qualifying equipment for the project.

(2) Where the Minister considers it expedient to do so, having regard to the economic, technical and other merits of the project, he may approve the project for the purposes of this Part and issue an approval letter to the company which shall qualify the company for an IIA.

(3) The IIA in respect of the fixed capital expenditure for an approved project is an amount that is the lower of the following:

- (a) an amount equal to the percentage (specified in the approval letter for the approved project), of  $C \times D$ ;
- (b) an amount specified in the approval letter for that approved project for the purpose of this subsection, if any.

*[Act 8 of 2018 wef 04/05/2018]*

(3A) For the purpose of subsection (3) —

- (a) C is the fixed capital expenditure incurred on the qualifying equipment for the approved project; and
- (b) D is 100% or, if the qualifying equipment is primarily used for manufacturing or providing the specialised engineering or technical services, the percentage determined by the Minister, and specified in the approval letter for the approved project, of the primary use.

*[Act 8 of 2018 wef 04/05/2018]*

(4) Every approval letter issued to a company under subsection (2) in respect of its approved project —

- (a) shall specify the qualifying equipment for the approved project, the fixed capital expenditure for which qualifies for the IIA;
- (b) shall specify a period (referred to in this Part as the qualifying period) for each qualifying equipment, commencing from a specified date (referred to in this Part as the investment day) and within which the fixed capital expenditure is to be incurred on the qualifying equipment to qualify for the IIA;
- (c) shall specify the IIA to be given;
- (d) shall specify such other terms and conditions as the Minister may impose on the approval letter; and
- (e) shall specify such other matters that are required to be specified in the approval letter.

*[Act 8 of 2018 wef 04/05/2018]*

*[Act 8 of 2018 wef 04/05/2018]*

*[Act 8 of 2018 wef 04/05/2018]*

(5) The maximum qualifying period for any qualifying equipment shall be —

- (a) where the qualifying equipment is not acquired under a hire-purchase agreement — 5 years; and
- (b) where the qualifying equipment is acquired under a hire-purchase agreement — 8 years.

(6) The decision as to whether to specify any particular equipment as qualifying equipment shall be at the discretion of the Minister, and his decision shall be final.

(7) The Minister may, in his discretion, upon an application by a company issued with an approval letter, amend the approval letter by substituting for the investment day for the approved project specified therein such earlier or later date as he thinks fit, and thereupon the provisions of this Part shall have effect as if the date so substituted were the investment day in relation to the approved project.

(7A) The Minister may, in the Minister's discretion, amend an approval letter by adding to, removing or substituting (as the case may be) any matter required to be specified in the approval letter under subsection (4).

*[Act 8 of 2018 wef 04/05/2018]*

(7B) An amendment in subsection (7A) takes effect from the date of the amended approval letter or, if specified in the amended approval letter, the effective date of the amendment.

*[Act 8 of 2018 wef 04/05/2018]*

(8) Approval under this section shall only be granted during the period between 17 February 2012 and 31 December 2022 (both dates inclusive).

*[Act 2 of 2013 wef 17/02/2012]*

*[Act 8 of 2018 wef 04/05/2018]*

## **Grant of IIA**

**97ZC.**—(1) Subject to subsections (2) and (3), where, in the basis period for any year of assessment, a company has incurred fixed capital expenditure on any qualifying equipment for an approved project within the qualifying period for that equipment, the company shall be given for that year of assessment an IIA in respect of the fixed

capital expenditure subject to the terms and conditions of its approval letter and in accordance with section 97ZB.

(2) An IIA may be given for the fixed capital expenditure incurred on any qualifying equipment if, and only if —

(a) in the case where the qualifying equipment is to be constructed or installed on site, the expenditure is attributable to payment against work done in the construction or installation of the equipment, or in any other case, the project company has received delivery of the equipment;

(b) no allowance has been claimed under section 19A(2A), (2B) or (2BAA) of the Income Tax Act (Cap. 134) in respect of that fixed capital expenditure; and

*[Act 8 of 2018 wef 04/05/2018]*

(c) no investment allowance has been claimed under Part X in respect of that fixed capital expenditure.

(3) An IIA shall ordinarily not be given to a company for any year of assessment for which the company derives from the approved project any income which —

(a) does not form part of the statutory income of the company, or is exempt from tax under the provisions of this Act (other than this Part) or the Income Tax Act; or

(b) is subject to tax at the concessionary rate of tax under Part IIIA in force immediately before the date of commencement of the Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2004 (Act 11 of 2004) or Part IIIB.

(4) The Minister may, in any particular case, allow an IIA to be given to a company in the circumstances referred to in subsection (3), subject to such terms and conditions as he has specified in the approval letter to the company.

*[Act 2 of 2013 wef 17/02/2012]*

## **Crediting of IIA**

**97ZD.**—(1) Where any IIA is given to a company for an approved project from which only normal income is derived in any year of assessment, the IIA shall be credited to an account (to be called a normal IIA account) which shall be kept by the company for the purposes of this Part.

(2) Where any IIA is given to a company for an approved project from which only concessionary income is derived in any year of assessment, the IIA shall be credited to an account (to be called a concessionary IIA account) which shall be kept by the company for the purposes of this Part.

(3) Where a company derives both normal income and concessionary income from an approved project in any year of assessment, the IIA shall be credited wholly to a normal IIA account or wholly to a concessionary IIA account as the Minister, or such person as he may appoint, may direct.

(4) The direction under subsection (3) may be given to a company at any time from (and including) the date of the approval letter issued to the company.

*[Act 2 of 2013 wef 17/02/2012]*

## **Exemption from income tax: general**

**97ZE.**—(1) Subject to subsection (2) and section 97ZF, where for any year of assessment, the normal IIA account of a company is in credit and the company has, for that year of assessment, any net chargeable normal income —

- (a) an amount of the net chargeable normal income, not exceeding the credit in the account, shall be exempt from tax and the account shall be debited with such amount; and
- (b) any remaining balance in the account shall be carried forward to be used in the manner referred to in paragraph (a) for every subsequent year of assessment when the company has net chargeable normal income, until the credit in the account has been fully used up.

(2) Where, for any year of assessment, the company has any net chargeable concessionary income and the normal IIA account is in credit, the company may elect for any amount of the net chargeable concessionary income, not exceeding the credit in the account, to be exempt from tax and the account to be debited with such amount, and if the company so elects, that amount of income shall be so exempt from tax and the account shall be so debited.

(3) A company shall make the election under subsection (2) for any year of assessment at the time of lodgment of the return of income for that year of assessment.

(4) Subject to section 97ZG, where for any year of assessment, the concessionary IIA account of a company is in credit and the company has, for that year of assessment, any net chargeable concessionary income —

- (a) an amount of the net chargeable concessionary income, not exceeding the credit in the account, shall be exempt from tax and the account shall be debited with such amount; and
- (b) any remaining balance in the account shall be carried forward to be used in the manner referred to in paragraph (a) for every subsequent year of assessment when the company has net chargeable concessionary income, until the credit in the account has been fully used up.

(5) Where the Comptroller is satisfied that a company has permanently ceased to derive any concessionary income in the basis period for any year of assessment —

- (a) the concessionary IIA account shall be debited with the amount of net chargeable concessionary income or the credit in the account, whichever is the less, for that year of assessment;
- (b) any remaining balance in the concessionary IIA account shall be debited from that account; and
- (c) an adjusted amount of any remaining balance referred to in paragraph (b) shall be credited to the normal IIA account to be used in accordance with subsection (1) for every

subsequent year of assessment when the company has net chargeable normal income, until the credit in the account has been fully used up.

(6) In subsection (5)(c), “adjusted amount” means the amount ascertained by the formula —

$$A \times \frac{B}{C},$$

where A is the amount of any remaining balance referred to in subsection (5)(b);

B is the concessionary rate of tax for the year of assessment referred to in subsection (5) at which the concessionary income is subject to tax; and

C is the rate of tax under section 43(1)(a) of the Income Tax Act (Cap. 134) for the year of assessment referred to in subsection (5).

(7) Any amount of net chargeable concessionary income of a company debited from the concessionary IIA account under subsection (5)(a) shall be exempt from tax.

*[Act 2 of 2013 wef 17/02/2012]*

**Exemption from income tax where company derives normal income or mixed income before a date, and concessionary income from that date**

**97ZF.**—(1) Notwithstanding section 97ZE(1) to (4), this section shall apply where —

- (a) the company derives normal income or both normal income and concessionary income from an approved project before a date (referred to in this section as the relevant date) in the basis period for a year of assessment (referred to in this section as the transitional year);
- (b) in the case where the company derives both normal income and concessionary income from the approved project before the relevant date, the Minister, or such person as he may appoint, has directed under section 97ZD(3) for

any IIA given for any fixed capital expenditure on any qualifying equipment for the project to be credited wholly to the normal IIA account; and

- (c) the company derives concessionary income from the approved project commencing from the relevant date to the end of the basis period for the transitional year.

(2) Subject to subsection (5), any credit in the normal IIA account at the end of the basis period for the year of assessment immediately before the transitional year shall be debited with the amount of net chargeable normal income of the company for the transitional year.

(3) Where the company has incurred any fixed capital expenditure on any qualifying equipment before the relevant date in the basis period for the transitional year, any IIA given to the company for the fixed capital expenditure for the transitional year shall be credited to the normal IIA account.

(4) Where the company has incurred any fixed capital expenditure on any qualifying equipment on or after the relevant date in the basis period for the transitional year, any IIA given to the company for the fixed capital expenditure for the transitional year shall be credited to the concessionary IIA account.

(5) The normal IIA account shall be debited with the amount of net chargeable normal income of the company for the transitional year or the credit in that account, whichever is the less; and any remaining balance in that account shall be debited from that account and credited to the concessionary IIA account to be used in accordance with section 97ZE(4) for the transitional year and every subsequent year of assessment when the company has net chargeable concessionary income, until the credit in the concessionary IIA account has been fully used up.

(6) Any amount of net chargeable normal income of a company debited from the normal IIA account under subsection (2) or (5) shall be exempt from tax.

*[Act 2 of 2013 wef 17/02/2012]*



**Exemption from income tax where company derives concessionary income or mixed income before a date, and normal income from that date**

**97ZG.**—(1) Notwithstanding section 97ZE(1) to (4), this section shall apply where —

- (a) the company derives concessionary income or both normal income and concessionary income from an approved project before a date (referred to in this section as the relevant date) in the basis period for a year of assessment (referred to in this section as the transitional year);
- (b) in the case where the company derives both normal income and concessionary income from an approved project before the relevant date, the Minister, or such person as he may appoint, has directed under section 97ZD(3) for any IIA given for any fixed capital expenditure on any qualifying equipment for the project to be credited wholly to the concessionary IIA account; and
- (c) the company derives normal income from the approved project commencing from the relevant date to the end of the basis period for the transitional year.

(2) Subject to subsection (5), any credit in the concessionary IIA account at the end of the basis period for the year of assessment immediately before the transitional year shall be debited with the amount of net chargeable concessionary income of the company for the transitional year.

(3) Where the company has incurred any fixed capital expenditure on any qualifying equipment before the relevant date in the basis period for the transitional year, any IIA given to the company for the fixed capital expenditure for the transitional year shall be credited to the concessionary IIA account.

(4) Where the company has incurred any fixed capital expenditure on any qualifying equipment on or after the relevant date in the basis period for the transitional year, any IIA given to the company for the fixed capital expenditure for the transitional year shall be credited to the normal IIA account.

(5) The concessionary IIA account shall be debited with the amount of net chargeable concessionary income for the transitional year or the credit in that account, whichever is the less; and any remaining balance in that account shall be debited from that account and credited to the normal IIA account to be used in accordance with section 97ZE(1), (2) and (3) for the transitional year and every subsequent year of assessment when the company has net chargeable normal income or net chargeable concessionary income, until the credit in the normal IIA account has been fully used up.

(6) Any amount of net chargeable concessionary income of a company debited from the concessionary IIA account under subsection (2) or (5) shall be exempt from tax.

*[Act 2 of 2013 wef 17/02/2012]*

### **Prohibition against selling, leasing out or disposing of qualifying equipment**

**97ZH.**—(1) Except as permitted under subsection (2), a company must not sell, lease (except to the project company) or otherwise dispose of any qualifying equipment in respect of which an IIA has been given to the company, during the qualifying period of the equipment and within 2 years after the end of such qualifying period.

(2) Subsection (1) does not apply if the company obtains the written approval of the Minister for the sale, lease or disposal.

*[Act 8 of 2018 wef 04/05/2018]*

### **Recovery of IIA**

**97ZHA.**—(1) Where a company has contravened section 97ZH(1) or failed to comply with any term or condition specified in the approval letter issued to the company, an amount equal to the whole of the IIA given in respect of a qualifying equipment must be recovered in the following manner:

(a) where the IIA given had been credited to the normal IIA account —

(i) the amount of the IIA must be deducted from that account; and

- (ii) where the credit in that account is insufficient to enable full recovery of the IIA, an assessment or additional assessment in respect of the shortfall must, subject to section 74 of the Income Tax Act (Cap. 134), be made upon the company;
- (b) where the IIA given had been credited to the concessionary IIA account —
  - (i) the amount of the IIA must be deducted from that account; and
  - (ii) where the credit in that account is insufficient to enable full recovery of the IIA, an assessment or additional assessment in respect of the shortfall must, subject to section 74 of the Income Tax Act, be made upon the company.

(2) The Minister may waive, wholly or partly, the recovery of the IIA under subsection (1).

*[Act 8 of 2018 wef 04/05/2018]*

### **Recovery of tax**

**97ZI.**—(1) Despite any other provision of this Part, the Comptroller may, subject to section 74 of the Income Tax Act (Cap. 134), make an assessment or additional assessment upon a company to recover any tax if it appears to the Comptroller that any amount of income of the company that has been exempted from tax ought not to have been so exempted by reason of the revocation under section 99 of the approval letter issued under section 97ZB to the company.

(2) Parts XVII and XVIII of the Income Tax Act (relating to assessments, objections and appeals) and any rules made under that Act apply, with the necessary modifications, to an assessment or additional assessment under subsection (1) as if it were a notice of assessment under those Parts.

*[Act 11 of 2016 wef 19/04/2016]*

**97ZJ.** *[Repealed by Act 11 of 2016 wef 19/04/2016]*

## PART XIIIIE

*[Repealed by Act 33/2010 wef 14/01/2011]*

## PART XIIIIF

*[Repealed by Act 33/2010 wef 14/01/2011]*

## PART XIV

## MISCELLANEOUS PROVISIONS

**Prohibition of publication of application and certificate or letter**

**98.**—(1) The contents of any application made by, or of any certificate or letter issued to, any company under any of the provisions of this Act shall not, except at the instance of the company, be published.

*[11/2004]*

(2) The Minister may cause to be published by notification in the *Gazette* the name of any company to which any such certificate or letter has been issued or whose certificate or letter has been revoked, and the industry and product or produce to which the certificate or letter relates.

*[11/2004]*

**Revocation of certificate or letter**

**99.**—(1) Where the Minister is satisfied that any company to which a certificate or letter has been issued under the provisions of this Act has contravened —

(a) any of the provisions of this Act; or

(b) any terms or conditions imposed on the certificate or letter,

he may, by notice in writing, require the company within 30 days from the date of service of the notice to show cause why the certificate or letter should not be revoked.

*[11/2004]*

(2) If the Minister is satisfied that, having regard to all the circumstances of the case it is expedient to do so, he may revoke the certificate or letter.

*[11/2004]*

(3) Where a certificate or letter is revoked under subsection (2), the Minister shall specify the date, which may be the date of the certificate or letter, from which its revocation shall be operative and the provisions of this Act shall cease to have effect in relation to the certificate or letter from that date.

*[11/2004]*

(4) This section applies to an approval granted under section 57 or 61, as amended by the Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2016, as if —

- (a) a reference in this section to the issue of a certificate or letter is a reference to the approval of a loan under section 57 or the approval of royalties, fees or contributions under section 61;
- (b) a reference in this section to terms or conditions imposed on the certificate or letter is a reference to the conditions of the approval mentioned in section 57(4)(a) or 61(3)(a), as the case may be;
- (c) a reference in this section to the revocation of a certificate or letter is a reference to the revocation of such approval;
- (d) a reference in this section to the date of a certificate or letter is a reference to the date of such approval; and
- (e) a reference in this section to the provisions of this Act ceasing to have effect in relation to a certificate or letter is a reference to the provisions of this Act ceasing to have effect in relation to the approved loan or the approved royalties, fees or contributions.

*[Act 11 of 2016 wef 19/04/2016]*

### **Provisions of Income Tax Act not affected**

**100.** Except as otherwise provided, nothing in this Act shall exempt any company to which a certificate has been issued under the provisions of this Act from making any return to the Comptroller or

from complying with the provisions of the Income Tax Act (Cap. 134) in any respect so as to establish the liability to tax, if any, of the company.

### **Action of officers no offence**

**101.** Nothing done by an officer of the Government in the course of his duties shall be deemed to be an offence under this Act.

[107

### **Regulations**

**102.**—(1) The Minister may make such regulations as may be necessary or expedient for the purpose of carrying out the provisions of this Act.

(2) Without prejudice to the generality of subsection (1), the Minister may make regulations for or with respect to all or any of the following matters:

- (a) any matters required by this Act to be prescribed;
- (b) the procedure relating to applications for and the issue of certificates under this Act;
- (c) the terms and conditions to be imposed on any certificate issued under this Act; and
- (d) the furnishing of such information, including progress and sales reports and statements of accounts, as may be required for the purposes of this Act.

(3) The Minister may in writing authorise any person or authority to prescribe such forms as are required to be or may be prescribed under this Act.

(4) All regulations made under this section shall be presented to Parliament as soon as possible after publication in the *Gazette*.

[108

### **Savings provision**

**103.** Notwithstanding the repeal of Parts IIIA, IV, XI and XIII A by the Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2004, the repealed Parts IIIA, IV, XI and XIII A

shall continue to apply to and have effect on any approved company approved before and its qualifying activities conducted before the date of commencement of the Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2004 as if that Act had not been enacted.

[109

[11/2004]

**104.** [*Repealed by Act 11 of 2016 wef 19/04/2016*]

LEGISLATIVE HISTORY  
ECONOMIC EXPANSION INCENTIVES (RELIEF FROM  
INCOME TAX) ACT  
(CHAPTER 86)

This Legislative History is provided for the convenience of users of the Economic Expansion Incentives (Relief from Income Tax) Act. It is not part of the Act.

**1. Act 36 of 1967 — Economic Expansion Incentives (Relief from Income Tax) Act 1967**

Date of First Reading	:	14 November 1967 (Bill No. 32/67 published on 17 November 1967)
Date of Second and Third Readings	:	5 December 1967
Date of commencement	:	15 December 1967

**2. Act 31 of 1970 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 1970**

Date of First Reading	:	26 June 1970
Date of Second and Third Readings	:	19 August 1975
Date of commencement	:	10 November 1970

**3. Act 27 of 1975 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 1975**

Date of First Reading	:	29 July 1975 (Bill No. 39/75 published on 5 August 1975)
Date of Second and Third Readings	:	19 August 1975
Date of commencement	:	1 September 1975

**4. Act 8 of 1979 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 1979**

Date of First Reading	:	5 March 1979 (Bill No. 10/79 published on 12 March 1979)
Date of Second and Third Readings	:	30 March 1979
Date of commencement	:	20 April 1979



**5. Act 32 of 1979 — Economic Expansion Incentives (Relief from Income Tax) (Amendment No. 2) Act 1979**

Date of First Reading	:	21 September 1979 (Bill No. 34/79 published on 25 September 1979)
Date of Second and Third Readings	:	11 December 1979
Date of commencement	:	28 December 1979

**6. Act 29 of 1980 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 1980**

Date of First Reading	:	31 October 1980 (Bill No. 28/80 published on 7 November 1980)
Date of Second and Third Readings	:	28 November 1980
Date of commencement	:	4 December 1980

**7. Act 17 of 1982 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 1982**

Date of First Reading	:	27 July 1982 (Bill No. 19/82 published on 4 August 1982)
Date of Second and Third Readings	:	31 August 1982
Date of commencement	:	10 September 1982

**8. Act 34 of 1984 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 1984**

Date of First Reading	:	24 August 1984 (Bill No. 29/84 published on 31 August 1984)
Date of Second and Third Readings	:	19 October 1984
Date of commencement	:	30 November 1984

**9. Act 37 of 1984 — Economic Expansion Incentives (Relief from Income Tax) (Amendment No. 2) Act 1984**

Date of First Reading	:	19 October 1984 (Bill No. 32/84 published on 27 October 1984)
Date of Second and Third Readings	:	20 November 1984
Date of commencement	:	7 December 1984

**10. Act 22 of 1987 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 1987**

- Date of First Reading : 28 July 1987  
(Bill No. 14/87 published on  
30 July 1987)
- Date of Second and Third Readings : 31 August 1987
- Date of commencement : 18 September 1987 and other  
dates (see section 1 of the Act)

**11. Act 24 of 1989 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 1989**

- Date of First Reading : 13 March 1989  
(Bill No. 23/89 published on  
14 March 1989)
- Date of Second and Third Readings : 7 April 1989
- Date of commencement : 21 April 1989

**12. Act 29 of 1991 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 1991**

- Date of First Reading : 28 June 1991  
(Bill No. 22/91 published on  
29 June 1991)
- Date of Second and Third Readings : 29 July 1991
- Date of commencement : 16 August 1991

**13. Act 36 of 1993 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 1993**

- Date of First Reading : 12 October 1993  
(Bill No. 30/93 published on  
13 October 1993)
- Date of Second and Third Readings : 10 November 1993
- Date of commencement : 26 November 1993 (except  
section 5)  
1 April 1993 (section 5)

**14. Act 1 of 1995 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 1995**

- Date of First Reading : 31 October 1994  
(Bill No. 26/94 published on  
1 November 1994)

Date of Second and Third Readings : 23 January 1995  
 Date of commencement : 10 February 1995 and other  
 dates (see section 1 of the Act)

**15. Act 24 of 1995 — Regulation of Imports and Exports Act 1995**  
 (Consequential amendments made by)

Date of First Reading : 25 May 1995  
 (Bill No. 19/95 published on  
 26 May 1995)  
 Date of Second and Third Readings : 7 July 1995  
 Date of commencement : 1 December 1995

**16. 1996 Revised Edition — Economic Expansion Incentives (Relief from  
 Income Tax) Act**

Date of operation : 30 April 1996

**17. Act 36 of 1996 — Economic Expansion Incentives (Relief from Income  
 Tax) (Amendment) Act 1996**

Date of First Reading : 1 October 1996  
 (Bill No. 32/96 published on  
 1 October 1996)  
 Date of Second and Third Readings : 10 October 1996  
 Date of commencement : 25 October 1996

**18. Act 4 of 1998 — Economic Expansion Incentives (Relief from Income  
 Tax) (Amendment) Act 1998**

Date of First Reading : 14 January 1998  
 (Bill No. 7/98 published on  
 15 January 1998)  
 Date of Second and Third Readings : 19 February 1998  
 Date of commencement : 11 July 1997

**19. Act 44 of 2002 — Economic Expansion Incentives (Relief from Income  
 Tax) (Amendment) Act 2002**

Date of First Reading : 25 November 2002  
 (Bill No. 46/2002 published on  
 26 November 2002)  
 Date of Second and Third Readings : 5 December 2002  
 Date of commencement : 1 June 2001

**20. 2001 Revised Edition — Economic Expansion Incentives (Relief from Income Tax) Act**

Date of operation : 31 July 2001

**21. Act 44 of 2002 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2002**

Date of First Reading : 25 November 2002  
(Bill No. 46/2002 published on  
26 November 2002)

Date of Second and Third Readings : 5 December 2002

Date of commencement : 3 May 2002

**22. Act 11 of 2004 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2004**

Date of First Reading : 27 February 2004  
(Bill No. 7/2004 published on  
28 February 2004)

Date of Second and Third Readings : 20 April 2004

Date of commencement : 27 November 2002

**23. Act 11 of 2004 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2004**

Date of First Reading : 27 February 2004  
(Bill No. 7/2004 published on  
28 February 2004)

Date of Second and Third Readings : 20 April 2004

Date of commencement : 10 December 2002

**24. Act 44 of 2002 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2002**

Date of First Reading : 25 November 2002  
(Bill No. 46/2002 published on  
26 November 2002)

Date of Second and Third Readings : 5 December 2002

Date of commencement : 20 December 2002

**25. Act 11 of 2004 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2004**

- Date of First Reading : 27 February 2004  
(Bill No. 7/2004 published on  
28 February 2004)
- Date of Second and Third Readings : 20 April 2004
- Date of commencement : 20 December 2002

**26. Act 44 of 2002 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2002**

- Date of First Reading : 25 November 2002  
(Bill No. 46/2002 published on  
26 November 2002)
- Date of Second and Third Readings : 5 December 2002
- Date of commencement : 1 January 2003

**27. Act 11 of 2004 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2004**

- Date of First Reading : 27 February 2004  
(Bill No. 7/2004 published on  
28 February 2004)
- Date of Second and Third Readings : 20 April 2004
- Date of commencement : 1 March 2003

**28. Act 4 of 2003 — Customs (Amendment) Act 2003**  
(Consequential amendments made by)

- Date of First Reading : 10 March 2003  
(Bill No. 6/2003 published on  
11 March 2003)
- Date of Second and Third Readings : 21 March 2003
- Date of commencement : 1 April 2003

**29. Act 11 of 2004 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2004**

- Date of First Reading : 27 February 2004  
(Bill No. 7/2004 published on  
28 February 2004)
- Date of Second and Third Readings : 20 April 2004
- Date of commencement : 1 June 2003

**30. Act 11 of 2004 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2004**

- Date of First Reading : 27 February 2004  
(Bill No. 7/2004 published on  
28 February 2004)
- Date of Second and Third Readings : 20 April 2004
- Date of commencement : 1 January 2004

**31. Act 48 of 2004 — Economic Expansion Incentives (Relief from Income Tax) (Amendment No. 2) Act 2004**

- Date of First Reading : 19 October 2004  
(Bill No. 56/2004 published on  
20 October 2004)
- Date of Second and Third Readings : 17 November 2004
- Date of commencement : 27 February 2004

**32. Act 11 of 2004 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2004**

- Date of First Reading : 27 February 2004  
(Bill No. 7/2004 published on  
28 February 2004)
- Date of Second and Third Readings : 20 April 2004
- Date of commencement : 28 April 2004

**33. Act 14 of 2007 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2007**

- Date of First Reading : 22 January 2007  
(Bill No. 2/2007 published on  
23 January 2007)
- Date of Second and Third Readings : 12 February 2007
- Date of commencement : 9 September 2004

**34. Act 48 of 2004 — Economic Expansion Incentives (Relief from Income Tax) (Amendment No. 2) Act 2004**

- Date of First Reading : 19 October 2004  
(Bill No. 56/2004 published on  
20 October 2004)
- Date of Second and Third Readings : 17 November 2004
- Date of commencement : 25 November 2004

**35. 2005 Revised Edition — Economic Expansion Incentives (Relief from Income Tax) Act**

Date of operation : 31 March 2005

**36. Act 33 of 2010 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2010**

Date of First Reading : 18 October 2010  
(Bill No. 28/2010) published on  
18 October 2010

Date of Second and Third Readings : 22 November 2010

Date of commencement : 15 February 2007 (section 4)

**37. Act 53 of 2007 — Income Tax (Amendment No. 2) Act 2007**

Date of First Reading : 22 October 2007  
(Bill No. 43/2007 published on  
22 October 2007)

Date of Second and Third Readings : 12 November 2007

Date of commencement : 1 March 2007

**38. Act 14 of 2007 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2007**

Date of First Reading : 22 January 2007  
(Bill No. 2/2007 published on  
22 January 2007)

Date of Second and Third Readings : 12 February 2007

Dates of commencement : 5 March 2007 (section 2(a)  
and (b))

**39. Act 53 of 2007 — Income Tax (Amendment No. 2) Act 2007**

Date of First Reading : 22 October 2007  
(Bill No. 43/2007 published on  
22 October 2007)

Date of Second and Third Readings : 12 November 2007

Date of commencement : 1 January 2008

**40. Act 2 of 2013 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2013**

Date of First Reading : 12 November 2012 (Bill No.  
39/2012 published on  
12 November 2012)

Date of Second and Third Readings : 14 January 2013  
 Date of commencement : 18 February 2008 (Sections 3(a) and (b) and 4)

**41. Act 34 of 2008 — Income Tax (Amendment) Act 2008**

Date of First Reading : 20 October 2008  
 (Bill No. 30/2008 published on 20 October 2008)

Date of Second and Third Readings : 18 November 2008

Date of commencement : 1 April 2008

**42. Act 29 of 2010 — Income Tax (Amendment) Act 2010**

(Consequential amendments made to Act by)

Date of First Reading : 15 September 2010  
 (Bill No. 23/2010 published on 15 September 2010)

Date of Second and Third Readings : 18 October 2010

Date of commencement : 23 February 2010

**43. Act 29 of 2010 — Income Tax (Amendment) Act 2010**

(Consequential amendments made to Act by)

Date of First Reading : 15 September 2010  
 (Bill No. 23/2010 published on 15 September 2010)

Date of Second and Third Readings : 18 October 2010

Date of commencement : 1 April 2010

**44. Act 1 of 2012 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2012**

Date of First Reading : 21 November 2011  
 (Bill No. 21/2011 published on 21 November 2011)

Date of Second and Third Readings : 18 January 2012

Date of commencement : 1 April 2010

**45. Act 33 of 2010 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2010**

Date of First Reading : 18 October 2010  
 (Bill No. 28/2010) published on 18 October 2010



Date of Second and Third Readings : 22 November 2010

Date of commencement : 1 April 2010 (section 3)

**46. Act 33 of 2010 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2010**

Date of First Reading : 18 October 2010  
(Bill No. 28/2010) published on  
18 October 2010

Date of Second and Third Readings : 22 November 2010

Date of commencement : 14 January 2011 (with the  
exception of sections 3 and 4)

**47. Act 2 of 2013 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2013**

Date of First Reading : 12 November 2012  
(Bill No. 39/2012 published on  
12 November 2012)

Date of Second and Third Readings : 14 January 2013

Date of commencement : 14 January 2011 (Section 6)

**48. Act 22 of 2011 — Income Tax (Amendment) Act 2011**  
(Consequential amendments made by)

Date of First Reading : 17 October 2011  
(Bill No. 14/2011 published on  
17 October 2011)

Date of Second and Third Readings : 22 November 2011

Date of commencement : 1 June 2011

**49. Act 2 of 2013 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2013**

Date of First Reading : 12 November 2012 (Bill No.  
39/2012 published on  
12 November 2012)

Date of Second and Third Readings : 14 January 2013

Date of commencement : 1 June 2011

**50. Act 2 of 2013 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2013**

Date of First Reading	:	12 November 2012 (Bill No. 39/2012 published on 12 November 2012)
Date of Second and Third Readings	:	14 January 2013
Date of commencement	:	17 February 2012

**51. Act 1 of 2012 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2012**

Date of First Reading	:	21 November 2011 (Bill No. 21/2011 published on 21 November 2011)
Date of Second and Third Readings	:	18 January 2012
Date of commencement	:	29 February 2012

**52. Act 2 of 2013 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2013**

Date of First Reading	:	12 November 2012 (Bill No. 39/2012 published on 12 November 2012)
Date of Second and Third Readings	:	14 January 2013
Date of commencement	:	29 February 2012 (Section 2))

**53. Act 19 of 2013 — Income Tax (Amendment) Act 2013**

Date of First Reading	:	16 September 2013 (Bill No. 14/2013 published on 16 September 2013)
Date of Second and Third Readings	:	21 October 2013
Date of commencement	:	25 February 2013

**54. Act 11 of 2016 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2016**

Date of First Reading	:	29 February 2016 (Bill No. 9/2016 published on 29 February 2016)
Date of Second and Third Readings	:	14 March 2016
Date of commencement	:	25 February 2013

**55. Act 37 of 2014 — Income Tax (Amendment) Act 2014**

Date of First Reading	: 7 October 2014 (Bill No. 33/2014 published on 7 October 2014)
Date of Second and Third Readings	: 3 November 2014
Date of commencement	: 27 November 2014

**56. Act 11 of 2016 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2016**

Date of First Reading	: 29 February 2016 (Bill No. 9/2016 published on 29 February 2016)
Date of Second and Third Readings	: 14 March 2016
Date of commencement	: 24 February 2015

**57. Act 2 of 2016 — Income Tax (Amendment) Act 2016**

Date of First Reading	: 25 January 2016 (Bill No. 3/2016 published on 25 January 2016)
Date of Second and Third Readings	: 29 February 2016
Date of commencement	: 1 April 2015

**58. Act 11 of 2016 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2016**

Date of First Reading	: 29 February 2016 (Bill No. 9/2016 published on 29 February 2016)
Date of Second and Third Readings	: 14 March 2016
Date of commencement	: 1 April 2015

**59. Act 11 of 2016 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2016**

Date of First Reading	: 29 February 2016 (Bill No. 9/2016 published on 29 February 2016)
Date of Second and Third Readings	: 14 March 2016
Date of commencement	: 19 April 2016

**60. Act 8 of 2018 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2018**

Date of First Reading : 8 January 2018  
(Bill No. 1/2018)

Date of Second and Third Readings : 5 February 2018

Date of commencement : 19 April 2016

**61. Act 34 of 2016 — Income Tax (Amendment No. 3) Act 2016**

Date of First Reading : 10 October 2016 (Bill No.  
34/2016 published on  
10 October 2016)

Date of Second and Third Readings : 10 November 2016

Date of commencement : 29 December 2016

**62. Act 39 of 2017 — Income Tax (Amendment) Act 2017**

Date of First Reading : 11 September 2017  
(Bill No. 36/2017)

Date of Second and Third Readings : 2 October 2017

Date of commencement : 26 October 2017

**63. Act 8 of 2018 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2018**

Date of First Reading : 8 January 2018  
(Bill No. 1/2018)

Date of Second and Third Readings : 5 February 2018

Date of commencement : 4 May 2018

**64. Act 20 of 2020 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2020**

Date of First Reading : 3 February 2020 (Bill No.  
9/2020 published on  
3 February 2020)

Date of Second and Third Readings : 26 March 2020

Date of commencement : 15 June 2020

**COMPARATIVE TABLE**  
**ECONOMIC EXPANSION INCENTIVES (RELIEF FROM**  
**INCOME TAX) ACT**  
**(CHAPTER 86)**

The following provisions in the 2001 Revised Edition of the Economic Expansion Incentives (Relief from Income Tax) Act have been renumbered by the Law Revision Commissioners in this 2005 Revised Edition.

This Comparative Table is provided for the convenience of users. It is not part of the Economic Expansion Incentives (Relief from Income Tax) Act.

<b>2005 Ed.</b>	<b>2001 Ed.</b>
—	PART IIIA — POST-PIONEER COMPANIES
—	<b>19A</b> — Interpretation of this Part <i>(Repealed by Act 11/2004)</i>
—	<b>19B</b> — Application for and issue of certificate to post-pioneer company <i>(Repealed by Act 11/2004)</i>
—	<b>19C</b> — Tax relief period of post-pioneer company <i>(Repealed by Act 11/2004)</i>
—	<b>19D</b> — Ascertainment of income in respect of other trade or business <i>(Repealed by Act 11/2004)</i>
—	<b>19E</b> — Deduction of losses <i>(Repealed by Act 11/2004)</i>
—	<b>19F</b> — Certain dividends exempted from income tax <i>(Repealed by Act 11/2004)</i>
—	<b>19G</b> — Power to give directions <i>(Repealed by Act 11/2004)</i>
—	<b>19H</b> — Ascertainment of income in respect of qualifying activities <i>(Repealed by Act 11/2004)</i>

2005 Ed.	2001 Ed.
—	PART IV — EXPANSION OF ESTABLISHED ENTERPRISES
—	<b>20</b> — Power and procedure for declaring an industry and a product an approved product <i>(Repealed by Act 11/2004)</i>
—	<b>21</b> — Issue of expansion certificate and amendment thereof <i>(Repealed by Act 11/2004)</i>
—	<b>22</b> — Tax relief period of expanding enterprise <i>(Repealed by Act 11/2004)</i>
—	<b>23</b> — Application of section 9 to expanding enterprise <i>(Repealed by Act 11/2004)</i>
—	<b>24</b> — Tax relief <i>(Repealed by Act 11/2004)</i>
—	<b>25</b> — Exemption from income tax of dividends from expanding enterprise <i>(Repealed by Act 11/2004)</i>
—	PART V — EXPANDING SERVICE COMPANIES
—	<b>26</b> — Application for and issue and amendment of certificate for expanding service company <i>(Repealed by Act 11/2004)</i>
—	<b>27</b> — Tax relief period of expanding service company <i>(Repealed by Act 11/2004)</i>
—	<b>28</b> — Application of certain sections to expanding service company <i>(Repealed by Act 11/2004)</i>
—	PART VI — PRODUCTION FOR EXPORT

2005 Ed.	2001 Ed.
—	<b>29</b> — Power to approve a product or produce as an export product or export produce <i>(Repealed by Act 11/2004)</i>
—	<b>30</b> — Application for and issue of export enterprise certificate <i>(Repealed by Act 11/2004)</i>
—	<b>31</b> — Amendment of export enterprise certificate <i>(Repealed by Act 11/2004)</i>
—	<b>32</b> — Tax relief period <i>(Repealed by Act 11/2004)</i>
—	<b>33</b> — Power to give directions <i>(Repealed by Act 11/2004)</i>
—	<b>34</b> — Application of Part XVI of Income Tax Act <i>(Repealed by Act 11/2004)</i>
—	<b>35</b> — Cognizance of export <i>(Repealed by Act 11/2004)</i>
—	<b>36</b> — Export to be in accordance with regulations and conditions <i>(Repealed by Act 11/2004)</i>
—	<b>37</b> — Computation of export profits <i>(Repealed by Act 11/2004)</i>
—	<b>38</b> — Conditions for relief <i>(Repealed by Act 11/2004)</i>
—	<b>39</b> — Tax relief on export profits <i>(Repealed by Act 11/2004)</i>
—	<b>40</b> — Dividends exempted <i>(Repealed by Act 11/2004)</i>
—	<b>41</b> — Power of entry into premises and taking of samples <i>(Repealed by Act 11/2004)</i>
—	<b>42</b> — No relanding of export product or export produce <i>(Repealed by Act 11/2004)</i>

2005 Ed.	2001 Ed.
—	<b>43</b> — Powers of search, seizure and arrest by officers of customs <i>(Repealed by Act 11/2004)</i>
—	<b>44</b> — Offences under other laws deemed to be an offence under this Act <i>(Repealed by Act 11/2004)</i>
—	PART VII — INTERNATIONAL TRADE INCENTIVES
—	<b>45</b> — Interpretation of this Part <i>(Repealed by Act 11/2004)</i>
—	<b>46</b> — International trading company <i>(Repealed by Act 11/2004)</i>
—	<b>47</b> — Tax relief period of international trading company <i>(Repealed by Act 11/2004)</i>
—	<b>48</b> — Power to give directions <i>(Repealed by Act 11/2004)</i>
—	<b>49</b> — Application of Part XVI of Income Tax <i>(Repealed by Act 11/2004)</i>
—	<b>50</b> — Ascertainment of income in respect of other trade or business <i>(Repealed by Act 11/2004)</i>
—	<b>51</b> — Computation of export income and exemption from tax <i>(Repealed by Act 11/2004)</i>
—	<b>52</b> — Conditions for relief <i>(Repealed by Act 11/2004)</i>
—	<b>53</b> — Certain dividends exempted from income tax <i>(Repealed by Act 11/2004)</i>
—	<b>54</b> — Recovery of tax exempted <i>(Repealed by Act 11/2004)</i>



2005 Ed.	2001 Ed.
—	<b>55</b> — Application of Parts XVII and XVIII of Income Tax Act <i>(Repealed by Act 11/2004)</i>
—	<b>56</b> — Application of certain sections to international trade company <i>(Repealed by Act 11/2004)</i>
—	PART XI — WAREHOUSING AND SERVICING INCENTIVES
—	<b>75</b> — Interpretation of this Part <i>(Repealed by Act 11/2004)</i>
—	<b>76</b> — Approved warehousing company or servicing company <i>(Repealed by Act 11/2004)</i>
—	<b>77</b> — Tax relief period of warehousing company or servicing company <i>(Repealed by Act 11/2004)</i>
—	<b>78</b> — Prohibition of acquisition without approval <i>(Repealed by Act 11/2004)</i>
—	<b>79</b> — Application of certain sections to warehousing company or servicing company <i>(Repealed by Act 11/2004)</i>
—	<b>80</b> — Application of Part XVI of Income Tax Act <i>(Repealed by Act 11/2004)</i>
—	<b>81</b> — Computation of export earnings and exemption from tax <i>(Repealed by Act 11/2004)</i>
—	<b>82</b> — Certain dividends exempted from income tax <i>(Repealed by Act 11/2004)</i>
—	<b>83</b> — Recovery of tax exempted <i>(Repealed by Act 11/2004)</i>

2005 Ed.	2001 Ed.
—	84— Application of Parts XVII and XVIII of Income Tax Act <i>(Repealed by Act 11/2004)</i>
—	PART XII — INTERNATIONAL CONSULTANCY SERVICES
—	85— Interpretation of this Part <i>(Repealed by Act 11/2004)</i>
—	86— Approved consultancy company or consultancy firm <i>(Repealed by Act 11/2004)</i>
—	87— Tax relief period of consultancy company or consultancy firm <i>(Repealed by Act 11/2004)</i>
—	88— Application of certain sections to consultancy company or consultancy firm <i>(Repealed by Act 11/2004)</i>
—	89— Computation of eligible consultancy revenue and exemption from tax <i>(Repealed by Act 11/2004)</i>
—	90— Certain dividends exempted from income tax <i>(Repealed by Act 11/2004)</i>
—	91— Recovery of tax exempted <i>(Repealed by Act 11/2004)</i>
—	92— Application of Parts XVII and XVIII of Income Tax <i>(Repealed by Act 11/2004)</i>
—	PART XIII — INVESTMENTS IN NEW TECHNOLOGY COMPANIES
—	93— Interpretation of this Part <i>(Repealed by Act 11/2004)</i>
—	94— Application for and issue of certificate to technology

2005 Ed.	2001 Ed.
	company <i>(Repealed by Act 11/2004)</i>
—	<b>95</b> — Deductions allowable to eligible holding company <i>(Repealed by Act 11/2004)</i>
—	<b>96</b> — Prohibition of other trade or business <i>(Repealed by Act 11/2004)</i>
—	<b>97</b> — Recovery of tax <i>(Repealed by Act 11/2004)</i>
—	PART XIII A — OVERSEAS INVESTMENT AND VENTURE CAPITAL INCENTIVES
—	<b>97A</b> — Interpretation of this Part <i>(Repealed by Act 11/2004)</i>
—	<b>97B</b> — Application for and issue of certificate to venture company <i>(Repealed by Act 11/2004)</i>
—	<b>97C</b> — Application for and issue of certificate to technology investment company or overseas investment company <i>(Repealed by Act 11/2004)</i>
—	<b>97D</b> — Deduction of losses allowable to eligible holding company or eligible individual
—	<b>97E</b> — Prohibition of other trade or business <i>(Repealed by Act 11/2004)</i>
—	<b>97F</b> — Recovery of tax <i>(Repealed by Act 11/2004)</i>
—	<b>97G</b> — Deduction of losses incurred overseas by eligible investment company <i>(Repealed by Act 11/2004)</i>

<b>2005 Ed.</b>	<b>2001 Ed.</b>
—	<b>101</b> — Offences and penalties <i>(Repealed by Act 11/2004)</i>
—	<b>102</b> — Attempts or abetments <i>(Repealed by Act 11/2004)</i>
—	<b>103</b> — Conduct of prosecution <i>(Repealed by Act 11/2004)</i>
—	<b>104</b> — Composition of offences <i>(Repealed by Act 11/2004)</i>
—	<b>105</b> — Jurisdiction of court <i>(Repealed by Act 11/2004)</i>
—	<b>106</b> — Offences by companies and by employees and agents <i>(Repealed by Act 11/2004)</i>
<b>101</b> — Action of officers no offence	<b>107</b> — Action of officers no offence
<b>102</b> — Regulations	<b>108</b> — Regulations
<b>103</b> — Savings provision	<b>109</b> — Savings provision

**COMPARATIVE TABLE**  
**ECONOMIC EXPANSION INCENTIVES (RELIEF FROM**  
**INCOME TAX) ACT**  
**(CHAPTER 86)**

The following provisions in the 1996 Revised Edition of the Economic Expansion Incentives (Relief from Income Tax) Act were renumbered by the Law Revision Commissioners in this 2001 Revised Edition.

This Comparative Table is provided for the convenience of users. It is not part of the Economic Expansion Incentives (Relief from Income Tax) Act.

<b>2001 Ed.</b>	<b>1996 Ed.</b>
<b>5—(3) and (4)</b>	<b>5—(3)</b>
(5)	(4)
<b>19H—(3) and (4)</b>	<b>19H—(3)</b>
(5)	(4)
<b>22—(2) and (3)</b>	<b>22—(2)</b>
<b>27—(2) and (3)</b>	<b>27—(2)</b>
<b>35—(1) and (2)</b>	<b>35</b>
<b>39—(1) and (1A)</b>	<b>39—(1)</b>
<b>44C—(2) and (3)</b>	<b>44C—(2)</b>
<b>46—(6) and (7)</b>	<b>46—(6)</b>
<b>50—(1) and (2)</b>	<b>50</b>
<b>51—(2) and (2A)</b>	<b>51—(2)</b>
<i>Omitted — spent</i>	<b>69—(9)</b>
<b>77—(2) and (3)</b>	<b>77—(2)</b>
<b>81—(2) and (2A)</b>	<b>81—(2)</b>
<b>89—(2) and (2A)</b>	<b>89—(2)</b>
<b>95—(4) and (4A)</b>	<b>95—(4)</b>
<b>99—(1) and (2)</b>	<b>99—(1)</b>
(3)	(2)