THE STATUTES OF THE REPUBLIC OF SINGAPORE

INCOME TAX ACT

(CHAPTER 134)

(Original Enactment: Ordinance 39 of 1947)

REVISED EDITION 2014

(31st March 2014)

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 1/1/2017 to 21/2/2017

CHAPTER 134

Income Tax Act

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An Act to impose a tax upon incomes and to regulate the collection thereof.

[1st January 1948]

PART I

PRELIMINARY

Short title

1. This Act may be cited as the Income Tax Act.

Interpretation

2.—(1) In this Act, unless the subject or context otherwise requires —

"account with the electronic service", in relation to any person, means a computer account within the electronic service which is assigned by the Comptroller to that person for the storage and retrieval of electronic records relating to that person;

"accountant" means a public accountant within the meaning of the Accountants Act (Cap. 2);

"advocate and solicitor" means an advocate and solicitor within the meaning of the Legal Profession Act (Cap. 161);

"annual value" has the same meaning as in section 2 of the Property Tax Act (Cap. 254) and shall be ascertained in the same manner as annual value is ascertained under that Act;

"approved pension or provident fund or society" means a pension or provident fund or society approved by the Comptroller under section 5;

"authentication code", in relation to any person, means an identification or identifying code, a password or any other authentication method or procedure which is assigned to that person for the purposes of identifying and authenticating the access to and use of the electronic service by that person;

"basis period" for any year of assessment means the period on the profits of which tax for that year falls to be assessed;

"body of persons" means any body politic, corporate or collegiate, any corporation sole and any fraternity, fellowship or society of persons whether corporate or unincorporate but does not include a company or a partnership;

"Commonwealth", in relation to a country, means any country recognised by the President to be a Commonwealth country and "part of the Commonwealth" means any Commonwealth country, colony, protectorate or protected state or any other

territory administered by the government of any Commonwealth country;

"company" means any company incorporated or registered under any law in force in Singapore or elsewhere;

"Comptroller" means the Comptroller of Income Tax appointed under section 3(1) and includes, for all purposes of this Act except the exercise of the powers conferred upon the Comptroller by sections 37IE(7), 37J(5), 67(1)(*a*), 95, 96, 96A and 101, a Deputy Comptroller or an Assistant Comptroller so appointed;

[Act 2 of 2016 wef 11/04/2016]

"country" includes a territory;

"crops" includes any form of vegetable produce;

"earned income" means the statutory income of an individual reduced by any deduction made under section 37(3)(*a*) or 37E or claimed under section 37D (excluding any donation referred to in section 37D(8)(*c*)) or 37F from —

(*a*) gains or profits from any trade, business, profession, vocation or employment on which tax is payable under section 10(1), where the Comptroller is satisfied that such gains or profits are immediately derived from the carrying on or exercise by such individual of such trade, business, profession, vocation or employment; and

(*b*) any pension on which tax is payable under section 10(1)(*e*) given to the individual in respect of the past services of such individual or any deceased individual;

"electronic record" has the same meaning as in the Electronic Transactions Act (Cap. 88);

"electronic service" means the electronic service provided by the Comptroller under section 8A(1);

"employee" —

(*a*) in relation to a company, includes a director of the company; and

(*b*) in relation to a statutory board, includes the chairman and any member of the statutory board,

and "employer" and other cognate expressions shall be construed accordingly;

"executor" means any executor, administrator or other person administering the estate of a deceased person;

"Fund Manager" or "fund manager" means a company holding a capital markets services licence under the Securities and Futures Act (Cap. 289) for fund management or that is exempted under that Act from holding such a licence;

"goods" includes currency and specie;

"harvesting" includes the collection of crops, however effected;

"Hindu joint family" means what in any system of law prevailing in India is known as a Hindu joint family or a co-parcenary;

"incapacitated person" means any infant, lunatic, idiot or insane person;

"information subject to legal privilege" means —

(*a*) communications between an advocate and solicitor and his client or any person representing his client made in connection with the giving of legal advice to the client; and

(*b*) communications between —

(i) an advocate and solicitor and his client or any person representing his client; or

(ii) an advocate and solicitor or his client or any such representative and any other person,

made in connection with, or in contemplation of, judicial proceedings and for the purposes of such proceedings,

when such communications are in the possession of a person who is entitled to possession of them, but excluding, in any case, any communications made with the intention of furthering a criminal purpose;

"institution of a public character" has the same meaning as in the Charities Act (Cap. 37);

"issued shares" excludes treasury shares;

"life annuity" means an annuity payable under a policy issued to an SRS member for a term ending with, or at a time ascertainable only by reference to, the end of his life;

"limited liability partnership" means any limited liability partnership incorporated or registered under any law in force in Singapore or elsewhere;

"limited partnership" means a limited partnership registered or formed under any law in force in Singapore or elsewhere;

"local forces" means the Singapore Armed Forces and any volunteer or reserve forces attached thereto;

"offshore mineral" means mineral from the seabed or that is dissolved in sea water;

[Act 34 of 2016 wef 25/03/2016]

"offshore renewable energy" means —

(*a*) ocean thermal power;

(*b*) offshore geothermal power;

(*c*) offshore solar power;

(*d*) offshore wind power;

(*e*) osmotic power;

(*f*) tidal power; or

(*g*) wave power;

[Act 34 of 2016 wef 25/03/2016]

"permanent establishment" means a fixed place where a business is wholly or partly carried on including —

(*a*) a place of management;

(*b*) a branch;

(*c*) an office;

(*d*) a factory;

(*e*) a warehouse;

(*f*) a workshop;

(*g*) a farm or plantation;

(*h*) a mine, oil well, quarry or other place of extraction of natural resources;

(*i*) a building or work site or a construction, installation or assembly project,

and without prejudice to the generality of the foregoing, a person shall be deemed to have a permanent establishment in Singapore if that person —

(i) carries on supervisory activities in connection with a building or work site or a construction, installation or assembly project; or

(ii) has another person acting on that person's behalf in Singapore who —

(A) has and habitually exercises an authority to conclude contracts;

(B) maintains a stock of goods or merchandise for the purpose of delivery on behalf of that person; or

(C) habitually secures orders wholly or almost wholly for that person or for such other enterprises as are controlled by that person;

"person" includes a company, body of persons and a Hindu joint family;

"plantation" means any land used for the growing and harvesting of crops;

"prescribed" means prescribed by rules or regulations made under this Act;

"prescribed minimum retirement age" has the same meaning as in the Retirement and Re-employment Act (Cap. 274A);

"professional visit pass" means a professional visit pass issued by the Controller of Immigration under the Immigration Regulations (Cap. 133, Rg 1);

"replanting" means the replacement of the crop of any product on any area of land by the planting on the same area —

(*a*) of a crop of the same product; or

(*b*) of a crop of a different product approved by the Minister;

"research and development" means any systematic, investigative and experimental study that involves novelty or technical risk carried out in the field of science or technology with the object of acquiring new knowledge or using the results of the study for the production or improvement of materials, devices, products, produce, or processes, but does not include —

(*a*) quality control or routine testing of materials, devices or products;

(*b*) research in the social sciences or the humanities;

(*c*) routine data collection;

(*d*) efficiency surveys or management studies;

(*e*) market research or sales promotion;

(*f*) routine modifications or changes to materials, devices, products, processes or production methods; or

(*g*) cosmetic modifications or stylistic changes to materials, devices, products, processes or production methods;

(*h*) [*Deleted by Act 29 of 2012*]

"research and development organisation" means a body or an organisation which provides research and development services for any trade or business;

"resident in Singapore" —

(*a*) in relation to an individual, means a person who, in the year preceding the year of assessment, resides in Singapore except for such temporary absences therefrom as may be reasonable and not inconsistent with a claim by such person to be resident in Singapore, and includes a person who is physically present or who exercises an employment (other than as a director of a company) in Singapore for 183 days or more during the year preceding the year of assessment; and

(*b*) in relation to a company or body of persons, means a company or body of persons the control and management of whose business is exercised in Singapore;

"SRS account" means an account opened with an SRS operator by an SRS member;

"SRS contribution cap", in relation to an SRS member, means the maximum contribution prescribed under section 10L that may be made by the member to his SRS account in any year under the SRS;

"SRS member" means a member of the Supplementary Retirement Scheme;

"SRS operator" means any company approved by the Minister, or such person as he may appoint, for the purposes of the Supplementary Retirement Scheme;

"Supplementary Retirement Scheme" or "SRS" means the Supplementary Retirement Scheme established by regulations made under section 10L;

"tax" means the income tax imposed by this Act;

"treasury share" —

(*a*) in relation to a company incorporated under the Companies Act (Cap. 50) or any corresponding previous written law, means a treasury share as defined in section 4(1) of that Act; and

(*b*) in relation to a company incorporated under the law of a country other than Singapore, means a share issued by the company which is subsequently acquired and held by it;

"work pass" means a work pass issued by the Controller of Work Passes under the Employment of Foreign Manpower Act (Cap. 91A);

"year of assessment" means the period of 12 months commencing on 1st January 1948, and each subsequent period of 12 months.

[26/73; 37/75; 5/77; 28/80; 13/84; 31/86; 3/89; 11/94; 32/95; 1/98; 31/98; 32/99; 24/2001; 42/2001; 37/2002; 21/2003; 49/2004; 34/2005; 10/2007; 30/2007; 34/2008; 27/2009; 29/2010; 4/2011; 29/2012; 19/2013]

(2) For the purposes of this Act, where an individual is present in Singapore for any part of a day, his presence on that day shall be counted as one day.

[13/84]

(3) In this Act, a ship (as defined in section 2(1) of the Merchant Shipping Act (Cap. 179)) is used for offshore oil or gas activity if it is used for the exploration or exploitation of offshore oil or gas, or to support any activity that is ancillary to such exploration or exploitation.

[Act 2 of 2016 wef 11/04/2016]

(3A) In this Act, a ship (as defined in section 2(1) of the Merchant Shipping Act (Cap. 179)) is used for offshore renewable energy activity or offshore mineral activity if it is used for the exploration or

exploitation of offshore renewable energy or offshore mineral, or to support any activity that is ancillary to such exploration or exploitation.

[Act 34 of 2016 wef 25/03/2016]

(4) In this Act, for the avoidance of doubt, a reference to the spouse of a person means a spouse who is of the opposite sex to that person.

[29/2010]

PART II

ADMINISTRATION

Appointment of Comptroller and other officers

3.—(1) For the due administration of this Act, the Minister may, by notification in the *Gazette*, appoint a Comptroller of Income Tax, and such Deputy Comptrollers, Assistant Comptrollers and other officers and persons as may be necessary.

(2) The Minister may, by notification in the *Gazette*, appoint a Senior Investigation Officer, Income Tax, and may by such or a subsequent notification authorise such officer to exercise all or such of the powers of the Comptroller under this Act as may be specified in such notification but without prejudice to the exercise by the Comptroller of such powers.

Powers of Comptroller

4.—(1) The Comptroller may, by notification in the *Gazette* or in writing, authorise any person, within or without Singapore, to perform or to assist in the performance of any specific duty imposed upon the Comptroller by this Act.

(2) Subject to such conditions as the Comptroller may specify, the Comptroller may, by notification in the *Gazette*, direct that any information, return or document required to be supplied, forwarded or given to the Comptroller may be supplied to such other person, being a person who has made and subscribed a declaration of secrecy in accordance with section 6(1), as the Comptroller may direct.

(3) The Comptroller shall be responsible for the assessment and collection of tax and shall pay all amounts collected in respect thereof into the Consolidated Fund.

(4) The Comptroller may specify the form of any return, claim, statement or notice to be made or given under this Act.

Approved pension or provident fund or society

5. The Comptroller may, subject to such conditions as he may think fit to impose, approve any pension or provident fund or society for the purposes of this Act and may (without prejudice to the exercise of any power in that behalf conferred on him by any condition so imposed) at any time withdraw any approval previously given in respect of any such fund or society.

Official secrecy

6.—(1) Every person having any official duty or being employed in the administration of this Act shall regard and deal with all documents, information, returns, assessment lists and copies of such lists relating to the income or items of the income of any person, as secret and confidential, and shall make and subscribe a declaration in the form prescribed to that effect before the Comptroller or a Magistrate.

(2) Every person having possession of or control over any documents, information, returns, assessment lists or copies of such lists relating to the income or items of income of any person, who at any time otherwise than for the purpose of this Act or with the express authority of the President —

(*a*) communicates or attempts to communicate such information or anything contained in such documents, returns, lists or copies to any person; or

(*b*) suffers or permits any person to have access to any such information or to anything contained in such documents, returns, lists or copies,

shall be guilty of an offence.

(3) No person appointed under, or employed in carrying out, the provisions of this Act shall be required to produce in any court any return, document or assessment, or to divulge or communicate to any court any matter or thing coming under his notice in the performance of his duties under this Act except as may be necessary for the purpose of carrying into effect the provisions of this Act, or in order to institute a prosecution, or in the course of a prosecution, for any offence under this Act.

[19/2013]

(4) The obligation as to secrecy imposed by this section shall not prevent the disclosure to the authorised officers of the government of any other country —

(*a*) of such facts as may be necessary to enable the proper relief from income tax to be given in either country, where provision exists for the granting of relief in respect of taxes paid in the other country; or

(*b*) of any information for the purpose of discharging an obligation of Singapore under an arrangement between the government of that country and the Government of Singapore that has effect under section 49 or 105BA, or under any agreement or arrangement between the government of that country and the Government of Singapore and to which Part XXB applies.

[22/2011; 19/2013]

(4A) The obligation as to secrecy imposed by this section shall not prevent the disclosure to the authorised officers of the government of any other country of any information that the Comptroller considers to be foreseeably relevant to the administration or enforcement of that other country's laws concerning any tax of that country, pursuant to the terms of an arrangement that has effect under section 49 or 105BA.

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

(5) Notwithstanding anything in this section, the Comptroller shall permit the Minister, the Auditor-General or any officer duly authorised in that behalf by the Auditor-General to have such access to any records or documents as may be necessary for the performance of his official duties.

(6) The Minister, the Auditor-General or any such officer shall be deemed to be a person employed in carrying out the provisions of this Act for the purposes of this section.

(7) Notwithstanding anything in this section, the Comptroller may transmit any document, information or return received by him or in his possession under this Act to the Commissioner of Estate Duties; and the Commissioner of Estate Duties may, notwithstanding anything contained in any written law for the time being in force in Singapore relating to the proof of documents, produce or cause to be produced in any court, in any proceedings relating to estate or death duties, a copy of any particulars contained in any document or return so transmitted, certified by him or on his behalf to be a correct copy of such particulars.

(8) For the purposes of subsection (7), the Commissioner of Estate Duties —

(*a*) may produce or cause to be produced the original of any such document or return in any case where it is necessary to prove the handwriting or the signature of the person who wrote, made, signed or furnished such document or return, but only for the purpose of such proof;

(*b*) shall not in any case be compelled to produce in any court either the original of such document or return or a copy of any particulars contained in such document or return.

(9) Notwithstanding anything in this section, the Comptroller may transmit to the Comptroller of Property Tax, the Comptroller of Goods and Services Tax, the Chief Assessor or the Commissioner of Stamp Duties any information which may be required by any of them in the performance of his duties, or may permit such access to any records or documents as may be necessary for those purposes.

[1/88; 31/93]

(10) Notwithstanding anything in this section, the Comptroller may furnish to the Chief Executive Officer of the Central Provident Fund Board any information which may be required by him in the performance of his duties, or may permit such access to any records or documents as may be necessary for that purpose.

(10A) Notwithstanding anything in this section, the Comptroller may, for the purpose of enabling the Chief Statistician to perform his duties under the Statistics Act (Cap. 317), furnish and permit the Chief Statistician access to any information and records prescribed in rules made under section 7.

[16/2004]

(10B) Notwithstanding anything in this section, the Comptroller may furnish to any person specified in subsection (10C) any information —

(*a*) which may be required for the purpose of investigating or prosecuting a person for an offence under Part VI of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A), the predicate offence of which is an offence under this Act; or

(*b*) which the Comptroller has reasonable grounds to suspect affords evidence of the commission of an offence under Part VI of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act, the predicate offence of which is an offence under this Act,

and the specified person and persons under his command shall not further disclose such information except for the purpose of any investigation or prosecution referred to in paragraph (*a*).

[21/2013]

(10C) The persons specified for the purposes of subsection (10B) are as follows:

(*a*) the Commissioner of Police;

(*b*) the Director of the Commercial Affairs Department.

[21/2013]

(11) Notwithstanding anything in this section, the Comptroller may lay a complaint of professional misconduct against any person in his professional dealings with the Comptroller to the appropriate authority empowered to take disciplinary action against the person and may in connection with the complaint furnish any relevant documents or information.

[4/75]

(11A) Despite anything in this section, the Comptroller —

(*a*) may furnish to —

(i) the chief executive officer of the Inland Revenue Authority of Singapore established under section 3 of the Inland Revenue Authority of Singapore Act (Cap. 138A); or

(ii) an officer duly authorised by the chief executive officer,

any information required for the performance of the official duties of the chief executive officer or authorised officer in administering the public scheme known as the wage credit scheme; and

(*b*) may allow the chief executive officer or authorised officer such access to any records or documents as may be necessary for the performance of those official duties.

[Act 2 of 2016 wef 25/04/2013]

(12) Notwithstanding subsections (1) and (2) and without prejudice to subsections (5) to (11), the Comptroller may disclose information relating to the income or items of income of any person to any of the following with the express consent of the person to whom the information relates:

(*a*) to any public officer or officer of a statutory board for the performance of his official duties in administering or facilitating the administration of any written law or public scheme; or

(*b*) to any other person who is engaged by the Government or a statutory board to facilitate the administration of such written law or public scheme, if the Comptroller has obtained a written undertaking from the other person that he shall be bound by the same obligations as to secrecy imposed by subsections (1), (2) and (3).

[53/2007]

(13) Notwithstanding anything in this section, the Comptroller may furnish to the Government or any statutory board for any statistical or research purpose any information relating to any person in a manner

that does not identify, and is not reasonably capable of being used to identify, that person.

[53/2007]

Rules

7.—(1) The Minister may make rules —

(*a*) to provide for the deduction and payment of tax at the source in respect of income from any employment, and for the recovery of tax so deducted; and

(*b*) generally to give effect to the provisions of this Act, other than section 81.

(2) All rules made under this section shall be presented to Parliament as soon as possible after publication in the *Gazette*.

Service and signature of notices

8.—(1) Except where it is provided by this Act that service shall be effected either personally or by registered post, a notice may be served on a person —

(*a*) personally;

(*b*) by being sent through the post; or

(*c*) where the person has given his consent for the notice to be served on him through the electronic service, by transmitting an electronic record of the notice to his account with the electronic service.

[49/2004]

(2) Where a notice is served by ordinary or registered post, it shall be deemed to have been served on the day succeeding the day on which the notice would have been received in the ordinary course of post if the notice is addressed —

(*a*) in the case of a company incorporated in Singapore, to the registered office of the company;

(*b*) in the case of a company incorporated outside Singapore, either to the individual authorised to accept service of process under the Companies Act (Cap. 50) at the address

filed with the Registrar of Companies, or to the registered office of the company wherever it may be situated;

(*c*) in the case of an individual or a body of persons, to the last known business or private address of such individual or body of persons.

(3) Where the person to whom there has been addressed a registered letter containing any notice which may be given under the provisions of this Act is informed of the fact that there is a registered letter awaiting him at a post office and such person refuses or neglects to take delivery of such registered letter, such notice shall be deemed to have been served upon him on the date on which he was informed that there was a registered letter awaiting him at a post office.

(3A) Where a person has given his consent for a notice to be served on him through the electronic service, the notice shall be deemed to have been served at the time when an electronic record of the notice enters his account with the electronic service.

[49/2004]

(4) Subject to subsection (6), every notice to be given by the Comptroller under this Act shall be signed by the Comptroller or by some person or persons from time to time authorised by him in that behalf under section 4, and every such notice shall be valid if the signature of the Comptroller or of such person or persons is duly printed or written thereon.

[49/2004]

(5) Subject to subsection (6), any notice under this Act requiring the attendance of any person or witness before the Comptroller shall be signed by the Comptroller or by a person duly authorised by him.

[49/2004]

(6) Where any person has given his consent for any notice referred to in subsection (4) or (5) to be served on him through the electronic service, the notice need not be signed if it is served on him by transmitting an electronic record of the notice to his account with the electronic service.

[49/2004]

Electronic service

8A.—(1) The Comptroller may provide an electronic service for —

(*a*) the filing or submission of any return, estimate, statement or document, and the provision of any information to the Comptroller under section 65B(3) or 105L(1); or

[Act 2 of 2016 wef 11/04/2016]

[Act 15 of 2016 wef 20/07/2016]

(*b*) the service of any notice by the Comptroller.

[49/2004]

(2) For the purposes of the electronic service, the Comptroller may assign to any person —

(*a*) an authentication code; and

(*b*) an account with the electronic service.

[49/2004]

(3) Any person who is —

(*a*) filing or submitting any return, estimate, statement or document may; or

(*b*) giving a notice under section 45(1)(*b*) or 45D(2) or providing any information under section 105L(1) must (unless otherwise permitted by the Comptroller),

do so through the electronic service.

[Act 15 of 2016 wef 20/07/2016]

(3A) Subsection (3) does not affect any other provision of this Act that requires, or enables the Comptroller to require, anything to be done by means of the electronic service.

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

(4) Any agent who is authorised by his principal in the prescribed manner may file or submit any return, estimate, statement or document, or provide any information to the Comptroller, on behalf of his principal through the electronic service.

[49/2004]

[Act 2 of 2016 wef 11/04/2016]

(5) Where any return, estimate, statement or document is filed or submitted, or any information is provided, on behalf of any person under subsection (4) —

(*a*) it shall be deemed to have been filed, submitted or provided with the authority of that person; and

[Act 2 of 2016 wef 11/04/2016]

(*b*) that person shall be deemed to be cognizant of all matters therein.

[49/2004]

[Act 2 of 2016 wef 11/04/2016]

(6) Where any return, estimate, statement or document is filed or submitted, or any information is provided, through the electronic service using the authentication code assigned to any person before that person has requested, in the prescribed manner, for the cancellation of the authentication code —

(*a*) the return, estimate, statement, document or information shall, for the purposes of this Act, be presumed to have been filed, submitted or provided by that person unless he adduces evidence to the contrary; and

[Act 2 of 2016 wef 11/04/2016]

(*b*) where that person alleges that he did not file or submit the return, estimate, statement or document, or provide the information, the burden shall be on him to adduce evidence of that fact.

[49/2004]

[Act 2 of 2016 wef 11/04/2016]

[Act 2 of 2016 wef 11/04/2016]

(7) Where any person has given his consent for any notice to be served on him through the electronic service, the Comptroller may serve the notice on that person by transmitting an electronic record of the notice to that person's account with the electronic service.

[49/2004]

(8) Notwithstanding any other written law, in any proceedings under this Act —

(*a*) an electronic record of any return, estimate, statement, document or information that was filed, submitted or provided, or any notice that was served, through the electronic service; or

[Act 2 of 2016 wef 11/04/2016]

(*b*) any copy or print-out of that electronic record,

shall be admissible as evidence of the facts stated or contained therein if that electronic record, copy or print-out —

(i) is certified by the Comptroller to contain all or any information filed, submitted, provided or served through the electronic service in accordance with this section; and

[Act 2 of 2016 wef 11/04/2016]

(ii) is duly authenticated in the manner specified in subsection (10) or is otherwise authenticated in the manner provided in the Evidence Act (Cap. 97) for the authentication of computer output.

[49/2004]

(9) For the avoidance of doubt —

(*a*) an electronic record of any return, estimate, statement, document or information that was filed, submitted or provided, or any notice that was served, through the electronic service; or

[Act 2 of 2016 wef 11/04/2016]

(*b*) any copy or print-out of that electronic record,

shall not be inadmissible in evidence merely because the return, estimate, statement, document or information was filed, submitted or provided, or the notice was served, without the delivery of any equivalent document or counterpart in paper form.

[49/2004]

[Act 2 of 2016 wef 11/04/2016]

(10) For the purposes of this section, a certificate —

(*a*) giving the particulars of —

(i) any person whose authentication code was used to file, submit, provide or serve the return, estimate, statement, document, information or notice; and

[Act 2 of 2016 wef 11/04/2016]

(ii) any person or device involved in the production or transmission of the electronic record of the return, estimate, statement, document, information or notice, or the copy or print-out thereof;

[Act 2 of 2016 wef 11/04/2016]

(*b*) identifying the nature of the electronic record or copy thereof; and

(*c*) purporting to be signed by the Comptroller or by a person occupying a responsible position in relation to the operation of the electronic service at the relevant time,

shall be sufficient evidence that the electronic record, copy or print-out has been duly authenticated, unless the court, in its discretion, calls for further evidence on this issue.

[49/2004]

(11) Where the electronic record of any return, estimate, statement, document, information or notice, or a copy or print-out of that electronic record, is admissible under subsection (8), it shall be presumed, until the contrary is proved, that the electronic record, copy or print-out accurately reproduces the contents of that return, estimate, statement, document, information or notice.

[49/2004]

[Act 2 of 2016 wef 11/04/2016]

(12) The Comptroller may, for the purposes of the electronic service, approve the use of any symbol, code, abbreviation or notation to represent any particulars or information required under this Act.

[49/2004]

(13) The Minister may make regulations which are necessary or expedient for carrying out the purposes of this section, including regulations prescribing —

(*a*) the procedure for the use of the electronic service, including the procedure in circumstances where there is a breakdown or interruption of the electronic service;

(*b*) the procedure for the correction of errors in, or the amendment of, any return, estimate, statement, document or information that is filed, submitted or provided through the electronic service;

[Act 2 of 2016 wef 11/04/2016]

(*c*) the manner in which a person who has given his consent for a notice to be served on him through the electronic service

shall be notified of the transmission of an electronic record of the notice to his account with the electronic service;

(*d*) the manner in which authentication codes are to be assigned; and

(*e*) anything which may be prescribed under this section.

[49/2004]

(14) In this section, to avoid doubt, "document" includes a notice required to be given under section 45(1)(*b*) or 45D(2).

[Act 2 of 2016 wef 01/07/2016]

(15) In this section —

(*a*) a reference to the filing or submission of any return, estimate, statement or document includes a reference to the making of an election under section 37I(1) or (4A); and

(*b*) a reference to any return, estimate, statement or document includes a reference to such election.

[Act 15 of 2016 wef 01/08/2016]

(16) Despite subsection (3), any person making an election under section 37I(1) or (4A) must, unless otherwise permitted by the Comptroller, do so through the electronic service.

[Act 15 of 2016 wef 01/08/2016]

Free postage

9. All returns, additional information and resulting correspondence and payment of tax under the provisions of this Act may be sent post-free to the Comptroller in envelopes marked "Income Tax".

PART III

IMPOSITION OF INCOME TAX

Charge of income tax

10.—(1) Income tax shall, subject to the provisions of this Act, be payable at the rate or rates specified hereinafter for each year of assessment upon the income of any person accruing in or derived from Singapore or received in Singapore from outside Singapore in respect of —

(*a*) gains or profits from any trade, business, profession or vocation, for whatever period of time such trade, business, profession or vocation may have been carried on or exercised;

(*b*) gains or profits from any employment;

(*c*) [*Deleted by Act 29 of 65*]

(*d*) dividends, interest or discounts;

(*e*) any pension, charge or annuity;

(*f*) rents, royalties, premiums and any other profits arising from property; and

(*g*) any gains or profits of an income nature not falling within any of the preceding paragraphs.

(2) In subsection (1)(*b*), "gains or profits from any employment" means —

(*a*) any wages, salary, leave pay, fee, commission, bonus, gratuity, perquisite or allowance (other than a subsistence, travelling, conveyance or entertainment allowance which is proved to the satisfaction of the Comptroller to have been expended for purposes other than those in respect of which no deduction is allowed under section 15) paid or granted in respect of the employment whether in money or otherwise;

(*b*) the value of any food, clothing or lodging provided or paid for by the employer;

(*c*) for the year of assessment 2014 and any preceding year of assessment, the annual value of any place of residence provided by the employer and for the purposes of this paragraph —

(i) if the remuneration received by a director of a company is less than the annual value of the premises, the full annual value shall be deemed to be gains or profits of the employment;

(ii) except as provided in sub-paragraph (i), if the annual value of the premises exceeds 10% of the gains or profits from the employment mentioned in paragraphs (*a*) and (*b*) less the rent, if any, paid by the employee for the use of the premises, the excess shall be disregarded;

(iii) where the premises are shared, "place of residence" means the part of the premises occupied by the person chargeable;

(*ca*) for the year of assessment 2015 and subsequent years of assessment, the annual value of any place of residence provided by the employer (or the part thereof occupied by the employee if the premises are shared with another) less the rent (if any) paid by the employee for the use of the premises;

(*d*) any sum standing to the account of any individual in any pension or provident fund or society which the individual is entitled to withdraw upon retirement or which is withdrawn therefrom.

[26/73; 26/93; 28/96; 49/2004; 19/2013]

(2A) For the purposes of subsection (2)(*ca*), in a case where no annual value or separate annual value is ascribed to any place of residence in the Valuation List prepared under section 10 of the Property Tax Act (Cap. 254), the annual value shall be ascertained in accordance with the definition of that term in section 2 of that Act.

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

(2B) For the purposes of subsection (2), the Minister may, for the purposes of such year of assessment as he may specify, by regulations prescribe the value of any furniture and fittings in any place of residence.

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

(3) Any sum realised under any insurance against loss of profits shall be taken into account in the ascertainment of any profits or income.

(4) Where, under section 17, 20 or 21, a balancing charge falls to be made, the amount thereof shall be deemed to be income chargeable

with tax under this Act, except in the case of a balancing charge in respect of —

(*a*) a Singapore ship which is owned by a shipping enterprise within the meaning of section 13A or by an approved shipping investment enterprise within the meaning of section 13S at the time the balancing charge falls to be made in respect of the Singapore ship, but only up to the amount ascertained in accordance with the formula

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

where A is the amount of allowances under section 19 or 19A made to the enterprise in respect of the Singapore ship against any income exempt from tax under section 13A or 13S;

B is the total amount of allowances under section 19 or 19A which have been made in respect of the ship during the period it is owned by the enterprise; and

C is the amount of balancing charge;

(*b*) a foreign ship the income derived from the operation of which is exempt from tax under section 13A or 13F, or the income derived from the chartering or finance leasing of which is exempt from tax under section 13S, as the case may be, but only up to the amount ascertained in accordance with the formula

$$\frac{X}{Y} \times Z,$$

where X is the amount of allowances under section 19 or 19A made to the enterprise in respect of the foreign ship against any income exempt from tax under section 13A, 13F or 13S, as the case may be;

Y is the total amount of allowances under section 19 or 19A which have been made in respect of the ship during the period it is owned by the enterprise; and

Z is the amount of balancing charge.

[2/92; 32/95; 31/98; 7/2007]

(5) In subsection (4) —

"foreign ship" has the meaning given to it in section 13F(6);

"Singapore ship" has the meaning given to it in section 13A(16).

[Act 2 of 2016 wef 11/04/2016]

(5A) In subsection (4), "finance leasing" has the same meaning as in section 13S(20).

[7/2007]

[Act 2 of 2016 wef 11/04/2016]

(6) Any gains or profits, directly or indirectly, derived by any person from a right or benefit granted on or after 1st January 2003, whether granted in his name or in the name of his nominee or agent, to acquire shares in any company shall, where the right or benefit is obtained by that person by reason of any office or employment held by him, be deemed to be income chargeable to tax under subsection (1)(*b*), accruing at such time and of such amount as determined under the following provisions:

(*a*) where the right or benefit is exercised, assigned, released or acquired, at the time of the exercise, assignment, release or acquisition of the right or benefit and the gains or profits shall be the price of the shares in the open market at that time, less any amount paid for the shares;

(*b*) notwithstanding paragraph (*a*), where the right or benefit granted is subject to any restriction on the sale of the shares so acquired, at the time the restriction ceases to apply and the gains or profits shall be the price of the shares in the open market at that time, less any amount paid for the shares;

(*c*) if it is not possible to determine the gains or profits under paragraph (*a*) or (*b*), the Comptroller may use the net asset value of the shares, less any amount paid for the shares, as the basis for determining the gains or profits;

(*d*) notwithstanding paragraphs (*a*) and (*c*), any gains or profits derived by him by any exercise of a right or benefit to acquire shares in any company listed on the Singapore Exchange shall be computed in accordance with the following formula:

$$A - B,$$

where A is —

(i) if the shares are not treasury shares, the price of the shares in the open market at the last transaction on the date on which the shares are first listed on the Singapore Exchange after the acquisition of the shares by him; and

(ii) if the shares are treasury shares, the price of the shares in the open market at the last transaction on the date an appropriate entry is made in the Depository Register by the Central Depository (Pte) Ltd to effect the acquisition of the treasury shares by him; and

B is the amount paid for such shares;

(*e*) [*Deleted by Act 27 of 2009*]

(*f*) "shares" includes stocks.

[37/2002; 27/2009]

(6A) For the avoidance of doubt, section 10(5) in force immediately before 10th December 2002 shall continue to apply to any gains or profits directly or indirectly derived by the exercise, assignment or release of any right or benefit to acquire shares (including stocks) in a company granted to a person before 1st January 2003, whether in his name or in the name of his nominee or agent, where the right or

benefit was obtained by that person by reason of any office or employment held by him.

[7/2007]

(7) Notwithstanding subsection (6), where —

(*a*) the right or benefit to acquire shares in a company is granted on or after 1st January 2003 to an individual while he is exercising an employment in Singapore; and

(*b*) immediately before he ceases that employment —

(i) the individual is neither a citizen of Singapore nor a Singapore permanent resident, or being a Singapore permanent resident is leaving Singapore permanently; and

(ii) the right or benefit is not exercised, assigned, released or acquired by him, or the restriction on the sale of the shares has not ceased to apply,

any gains or profits from the right or benefit shall be —

(A) deemed to be income derived by the individual one month before the date of cessation of employment or the date the right or benefit is granted, whichever is the later; and

(B) computed based on the price of the shares in the open market on that date, less the amount paid for the shares.

[37/2002]

(7A) The Comptroller may, if he thinks fit and subject to such condition as he may impose, accept from the employer of an individual to whom subsection (7) applies an undertaking —

(*a*) to make a return, in such form and by such time as the Comptroller may determine, of any gains or profits derived by the individual from the right or benefit to acquire shares in a company as computed under subsection (6);

(*b*) to pay to the Comptroller any tax assessed on such gains or profits; and

(*c*) to pay the penalties specified in the undertaking for any failure to comply with paragraph (*a*) or (*b*).

[49/2004]

(7B) Where the Comptroller accepts an undertaking from the employer of an individual under subsection (7A), subsection (7) shall not apply to the individual and he shall be assessed in accordance with subsection (6).

[49/2004]

(7C) If any condition imposed by the Comptroller under subsection (7A) has not been complied with by the employer of an individual, then notwithstanding the undertaking given by the employer, the gains or profits derived by the individual from the right or benefit to acquire shares in a company shall be assessed in accordance with subsection (7) and shall be deemed to be income accruing to the individual in the year in which the condition is not complied with.

[49/2004]

(8) Subsection (6)(*c*) shall apply, with the necessary modifications, to gains or profits derived by an individual referred to in subsection (7).

[37/2002]

(8A) For the purpose of subsection (1)(*d*) —

(*a*) any discount on any debt security shall be deemed to accrue when the debt security is redeemed;

(*b*) subject to any exemption from tax provided under this Act, the discount shall be deemed to be income chargeable to tax of the holder of the debt security immediately before such redemption; and

(*c*) the discount on any debt security shall be deemed to be an amount equal to the difference between —

(i) the amount payable to the holder of the debt security upon the maturity or any earlier redemption of the debt security; and

(ii) the amount paid by the first holder of the debt security for the issue of the debt security.

[53/2007]

(8B) In subsection (8A), "debt security" has the same meaning as in section 43N(4).

[53/2007]

(9) For the purposes of subsection (1)(*e*), the income derived from an annuity for any year shall be deemed to be an amount equal to 3% of the total consideration payable or paid for the purchase of the annuity except that the whole amount of the annuity shall be deemed to be income if —

(*a*) the person deriving income from the annuity has previously received sums equal to the total consideration for the annuity exclusive of the amounts deemed to be income under this subsection; or

(*b*) the annuity is purchased by the employer of the person deriving on or after 1st January 1993 such income in lieu of any pension or other benefit payable during his employment or upon his retirement.

[4/75; 26/93]

(10) Subsection (9) shall not apply to any annuity purchased under the SRS.

[24/2001]

(11) [*Deleted by Act 27 of 2009*]

(12) Where a person derives interest from a negotiable certificate of deposit or derives gains or profits from the sale thereof, his income shall be treated as follows:

(*a*) in the case of a financial institution, the interest and the gains or profits shall be deemed to be income from a trade or business under subsection (1)(*a*);

(*b*) in any other case, the interest and the gains or profits shall be deemed to be income from interest under subsection (1)(*d*) subject to the following provisions:

(i) if the interest is received by a subsequent holder of a certificate of deposit, the income derived from such interest shall exclude the amount by which the purchase price exceeds the issued price of the certificate, except where that amount has been excluded in the computation of any previous interest derived by him in respect of that certificate; and

(ii) where a subsequent holder sells a certificate after receiving interest therefrom, the gains or profits shall be deemed to be the amount by which the sale price exceeds the issued price or the purchase price, whichever is the lower; and

(*c*) for the purposes of paragraph (*b*), where a subsequent holder purchases a certificate at a price which is less than the issued price and holds the certificate until its maturity, the amount by which the issued price exceeds the purchase price shall be deemed to be interest derived by him.

[4/75]

(13) Any maintenance payment received by —

(*a*) a child under a maintenance order or a deed of separation; or

(*b*) a parent under a maintenance order made under the Maintenance of Parents Act (Cap. 167B),

shall not be deemed to be income for the purposes of subsection (1).

[28/96]

(14) For the purposes of subsection (1)(*a*) and (*f*), the income derived by any author, composer or choreographer, or any company in which he beneficially owns all the issued shares, from any royalties or other payments received as consideration for the assignment of or for the right to use the copyright in any literary, dramatic, musical or artistic work, shall be deemed to be —

(*a*) the amount of the royalties or other payments remaining after the deductions allowable under Parts V and VI have been made; or

(*b*) an amount equal to 10% of the gross amount of the royalties or other payments,

whichever is less.

[24/2000; 34/2005; 7/2007]

(15) Subsection (14) shall not apply to royalties or payments received in respect of any work published in any newspaper or periodical.

[1/88]

(16) For the purposes of subsection (1)(*a*) and (*f*), the income derived by an individual who is the inventor, author, proprietor, designer or creator (as the case may be) of an approved intellectual property or approved innovation, or by any company in which he beneficially owns all the issued shares, from any royalties or other payments received as consideration for the assignment of or the rights in the approved intellectual property or approved innovation shall be deemed to be —

(*a*) the amount of the royalties or other payments remaining after the deductions allowable under Parts V and VI have been made; or

(*b*) an amount equal to 10% of the gross amount of the royalties or other payments,

whichever is less.

[7/2007]

(16A) Subsection (16) does not apply to any income referred to in that subsection that is derived in the basis period for the year of assessment 2017 or any subsequent year of assessment.

[Act 2 of 2016 wef 11/04/2016]

(17) Notwithstanding subsection (16), where it appears to the Comptroller that any amount of income which has been determined under that subsection for the purposes of subsection (1)(*a*) or (*f*) ought not to have been so determined for any year of assessment, the Comptroller may, within 6 years (if that year of assessment is 2007 or a preceding year of assessment) or 4 years (if that year of assessment is 2008 or a subsequent year of assessment) after the end of that year of assessment, make such assessment or additional assessment upon the individual as may be necessary in order to make good any loss of tax.

[11/94; 53/2007]

(18) In subsection (16) —

"approved" means approved for such period not exceeding 5 years by the Minister or such person as he may appoint;

"innovation" means —

(*a*) any new product or new service, or any new method used in the manufacture or processing of goods or materials or in the provision of services; or

(*b*) any substantial improvement in any product or in the provision of any service, or in any method used in the manufacture or processing of goods or materials or in the provision of services,

which involves novelty or originality;

"rights in the approved intellectual property or approved innovation" means the rights relating to any patent, copyright, trade mark, industrial design, layout-design of integrated circuit, or know-how of an approved intellectual property or approved innovation, where a substantial part of the work in producing the approved intellectual property or approved innovation is undertaken in Singapore.

[24/2000; 7/2007]

(19) Any distribution made by a unit trust approved under section 10B out of gains or profits derived on or after 1st July 1989 from the disposal of securities and which have not been subject to tax shall be deemed to be income if received by a unit holder except where the unit holder is —

(*a*) an individual resident in Singapore; or

(*b*) a person who is not resident in Singapore and has no permanent establishment in Singapore.

[23/90]

(20) Subject to subsection (20G), any distribution made by a designated unit trust for any year of assessment to any unit holder out of —

(*a*) gains or profits derived from Singapore or elsewhere from the disposal of securities;

(*b*) interest (other than interest for which tax has been deducted under section 45); and

(*c*) dividends derived from outside Singapore and received in Singapore,

which do not form part of the statutory income of the designated unit trust by virtue of section 35(12) shall, subject to subsection (21), be deemed to be income of the unit holder if he is not a foreign investor.

[32/95; 31/98; 24/2000]

[Act 37 of 2014 wef 01/09/2014]

[Act 2 of 2016 wef 01/06/2015]

(20A) Subject to subsection (20G), any distribution made by a designated unit trust for any year of assessment to any unit holder out of —

(*a*) gains or profits derived on or after 27th February 2004 from —

(i) foreign exchange transactions;

(ii) transactions in futures contracts;

(iii) transactions in interest rate or currency forwards, swaps or option contracts; and

(iv) transactions in forwards, swaps or option contracts relating to any securities or financial index;

(*b*) distributions from foreign unit trusts derived from outside Singapore and received in Singapore on or after 27th February 2004;

(*c*) fees and compensatory payments (other than fees and compensatory payments for which tax has been deducted under section 45A) derived on or after 27th February 2004 from securities lending or repurchase arrangements with —

(i) a person who is neither a resident of nor a permanent establishment in Singapore;

(ii) the Monetary Authority of Singapore;

(iii) a bank licensed under the Banking Act (Cap. 19);

(iv) a merchant bank approved as a financial institution under section 28 of the Monetary Authority of Singapore Act (Cap. 186);

(v) a finance company licensed under the Finance Companies Act (Cap. 108);

(vi) a holder of a capital markets services licence licensed to carry on business in the following regulated activities under the Securities and Futures Act (Cap. 289) or a company exempted under that Act from holding such a licence:

(A) dealing in securities (other than any person licensed under the Financial Advisers Act (Cap. 110));

(B) fund management;

(C) securities financing; or

(D) providing custodial services for securities;

(vii) a collective investment scheme or closed-end fund as defined in the Securities and Futures Act that is constituted as a corporation;

(viii) the Central Depository (Pte) Limited;

(ix) an insurer licensed or regulated under the Insurance Act (Cap. 142) or exempted under that Act from being licensed or regulated; or

(x) a trust company licensed under the Trust Companies Act (Cap. 336);

(*d*) rents and any other income derived from any immovable property situated outside Singapore and received in Singapore on or after 27th February 2004;

(*e*) discount derived from outside Singapore and received in Singapore on or after 27th February 2004;

(*f*) discount from —

(i) qualifying debt securities issued during the period from 27th February 2004 to 16th February 2006 (both dates inclusive) which mature within one year from the date of issue of those securities; or

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

(ii) qualifying debt securities issued during the period from 17th February 2006 to 31st December 2018 (both dates inclusive);

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

(*g*) gains or profits derived on or after 27th February 2004 from the disposal of debentures, stocks, shares, bonds or notes issued by supranational bodies;

(*h*) prepayment fee, redemption premium and break cost from qualifying debt securities issued during the period from 15th February 2007 to 31st December 2018 (both dates inclusive); and

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

(*i*) such other income directly attributable to qualifying debt securities issued on or after a prescribed date, as may be prescribed by regulations,

which do not form part of the statutory income of the designated unit trust by virtue of section 35(12A) shall be deemed to be income of the unit holder if he is not a foreign investor.

[49/2004; 11/2005; 7/2007; 53/2007; 34/2008; 11/2013; 19/2013]

[Act 37 of 2014 wef 01/09/2014]

[Act 2 of 2016 wef 01/06/2015]

(20B) If —

(*a*) the income of the trustee of a unit trust, unit trust scheme or exchange traded fund interest scheme (referred to in this section as the unit trust) did not form part of his statutory income for one or more past years of assessment by reason of section 35(12); and

(*b*) any of the events set out in the first column of the following table occurs,

then a person to whom this subsection applies shall be treated as having derived, on the date in the second column of the table opposite to that event (referred to in this subsection and subsections (20C), (20E), (20G) and (20H) as the corresponding date), an amount of income that is equal to the prescribed amount of any income referred to in paragraph (*a*) that has yet to be distributed to any unit holder by the corresponding date:

First column	*Second column*
Event	*Corresponding date*
1. The unit trust is dissolved, and is a designated unit trust for the year of assessment for the basis period in which the dissolution occurred	Date of dissolution
2. The unit trust is not a designated unit trust within the meaning of section 35 for any year of assessment	Last day of the basis period for the immediately preceding year of assessment
3. The trustee fails to elect under section 35(12B) for section 35(12) to apply to his income for any year of assessment	Last day of the basis period for the immediately preceding year of assessment
4. The trustee elects under section 35(12B) for section 35(12) to apply to his income derived in only a part of the basis period for any year of assessment	Last day of that part of the basis period

[Act 37 of 2014 wef 01/06/2015]

[Act 2 of 2016 wef 01/06/2015]

(20C) Subsection (20B) shall not apply if the corresponding date is before 1st June 2015.

[Act 37 of 2014 wef 01/06/2015]

(20D) Subsection (20B) applies to the following persons:

(*a*) a unit holder who is not an individual and not a foreign investor;

(*b*) a unit holder who is an individual and not a foreign investor, and who holds the units for the purposes of a trade, profession or business;

(*c*) a partner who is not an individual and not a foreign investor, of a partnership which is a unit holder;

(*d*) a partner who is an individual and not a foreign investor, of a partnership in Singapore which is a unit holder.

[Act 37 of 2014 wef 01/06/2015]

(20E) For the purposes of subsection (20B) —

(*a*) the income referred to in paragraph (*a*) of that subsection includes the income of the trustee that did not form part of his statutory income for one or more years of assessment by reason of section 35(12) or (12A) in force immediately before 1st September 2014;

(*b*) the prescribed amount of the income referred to in paragraph (*a*) of that subsection which is treated as the income of a person referred to in subsection (20D)(*a*) or (*b*), is —

(i) the amount of that income that would have been distributed to him in accordance with the terms of the trust deed of the unit trust, had the income been distributed to unit holders on the corresponding date; or

(ii) if it is not possible to ascertain that amount under the terms of the trust deed, such part of that income as the total number of units held by the person bears to the total number of units of the unit trust as of the corresponding date;

(*c*) the prescribed amount of the income referred to in paragraph (*a*) of that subsection which is treated as the income of a person referred to in subsection (20D)(*c*) or

(*d*), is the share of the following amount that the person would have been entitled to as a partner of the partnership:

(i) the amount of that income that would have been distributed in accordance with the terms of the trust deed of the unit trust to the partnership, had the income been distributed to unit holders on the corresponding date; or

(ii) if it is not possible to ascertain that amount under the terms of the trust deed, such part of that income as the total number of units held by the partnership bears to the total number of units of the trust as of the corresponding date; and

(*d*) where the person referred to in subsection (20D) is an individual resident in Singapore, the prescribed amount of the income referred to in subsection (20B)(*a*) shall not include the amount of any gains or profits referred to in subsection (20)(*a*).

[Act 37 of 2014 wef 01/06/2015]

(20F) The trustee of the unit trust to which subsection (20B) applies shall, within such reasonable time after the occurrence of the event mentioned in that subsection as the Comptroller may specify and in such form and manner as the Comptroller may specify, give notice of the occurrence to —

(*a*) the Comptroller; and

(*b*) every person referred to in subsection (20D).

[Act 37 of 2014 wef 01/06/2015]

(20G) Where subsection (20B) has applied in relation to a unit trust —

(*a*) the amount of the income referred to in subsection (20B)(*a*) that has yet to be distributed to the unit holders of the unit trust by the corresponding date in question is treated, for the purposes of any subsequent application of subsection (20B) in relation to that unit trust, as having been distributed by the unit trust to its unit holders immediately after that corresponding date; and

(*b*) subsections (20) and (20A) do not apply to any subsequent distribution by the unit trust to its unit holders of any income referred to in paragraph (*a*).

[Act 2 of 2016 wef 01/06/2015]

(20H) Where —

(*a*) by reason of the application of subsection (20B) in relation to a unit trust, a person is treated as having derived on the corresponding date in question an amount of income that is equal to the prescribed amount of income referred to in subsection (20B)(*a*); and

(*b*) at any time after that corresponding date, the person disposes of units in the unit trust,

then the amount of any gains or profits derived from that disposal that is chargeable with tax under subsection (1)(*a*) is to be reduced by the amount of the income referred to in subsection (20E)(*b*)(i) or (ii) or (*c*)(i) or (ii) (whichever is applicable), that corresponds to the units disposed of.

[Act 2 of 2016 wef 01/06/2015]

(21) Where any distribution made out of gains or profits referred to in subsection (20)(*a*) is made to a unit holder who is an individual resident in Singapore, the distribution, if made on or after 28th February 1998, shall not be deemed to be income of that unit holder.

[32/95; 31/98]

(22) Where a designated unit trust had also been approved under section 10B, any distribution made by the designated unit trust out of any income (including gains or profits from the disposal of securities) derived by it during the period the designated unit trust was approved under section 10B shall be treated as income of a unit holder in accordance with subsection (19) and section 35(11) and (15).

[32/95]

(23) In subsections (20), (20A), (20B), (20D), (21) and (22) —

[*Deleted by Act 37 of 2014 wef 01/09/2014*]

"break cost", "prepayment fee" and "redemption premium" have the same meanings as in section 13(16);

"compensatory payment" has the same meaning as in section 10N(12);

"designated unit trust", in relation to any year of assessment, has the same meaning as in section 35(14);

[Act 37 of 2014 wef 01/09/2014]

"financial index" includes any currency, interest rate, share, stock or bond index;

"foreign investor" —

(*a*) in relation to an individual, means an individual who is not resident in Singapore;

(*b*) in relation to a company, means a company which is neither resident in Singapore nor carrying on business through a permanent establishment in Singapore, and not less than 80% of the total number of the issued shares of which are beneficially owned, directly or indirectly, by persons who are not citizens of Singapore and not resident in Singapore; and

[Act 37 of 2014 wef 30/05/2014]

(*c*) in relation to a trust fund, means a trust fund where at least 80% of the value of the fund is beneficially held, directly or indirectly, by foreign investors referred to in paragraph (*a*) or (*b*) and, unless waived by the Minister or such person as he may appoint, where —

(i) the fund is created outside Singapore; and

(ii) the trustees of the fund are neither citizens of Singapore nor resident in Singapore, nor do they carry out duties as such trustees through a permanent establishment in Singapore;

[Act 37 of 2014 wef 30/05/2014]

"qualifying debt securities" has the same meaning as in section 13(16);

"securities" has the same meaning as in section 10A;

"securities lending or repurchase arrangement" has the same meaning as in section 10N(12).

[32/95; 31/98; 49/2004; 34/2005; 53/2007]

[Act 37 of 2014 wef 01/06/2015]

(24) For the purposes of subsection (2)(*d*), the sum standing to the account of any individual in any pension or provident fund or society, other than a pension or provident fund to which section 10C applies, shall be deemed to accrue to the individual on the date he is entitled to the sum upon retirement or on the date he withdraws any sum before his retirement, as the case may be, except that where upon his retirement an individual is entitled to elect under the rules or constitution of the pension or provident fund or society as to the manner and amount of the sum to be withdrawn, only the amount so withdrawn shall be deemed to be income of the individual accruing on the date of withdrawal.

[26/93]

(25) It is hereby declared for the avoidance of doubt that the amounts described in the following paragraphs shall be income received in Singapore from outside Singapore whether or not the source from which the income is derived has ceased:

(*a*) any amount from any income derived from outside Singapore which is remitted to, transmitted or brought into, Singapore;

(*b*) any amount from any income derived from outside Singapore which is applied in or towards satisfaction of any debt incurred in respect of a trade or business carried on in Singapore; and

(*c*) any amount from any income derived from outside Singapore which is applied to purchase any movable property which is brought into Singapore.

[32/95]

(26) Any payment accrued to a self-employed individual under section 9, 12AB, 12B, 12E or 12H of the Child Development Co-Savings Act (Cap. 38A) shall be deemed to be income from his trade,

business, profession or vocation chargeable to tax under subsection (1)(*a*).

[24/2001; 13/2011; 22/2011]

[Act 30 of 2023 wef 01/05/2013]

(27) Where any income is derived by a special purpose vehicle under any approved Islamic debt securities arrangement entered into on or after 17th February 2006, the income shall be deemed to have been derived at the end of the arrangement by the originator of the arrangement.

[53/2007]

(28) In subsection (27) —

"approved" means approved by the Minister or such person as he may appoint, subject to such conditions as the Minister or person may impose;

"Islamic debt securities" has the same meaning as in section 43N(4);

"Islamic debt securities arrangement" means an arrangement under which —

(*a*) immovable properties in Singapore are acquired by a special purpose vehicle from a person (referred to in this subsection and subsection (27) as the originator) where the acquisition is funded through the issuance of Islamic debt securities by the special purpose vehicle;

(*b*) the immovable properties are leased by the special purpose vehicle to the originator; and

(*c*) the immovable properties are reacquired by the originator upon the maturity of the Islamic debt securities;

"special purpose vehicle" means a company whose only business is to acquire the originator's immovable properties in Singapore, lease them back to the originator and transfer such properties to the originator upon the maturity of the Islamic debt securities.

[53/2007]

Profits of investment company

10A.—(1) Notwithstanding any other provisions of this Act, the Minister may by regulations —

(*a*) provide that tax on gains or profits derived from the disposal of securities (other than transferred securities to which section 10N applies) by an approved investment company shall be levied and paid for each year of assessment upon such amount as may be determined by reference to the period during which those securities have been held;

(*b*) provide for the deduction of such amount of allowances under section 19, 19A, 20, 21 or 23 to be granted in such manner as may be prescribed;

(*c*) provide for the deduction of such amount of losses arising from the disposal of securities (other than transferred securities to which section 10N applies) as may be determined by reference to the period during which those securities have been held;

(*d*) provide for the deduction of such amounts of expenses and donations allowable under this Act in such manner as may be prescribed.

[3/89; 37/2002]

(1A) No investment company may be approved under this section as an approved investment company after 31 December 2016.

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

(2) In this section —

"approved" means approved by the Minister or such person as he may appoint;

"investment company" means any company whose business consists wholly or mainly in the making of investments and the principal part of whose income is derived therefrom;

"securities" means —

(*a*) debentures, stocks, shares, bonds or notes issued by a government or company;

(*b*) any right or option in respect of any such debentures, stocks, shares, bonds or notes; or

(*c*) units in any unit trust within the meaning of section 10B.

[23/90; 32/95]

Profits of unit trusts

10B.—(1) Notwithstanding any other provisions of this Act, the Minister may by regulations —

(*a*) provide that tax on gains or profits derived on or after 1st July 1989 from the disposal of securities by an approved unit trust shall be levied and paid for each year of assessment by the trustees upon such percentage of the gains or profits and in such manner as may be prescribed;

(*b*) provide for the deduction of such percentage of the losses arising from the disposal of securities in such manner as may be prescribed;

(*c*) provide for the deduction of expenses allowable under this Act to be granted in such manner as may be prescribed;

(*d*) provide for the deduction of tax by the trustees of the unit trust on any distribution received by a unit holder which is deemed to be income under section 10(19).

[23/90]

(2) In this section —

"approved" means approved by the Minister or such person as he may appoint;

"securities" has the same meaning as in section 10A;

"unit" means a right or an interest (whether described as a unit, a sub-unit or otherwise) which may be acquired under a unit trust;

"unit trust" means any trust established for the purpose, or having the effect, of providing facilities for the participation by persons as beneficiaries under a trust, in profits or income

arising from the acquisition, holding, management or disposal of securities or any other property.

[23/90]

Excess provident fund contributions, etc., deemed to be income

10C.—(1) Notwithstanding section 13(1)(*j*), where in any year, contributions have been made by an employer in respect of an employee under section 7 of the Central Provident Fund Act (Cap. 36) —

(*a*) any part of the employer's contributions, in respect of ordinary or additional wages paid to the employee in that year, which is not obligatory under that Act; or

(*b*) the employer's contributions in respect of that part of the additional wages which exceeds the specified amount paid to the employee in that year,

shall be deemed to be income accruing to the employee for the year in which the wages are paid.

[23/90; 49/2004; 34/2005; 7/2007]

(2) Notwithstanding subsection (1)(*a*), where in any year, contributions obligatory by reason of a contract of employment are made by any relevant employer to the Central Provident Fund in respect of overseas ordinary wages or overseas additional wages paid to an employee in that year, that part of such contributions up to the relevant amount shall not be deemed to be income accruing to the employee.

[11/94]

(3) Subsection (2) shall not apply to contributions made by an employer in any year from 1st January 1999 to the Central Provident Fund in respect of an employee who holds a professional visit pass or a work pass in that year.

[1/98; 30/2007]

(4) Notwithstanding subsection (1)(*a*) but subject to subsection (6), where a contribution is made by an employer in any year before 2013 to the medisave account of his employee maintained under the Central Provident Fund Act, the contribution up to the maximum

amount referred to in subsection (5) shall not be deemed to be income accruing to the employee.

[22/2011; 19/2013]

(5) The maximum amount is $1,500 less —

(*a*) any previous contribution made by the same or another employer to that medisave account in that year where the contribution is not deemed to be income under subsection (4); and

(*b*) any previous contribution made to that medisave account in that year that is exempt from tax under section 13(1)(*jc*).

[22/2011]

(5A) Notwithstanding subsection (1)(*a*) but subject to subsection (6), where a contribution is made by an employer in 2013 or any subsequent year to the medisave account of his employee maintained under the Central Provident Fund Act, the contribution up to the maximum amount referred to in subsection (5B) shall not be deemed to be income accruing to the employee.

[19/2013]

(5B) The maximum amount is $1,500 in any year less any previous contribution made to that medisave account in that year by that employer in his capacity as a person of a prescribed description referred to in section 13(1)(*jd*) (if applicable) that is exempt from tax under that provision.

[19/2013]

(6) Subsections (4) and (5A) shall not apply to contributions made by an employer in any year from 1st January 1999 to the Central Provident Fund in respect of an employee who holds a professional visit pass or a work pass in that year.

[1/98; 30/2007; 19/2013]

(7) [*Deleted by Act 7 of 2007*]

(8) Where in any year contributions under section 7 of the Central Provident Fund Act have been made in respect of an employee employed by 2 or more employers and the employers are related to each other, subsection (1)(*b*) shall apply as if all the ordinary and additional wages from those related employers and the contributions on those wages were paid by one employer.

[7/2007]

(9) For the purposes of subsection (8), one employer shall be deemed to be related to another where one of them, directly or indirectly, has the ability to control the other or where both of them, directly or indirectly, are under the control of a common person.

(10) Subsections (1) to (9) shall apply, with the necessary modifications, to contributions made by an employer to a designated pension or provident fund as if those contributions were the employer's contributions to the Central Provident Fund.

(11) Where in any year contributions have been made by an employer in respect of an employee to any pension or provident fund constituted outside Singapore, the whole of the contributions made to that pension or provident fund shall be deemed to be income accruing to the employee for the year in which the contributions are paid.

[26/93]

(12) In this section —

"additional wages" has the same meaning as in the Central Provident Fund Act;

"designated pension or provident fund" means an approved pension or provident fund designated by the Minister under section 39(8);

"employer's contributions" means the contributions made by any employer under section 7(1) of the Central Provident Fund Act less the amount of contributions recoverable by the employer from the wages of an employee under section 7(2) of that Act;

"ordinary wages" has the same meaning as "ordinary wages for the month" in the Central Provident Fund Act;

"overseas additional wages" means additional wages paid in respect of the performance of any duty for any period outside Singapore;

"overseas ordinary wages" means ordinary wages paid in respect of the performance of any duty for any period outside Singapore;

"overseas total wages", in relation to any year, means the total of the overseas ordinary wages and overseas additional wages in that year received by an employee;

"relevant amount" means the amount of contributions which would have been required to be made by the relevant employer had such contributions been obligatory under the Central Provident Fund Act in respect of —

(*a*) the overseas total wages paid to an employee in any year less the aggregate in that year of such part of the overseas ordinary wages paid to the employee in every month in that year as exceeds $4,500 (being a month before September 2011), $5,000 (being the month of September 2011 or any subsequent month before January 2016) or $6,000 (being the month of January 2016 or any subsequent month); or

[Act 2 of 2016 wef 11/04/2016]

(*b*) $79,333 (in relation to the year 2011), $85,000 (in relation to the years 2012, 2013, 2014 and 2015) or $102,000 (in relation to the year 2016 and every subsequent year),

[Act 2 of 2016 wef 11/04/2016]

whichever is less;

"relevant employer" means any company incorporated or registered under the Companies Act (Cap. 50) or any person registered under the Business Names Registration Act 2014;

[Act 29 of 2014 wef 03/01/2016]

"specified amount" means —

(*a*) [*Deleted by Act 2 of 2016 wef 11/04/2016*]

(*b*) in relation to the year 2006, 2007, 2008, 2009 or 2010, the difference between $76,500 and the total ordinary wages paid to the employee in that year; and for this purpose, any amount of ordinary wages paid to the employee for any month in the year in excess of $4,500 shall be disregarded;

(*c*) in relation to the year 2011, the difference between $79,333 and the total ordinary wages paid to the employee in that year; and for this purpose, any amount of ordinary wages paid to the employee for any month in the year in excess of $4,500 (being a month before September 2011) or $5,000 (being the month of September 2011 or any subsequent month) shall be disregarded;

[Act 2 of 2016 wef 11/04/2016]

(*d*) in relation to the year 2012, 2013, 2014 or 2015, the difference between $85,000 and the total ordinary wages paid to the employee in that year; and for this purpose, any amount of ordinary wages paid to the employee for any month in the year in excess of $5,000 shall be disregarded; and

[Act 2 of 2016 wef 11/04/2016]

(*e*) in relation to the year 2016 and every subsequent year, the difference between $102,000 and the total ordinary wages paid to the employee in that year; and for this purpose, any amount of ordinary wages paid to the employee for any month in the year in excess of $6,000 is to be disregarded;

[Act 2 of 2016 wef 11/04/2016]

"total wages", in relation to any year, means the total of the ordinary and additional wages in that year received by an employee;

"year" means any year from 1st January to 31st December.

[11/94; 49/2004; 34/2005; 7/2007; 22/2011]

Income from finance or operating lease

10D.—(1) Notwithstanding any other provisions of this Act, the Minister may by regulations provide for the circumstances in which the Comptroller may direct that allowances under section 19, 19A, 20, 21, 22 or 23 in respect of any machinery or plant which is leased under a finance lease entered into on or after 1st April 1990 shall not

be made to the lessor but to the lessee as though the machinery or plant had been sold by the lessor to the lessee.

[20/91]

(2) In determining the income of a lessor from the leasing of any machinery or plant, other than those which have been treated as though they had been sold pursuant to regulations made under subsection (1), the following provisions shall apply:

(*a*) the Comptroller shall determine the manner and extent to which —

(i) allowances under section 19, 19A, 20, 21, 22 or 23 and any expenses and donations allowable under this Act are to be deducted;

(ii) any loss may be deducted under section 37;

(*b*) where the lessor derives income from onshore leasing or offshore leasing or both and such income is subject to tax under section 42(1) or 43(1), the allowances under section 19, 19A, 20, 21, 22 or 23 in respect of finance leasing shall only be available as a deduction against the income from finance leasing, and any balance of the allowances shall not, subject to paragraph (*d*), be available as a deduction against any other income or be available for transfer under section 37C, 37D or 37F;

(*c*) where the lessor is a leasing company which derives income from onshore leasing as well as from offshore leasing subject to the concessionary rate of tax under section 43I, any balance of the allowances under section 19, 19A, 20, 21, 22 or 23 in respect of onshore finance leasing in any year of assessment after deduction against the income from such leasing shall be available as a deduction against any income from offshore finance leasing for that year of assessment, and any balance of the allowances shall not, subject to paragraph (*d*), be available as a deduction against any other income or be available for transfer under section 37C;

(*d*) where the lessor referred to in paragraph (*b*) or (*c*) ceases to derive income from finance leasing in the basis period for

any year of assessment, any balance of the allowances after the deduction in paragraph (*b*) or (*c*) shall be available as a deduction against any other income for that year of assessment and for any subsequent year of assessment in accordance with section 23;

(*e*) where the lessor is a leasing company which derives income from onshore leasing as well as from offshore leasing subject to the concessionary rate of tax under section 43I —

(i) the allowances under section 19, 19A, 20, 21, 22 or 23 in respect of operating leasing shall firstly be available as a deduction against the income from such leasing, and any balance of the allowances shall be available as a deduction against any other income; and

(ii) any losses incurred in respect of finance leasing or operating leasing shall be available as a deduction against any other income.

[1/98; 37/2002; 49/2004; 34/2005; 53/2007]

(3) In this section —

"finance lease" means a lease of any machinery or plant (including any arrangement or agreement in connection with the lease) which has the effect of transferring substantially the obsolescence, risks or rewards incidental to ownership of such machinery or plant to the lessee;

"finance leasing" means the leasing of any machinery or plant under any finance lease;

"leasing company", "offshore finance leasing" and "offshore leasing" have the same meanings as in section 43I(9);

"onshore finance leasing" means the onshore leasing of any machinery or plant under any finance lease;

"onshore leasing" means the leasing, other than offshore leasing, of any machinery or plant;

"operating leasing" means the leasing of any machinery or plant, other than finance leasing.

[1/98; 53/2007]

Ascertainment of income from business of making investments

10E.—(1) Notwithstanding any other provisions of this Act, in determining the income of a company or trustee of a property trust derived from any business of the making of investments, the following provisions shall apply:

(*a*) any outgoings and expenses incurred by the company or trustee of a property trust in respect of investments of that business which do not produce any income shall not be allowed as a deduction under section 14 for that business or other income of the company or trustee of a property trust;

(*b*) any outgoings and expenses incurred by the company or trustee of a property trust in respect of investments of that business which produce any income shall only be available as a deduction under section 14 against the income derived from such investments and any excess of such outgoings and expenses over such income in any year shall be disregarded; and

(*c*) the allowances under sections 19, 19A, 20 and 21 relating to that business shall only be available as a deduction against the income derived from investments of that business which produce any income and the balance of the allowances in any year shall be disregarded.

[32/95; 37/2002]

(1A) Where subsection (1) would apply to the originator of any approved Islamic debt securities arrangement if that arrangement had not been entered into, that subsection shall continue to apply to the originator as if the arrangement had not been entered into.

[53/2007]

(2) In this section —

"approved Islamic debt securities arrangement" and "originator" have the same meanings as in section 10(28);

"business of the making of investments" includes the business of letting immovable properties;

"immovable property-related assets" means debt securities and shares issued by property companies, mortgaged-backed securities, other property trust funds, and assets incidental to the ownership of immovable properties;

"investments" means securities, immovable properties and immovable property-related assets;

"property trust" means a trust which invests in immovable properties or immovable property-related assets.

[32/95; 37/2002; 53/2007]

Ascertainment of income from certain public-private partnership arrangements

10F.—(1) Where —

(*a*) a contract is entered into on or after 29th December 2009 between the Government or any approved statutory body and any person under a public-private partnership arrangement; and

(*b*) the contract is or contains a finance lease recognised as such by the lessor in accordance with FRS 17 read with INT FRS 104, the Government or the approved statutory body being the lessee and the person being the lessor,

then —

(i) notwithstanding any provisions under Part VI, the allowances under section 16, 17, 18B, 18C, 19, 19A, 20, 21, 22 or 23 in respect of any building or structure, or any machinery or plant, which is a subject of that finance lease, shall not be made to the person, but to the Government or the approved statutory body, as the case may be; and

(ii) the person shall not be assessed to tax on that part of the lease payment under that finance lease that is attributable to repayment of principal.

[27/2009; 29/2010]

(1A) Notwithstanding any other provision of this Act, where —

(*a*) a person provides any services in the basis period for the year of assessment 2012 or any subsequent year of assessment under a public-private partnership arrangement —

(i) that is the subject of a contract entered into between him and the Government or any approved statutory body; and

(ii) to which INT FRS 112 applies; and

(*b*) the person recognises in his financial statements, prepared in accordance with INT FRS 112, that income of a certain amount has been derived from such services,

then that amount shall be deemed as income derived by that person from those services for that basis period.

[19/2013]

(1B) Notwithstanding subsection (1A), the person referred to in that subsection may elect in accordance with subsection (1D) for the Comptroller to assess to tax any deemed income referred to in subsection (1A) from providing any FRS 11 construction or upgrade services under the public-private partnership arrangement, as income derived by him in the basis period in which those services are completed.

[19/2013]

(1C) Where an election has been made in accordance with subsection (1D), then, notwithstanding any other provision of this Act —

(*a*) the income referred to in subsection (1B) shall be deemed as income derived by the person in the basis period in which the FRS 11 construction or upgrade services are completed; and

(*b*) any expenditure for which a deduction or an allowance may be allowed or made to him under Parts V and VI in respect of those services shall be treated as having been incurred in that basis period.

[19/2013]

(1D) The election shall be made by notice in writing to the Comptroller —

(*a*) at the time of lodgment of the return of income for the year of assessment relating to the basis period in which the person first provides the FRS 11 construction or upgrade services, being the year of assessment 2012 or any subsequent year of assessment; or

(*b*) at such later time as the Comptroller may allow.

[19/2013]

(1E) The election made under subsection (1D) shall be irrevocable.

[19/2013]

(2) In this section —

"approved" means approved by the Minister or such person as he may appoint;

"FRS 11 construction or upgrade services" means any construction or upgrade services (as the case may be) to which FRS 11 applies;

"FRS 11", "FRS 17", "INT FRS 104" and "INT FRS 112" mean the financial reporting standards known as Financial Reporting Standard 11 (Construction Contracts), Financial Reporting Standard 17 (Leases), Interpretation of Financial Reporting Standard 104 (Determining whether an arrangement contains a lease) and Interpretation of Financial Reporting Standard 112 (Service Concession Arrangements), respectively, issued by the Accounting Standards Council under the Accounting Standards Act (Cap. 2B).

[27/2009; 19/2013]

10G. [*Repealed by Act 37 of 2002*]

Ascertainment of income from business of hiring out motor cars or providing driving instruction

10H.—(1) Notwithstanding any other provisions of this Act, in determining the income derived by any person for any year of assessment from any business of hiring out motor cars or of providing

driving instruction using motor cars, the following provisions shall apply:

(*a*) any outgoings and expenses incurred in respect of that business for that year of assessment and allowable under this Act shall only be deducted against the income derived from that business and any excess of such outgoings and expenses over such income shall not be available as a deduction against any other income of the person or be available for transfer under section 37C, 37D or 37F for that year of assessment and any subsequent year of assessment; and

(*b*) the allowances under sections 19, 19A, 20, 21 and 22 relating to that business for that year of assessment shall only be available as a deduction against the income derived from that business and any excess of such allowances over such income shall not be available as a deduction against any other income of the person or be available for transfer under section 37C, 37D or 37F for that year of assessment and any subsequent year of assessment.

[32/99; 37/2002; 49/2004; 34/2005]

(2) In this section, "motor car" means a car which is constructed or adapted for the carriage of not more than 7 passengers exclusive of the driver and the weight of which unladen does not exceed 3,000 kilograms.

[32/99]

10I. [*Repealed by Act 37 of 2014 wef 27/11/2014*]

10J. [*Repealed by Act 37 of 2014 wef 27/11/2014*]

10K. [*Repealed by Act 37 of 2014 wef 27/11/2014*]

Withdrawals from Supplementary Retirement Scheme

10L.—(1) Where the amount of withdrawals made by an SRS member from his SRS account in any year exceeds the amount he contributed to his SRS account in that year, the excess amount withdrawn from his SRS account shall, subject to subsections (3),

(3G), (6), (7), (8) and (9), be deemed to be income of the SRS member chargeable to tax under section 10(1)(*g*).

[24/2001]

[Act 2 of 2016 wef 11/04/2016]

(2) Except where a withdrawal is made by the Official Assignee or the trustee in bankruptcy of an SRS member who is a bankrupt or where a withdrawal is made under subsection (3), (3G), (4) or (8) or deemed to be withdrawn under subsection (6), (7) or (9), a penalty of 5% of the amount withdrawn which is deemed to be income of an SRS member under subsection (1) shall be payable by the SRS member and shall be deducted by the SRS operator from the amount so withdrawn.

[24/2001]

[Act 2 of 2016 wef 11/04/2016]

(2A) The Minister may, for any good cause, remit, wholly or in part, any penalty payable by any SRS member under subsection (2).

[37/2002]

(3) Subject to subsection (3G), only 50% of the following withdrawals made by an SRS member from his SRS account shall be deemed to be income of the SRS member chargeable to tax under section 10(1)(*g*):

(*a*) withdrawal of all the funds standing in his SRS account at the same time if the SRS member is neither a citizen of Singapore nor a Singapore permanent resident on the date of the withdrawal and for a continuous period of at least 10 years before that date, and has maintained his SRS account for a period of not less than 10 years from the date of his first contribution to his SRS account;

(*b*) any withdrawal on or after the SRS member has attained the prescribed minimum retirement age prevailing at the time when the SRS member made his first contribution to his SRS account; or

(*c*) any withdrawal made on the ground that the SRS member is physically or mentally incapacitated from ever continuing in any employment, is mentally disordered

and incapable of managing himself or his affairs or is suffering from a terminal illness or disease.

[24/2001; 37/2002; 21/2008; 4/2011]

[Act 2 of 2016 wef 11/04/2016]

(3A) Subject to subsection (3C), where an SRS member has used funds in his SRS account for any investment, any payment to the SRS member thereafter, being —

(*a*) any gains or profits from the investment made;

(*b*) any part of the funds the SRS member invested; or

(*c*) any proceeds from the sale or liquidation of such investment,

shall be considered a withdrawal by the SRS member from his SRS account for the purposes of subsections (1), (2) and (3)(*b*) and (*c*).

[22/2011]

(3B) Subsection (3A) applies even if the SRS account has been closed before the payment mentioned in that subsection, and in that event the person to whom the payment is made shall be treated as if he is still an SRS member for the purposes of subsections (1), (2), (2A) and (3)(*b*) and (*c*).

[22/2011]

(3C) Subsection (3A) does not apply to any payment received after any balance remaining or sum standing in the SRS account is deemed withdrawn under subsection (6), (7) or (9).

[22/2011]

(3D) Where any funds in an SRS account have been used for investment, then all the funds standing in the SRS account shall be considered as having been withdrawn at the same time for the purposes of subsections (3)(*a*) and (3G) if, and only if, every investment has either been sold or liquidated, or is one which has been deducted from the balance in the SRS account, and —

(*a*) in the case of every investment that has been sold or liquidated, amounts which the financial product provider declared to the SRS member to be all the gains or profits from the investment, all funds used for the investment, and all the proceeds from the sale or liquidation have been returned to the account and these, together with all funds

standing in the SRS account, are withdrawn at the same time; and

(*b*) in the case of every investment which has been deducted from the balance in the SRS account, the date of the deduction is the same as the date on which the withdrawal referred to in paragraph (*a*) takes place.

[Act 37 of 2014 wef 01/07/2015]

[Act 2 of 2016 wef 11/04/2016]

(3E) Where —

(*a*) an SRS member has used funds in his SRS account for any investment; and

(*b*) the investment is one which has been deducted from the balance in the SRS account,

then an amount equal to the value of the investment as determined in the manner prescribed by regulations made under subsection (11), shall be considered as having been withdrawn by the SRS member from his SRS account on the date of the deduction for the purposes of subsections (1), (2), (3) and (3G).

[Act 37 of 2014 wef 01/07/2015]

[Act 2 of 2016 wef 11/04/2016]

(3F) In subsections (3D) and (3E) —

(*a*) an investment is one which has been deducted from the balance in an SRS account if the SRS operator in question has, in accordance with the regulations made under subsection (11), approved the deduction of the sums representing the investment from the balance in the SRS account; and

(*b*) the date of the deduction is the date of the approval referred to in paragraph (*a*).

[Act 37 of 2014 wef 01/07/2015]

(3G) Where an SRS member makes a withdrawal of all of the funds standing in the SRS account of the SRS member on the ground that the SRS member is suffering from a terminal illness or disease, then an amount determined in the following manner (if more than zero) is

treated as the SRS member's income chargeable to tax under section 10(1)(*g*):

$$50\% \times (A - B),$$

where A is the amount of the withdrawal; and

B is the amount determined under subsection (9A).

[Act 2 of 2016 wef 11/04/2016]

(4) Where any contribution made by an SRS member in any year to his SRS account exceeds his SRS contribution cap for that year (referred to in this section as excess contribution) —

(*a*) the aggregate of the excess contribution and, unless the Comptroller otherwise directs, an amount equal to 5% of the excess contribution, to be compounded yearly in accordance with regulations made under this section; or

(*b*) the total amount standing in his SRS account,

whichever amount is the lower, shall be withdrawn by the SRS member from his SRS account by 31st December of the year in which he has been notified by the Comptroller of the excess contribution; and that amount shall be deemed to be his income chargeable to tax under section 10(1)(*g*) for that year.

[24/2001]

(5) Where an SRS member is eligible to make a withdrawal under subsection (3)(*b*), all the funds (excluding any life annuity) standing in his SRS account shall be withdrawn not later than 10 years from the date he made his first withdrawal under subsection (3)(*b*).

[34/2008]

(6) Upon the expiry of the period referred to in subsection (5), any balance (excluding any life annuity and any amount not withdrawn under subsection (4)) remaining in the SRS account shall be deemed to be withdrawn by the SRS member and 50% of such balance shall be deemed to be his income chargeable to tax under section 10(1)(*g*) for the year in which the period expires.

[24/2001; 34/2008]

(6A) Where an SRS member —

(*a*) made his first withdrawal under subsection (3)(*b*); and

(*b*) subsequently made one or more contributions to his SRS account during the period from 1st October 2008 to 31st December 2008 (both dates inclusive),

then —

(i) any withdrawal made under subsection (3)(*b*) prior to the date of the first of his contributions referred to in paragraph (*b*) shall be disregarded for the purpose of determining the period referred to in subsection (5); and

(ii) the date of his first withdrawal made under subsection (3)(*b*) after the date of the first of his contributions referred to in paragraph (*b*) shall be deemed to be the date he made his first withdrawal under subsection (3)(*b*) for the purpose of determining the period referred to in subsection (5).

[27/2009]

(6B) Where an SRS member —

(*a*) had made one or more withdrawals under subsection (3)(*b*) of all the funds standing in his SRS account and had closed his SRS account (referred to in this subsection as the first SRS account); and

(*b*) subsequently opened another SRS account during the period from 1st October 2008 to 31st December 2008 (both dates inclusive) (referred to in this subsection as the second SRS account),

then —

(i) the reference to the date he made his first withdrawal under subsection (3)(*b*) for the purpose of determining the period referred to in subsection (5) shall be read as a reference to the date he makes his first withdrawal after he opened the second SRS account; and

(ii) for the purposes of subsection (1) and section 39(2)(*o*), both the first SRS account and the second SRS account

shall be deemed to be the same account as if the first SRS account had never been closed.

[27/2009]

(7) Where an SRS member is eligible to make a withdrawal under subsection (3)(*c*), he shall withdraw all the funds (excluding any life annuity) standing in his SRS account not later than 10 years from the date he makes the first withdrawal; and upon the expiry of that period, any balance (excluding any life annuity and any amount not withdrawn under subsection (4)) remaining in his SRS account shall be deemed to be withdrawn by the SRS member and 50% of such balance shall be deemed to be his income chargeable to tax under section 10(1)(*g*).

[24/2001]

(8) Only 50% of any annuity payment made under a life annuity purchased by an SRS member under the SRS shall be deemed to be income of the SRS member chargeable to tax under section 10(1)(*g*) upon —

(*a*) the expiry of the period referred to in subsection (5);

(*b*) the expiry of the period referred to in subsection (7); or

(*c*) the closure of the SRS account of the SRS member —

(i) on or after the date the SRS member attains the prescribed minimum retirement age prevailing at the time the SRS member makes the first contribution to the SRS account; or

(ii) on or after the date the SRS member becomes physically or mentally incapacitated from ever continuing in any employment, becomes mentally disordered and incapable of managing himself or his affairs, or begins to suffer from a terminal illness or disease.

[Act 2 of 2016 wef 11/04/2016]

(9) When an SRS member dies, any sum standing in the SRS account of the SRS member is treated as withdrawn on the date of death, and an amount determined in the following manner (if more than zero) is treated as the SRS member's income chargeable to tax under section 10(1)(*g*):

$$50\% \times (A - B),$$

where A is the amount treated as withdrawn; and

B is the amount determined under subsection (9A).

[Act 2 of 2016 wef 11/04/2016]

(9A) For the purposes of subsections (3G) and (9), the amount B referred to in those subsections is —

$$[\$40,000 \times (10 - C)] - D,$$

where C is —

(*a*) if the SRS member made a withdrawal under subsection (3)(*b*) or (*c*) (not being a withdrawal under subsection (3G)) in any year before the relevant year, the total number of years (a part of a year being treated as a full year) in the period —

(i) beginning with the year in which the SRS member made the first such withdrawal; and

(ii) ending with the year immediately before the relevant year,

or, if the first year and the last year in the period are (or are part of) the same year, one; or

(*b*) if the SRS member made his first withdrawal under subsection (3)(*b*) or (*c*) (not being a withdrawal under subsection (3G)) in the relevant year, or did not make any such withdrawal, zero; and

D is the lower of —

(*a*) $40,000; and

(*b*) the sum of the following withdrawals made in the relevant year (which is not a withdrawal under subsection (3G)):

(i) every withdrawal made under subsection (3)(*b*);

(ii) every withdrawal made under subsection (3)(*c*).

[Act 2 of 2016 wef 11/04/2016]

(9B) In subsection (9A), "relevant year" means —

(*a*) the year in which the SRS member makes the withdrawal under subsection (3G); or

(*b*) the year of death of the SRS member,

as the case may be.

[Act 2 of 2016 wef 11/04/2016]

(10) For the purposes of this section, the use of funds in his SRS account by an SRS member for investment in savings or investment products offered under the SRS and for disbursement of any charges in relation to the operation of his SRS account shall be deemed not to be a withdrawal from his SRS account.

[24/2001]

(11) The Minister may by regulations establish a Supplementary Retirement Scheme to provide for voluntary cash contributions by individuals and by their employers on their behalf to accounts operated by SRS operators so as to encourage individuals to save for their old age.

[24/2001; 34/2008]

(12) Without prejudice to the generality of subsection (11), regulations made under that subsection may provide for —

(*a*) the opening and the type of account for any SRS member into which contributions may be made;

(*b*) the SRS contribution cap, the mode and manner of the contributions and withdrawals that can be made by any SRS member;

(*c*) the method of valuation of investment products acquired under the SRS;

(*d*) the method of computing income deemed to accrue from excess contributions made by any SRS member;

(*e*) the suspension or closure of SRS accounts and the circumstances in which the SRS accounts may be suspended or closed;

(*f*) the terms and conditions governing the relationship between the Government, SRS operators, SRS members and the Comptroller under the SRS;

(*g*) the purposes for which the contributions made under the SRS can be utilised and invested, the persons with whom investments may be made and the terms and conditions of the investment and withdrawal under the SRS;

(*h*) the consequences for any contravention of the regulations, including making any act or omission in contravention of such regulations an offence and prescribing the penalties for such offence;

(*i*) the requirements and obligations to be observed by SRS members, SRS operators and financial product providers under the SRS; and

(*j*) generally for giving full effect to or for carrying out the purposes of this section.

[24/2001]

(12A) Without prejudice to the generality of subsections (11) and (12), regulations made under subsection (11) may, for the purposes of subsections (3D), (3E) and (3F) and section 45EA (which relates to collection of tax by an SRS operator for payment to the Comptroller on the value of an investment deducted from an SRS account of a non-citizen) —

(*a*) provide for the manner and time of valuation of any investment;

(*b*) enable an SRS operator to approve the deduction of the sums representing an investment from the balance in an SRS account under such circumstances as may be specified, and impose duties on the SRS operator before and after giving the approval; and

(*c*) for the purposes of section 45EA, prescribe different methods of reckoning the value of an investment under different circumstances.

[Act 37 of 2014 wef 01/07/2015]

(13) This section shall not apply to any SRS member whose SRS account is opened and subsequently closed within the same year.

[24/2001; 27/2009]

(14) In this section, unless the context otherwise requires —

(*a*) a reference to an SRS member making a contribution to his SRS account includes his employer making a contribution to that account on his behalf; and

(*b*) a reference to a contribution of an SRS member to his SRS account includes a contribution by his employer to that account on his behalf.

[27/2009]

10M. [*Repealed by Act 37 of 2014 wef 27/11/2014*]

Securities lending or repurchase arrangement

10N.—(1) For the purpose of determining whether an amount, other than any fee payable under a securities lending or repurchase arrangement, should be taken into account in ascertaining the gains or profits from any transfer of securities under the arrangement in respect of which a transferor is chargeable to tax, the transferor is to be treated as if —

(*a*) the transfer of the transferred securities had not been made;

(*b*) the transferor had held the transferred securities at all times during the borrowing period; and

(*c*) the return of the transferred securities or equivalent securities had not been made at the end of the borrowing period.

[37/2002]

(2) Notwithstanding subsection (1), where a transferor is a person who carries on a trade or business of sale and purchase of securities, any gains or profits derived by him from any transfer of securities under a securities lending or repurchase arrangement shall be

chargeable to tax under section 10(1)(*a*) if subsequent to the transfer of the transferred securities —

(*a*) the transferred securities are redeemed;

(*b*) the transferee accepts a takeover offer for the transferred securities upon the direction of the transferor;

(*c*) the arrangement is terminated because the transferor or transferee is unable to perform any of the obligations specified in the arrangement, unless the transferor applies the collateral held by him to re-acquire equivalent securities under the terms of the arrangement;

(*d*) the transferee sells the transferred securities to the issuer of such securities upon the direction of the transferor; or

(*e*) any other event occurs which, in the opinion of the Comptroller, results in the condition specified in paragraph (*a*)(iii) or (iv) of the definition of "securities lending or repurchase arrangement" not fulfilled,

and the gains or profits shall be deemed to arise at the time any of the events referred to in paragraph (*a*), (*b*), (*c*), (*d*) or (*e*) occurs.

[37/2002]

(3) Where a transferee is a person who carries on a trade or business of sale and purchase of securities, any gains or profits derived by him from any transfer of securities under a securities lending or repurchase arrangement shall be chargeable to tax under section 10(1)(*a*), and the gains or profits shall be deemed to arise at the time any of the following events occurs:

(*a*) the transferee disposes of the transferred securities to a person other than the transferor; and

(*b*) subsequent to such disposal, the transferee returns equivalent securities to the transferor or any of the events specified in subsection (2) occurs, whichever is the earlier.

[37/2002]

(4) For the purposes of computing the gains or profits of a transferee under subsection (3), the transferee is to be treated as if he had acquired the transferred securities from or returned equivalent

securities to the transferor, as the case may be, for a consideration equal to the market value of the transferred securities at the beginning of the borrowing period under the securities lending or repurchase arrangement.

[37/2002]

(5) Where any distribution of dividend or interest in respect of transferred securities is made to a Singapore-based transferee and received by a transferor under a securities lending or repurchase arrangement, the distribution shall be included in the statutory income of the transferor of the year in which the distribution is made to the transferee, and be assessed as if the distribution had been made to the transferor.

[37/2002]

(6) [*Deleted by Act 19 of 2013*]

(7) A Singapore-based transferee (other than a transferee under a buy and sell back arrangement in respect of qualifying debt securities or foreign debt securities) shall not be entitled to any tax credit under section 50 or 50A for any distribution received by him from outside Singapore in respect of transferred securities under a securities lending or repurchase arrangement.

[37/2002; 27/2009]

(8) Where any compensatory payment derived under a securities lending or repurchase arrangement by a transferor from a Singapore-based transferee is in place of —

(*a*) any dividend which is exempt from tax or interest which is derived from qualifying debt securities, the transferor shall be assessed at the tax rate that would have been applicable to the dividend or interest, as the case may be, had it been made directly to the transferor; or

(*b*) [*Deleted by Act 19 of 2013*]

(*c*) a distribution of income derived from outside Singapore and where the transferor is resident in Singapore, no tax credit under section 50 or 50A shall be allowed to the transferor.

[37/2002; 27/2009; 19/2013]

(9) Section 45 shall apply in relation to —

(*a*) any distribution of interest (other than interest derived from qualifying debt securities) in respect of transferred securities; and

(*b*) any compensatory payment in place of —

(i) any distribution of income derived from outside Singapore; or

(ii) [*Deleted by Act 19 of 2013*]

(iii) any interest (other than interest derived from qualifying debt securities),

made under a securities lending or repurchase arrangement by a Singapore-based transferee to a transferor who is not resident in Singapore, as that section applies to any interest paid by a person to another person not known to him to be resident in Singapore, and for the purpose of such application, any reference in that section to interest shall be construed as a reference to such distribution of interest or compensatory payment.

[37/2002; 19/2013]

(10) For the purposes of this section, the Comptroller may specify such requirement and obligation to be observed, and such information in respect of any transferor, transferee or transferred securities to be furnished, by the depository agent of the transferor or transferee.

[37/2002]

(11) The Minister may make regulations to provide generally for giving full effect to or for carrying out the purposes of this section.

[37/2002]

(12) In this section —

"borrowing period", in relation to any transferred securities, means the period commencing from the date the securities are transferred by the transferor to the transferee and ending on the date the securities or equivalent securities are returned to the transferor or are regarded as being disposed of by the transferor under subsection (2), whichever is the earlier;

"commercial purpose", in relation to any securities lending or repurchase arrangement, means —

(*a*) the settling of a sale of securities, whether by the transferee or another person;

(*b*) the replacement, in whole or in part, of the transferred securities obtained by the transferee under any earlier securities lending or repurchase arrangement;

(*c*) the on-lending of the transferred securities to another person;

(*d*) the fulfillment by the transferee of its existing obligations arising from an uncovered written option position using transferred securities;

(*e*) the hedging and arbitrage transactions entered into or to be entered into by the transferee;

(*f*) the liquidity management by the transferee;

(*g*) the holding of the transferred securities, without being disposed of, as collateral against the obligations of the counterparty to the securities lending or repurchase arrangement; or

(*h*) any other purpose as the Minister (or such person as the Minister may appoint) may in writing allow;

"compensatory payment", in relation to any transferred securities, means a payment made during the borrowing period to a transferor in place of any distribution of interest, dividend or right to purchase warrants, options or additional securities in respect of the transferred securities under circumstances in which the transferee does not receive such distribution to be passed on to the transferor, and includes any amount which is in place of interest and is deducted from the price paid by the transferor to acquire equivalent securities or re-acquire the transferred securities under a buy and sell back arrangement in respect of qualifying debt securities, Singapore Government securities or foreign debt securities;

"equivalent securities", in relation to any transferred securities, means securities which are identical in type, nominal value

(where applicable), description and amount to the transferred securities and includes —

(*a*) the securities into which the transferred securities have been converted, sub-divided or consolidated;

(*b*) the proceeds of the redemption of the transferred securities;

(*c*) the cash or securities representing the proceeds of the acceptance of the takeover of the transferred securities;

(*d*) if there is a call on partly-paid securities and if the transferor has paid to the transferee the sum due on the call, the paid-up securities;

(*e*) if there is a bonus issue, the transferred securities together with the securities allotted by way of bonus;

(*f*) if there is a rights issue and if the transferor has directed the transferee to take up the issue and has paid to the transferee any sum due on the issue, the transferred securities together with the securities allotted under the rights issue or, if the transferor has directed the transferee to sell the rights, the transferred securities together with the proceeds from the disposal of the rights;

(*g*) if any distribution is made in the form of securities or a certificate which may be exchanged for securities or an entitlement to acquire securities, the transferred securities together with the securities or certificate or entitlement equivalent to those allotted; and

(*h*) if the transferee is unable to return the transferred securities, such amount of money or securities equivalent to the transferred securities;

"foreign debt securities" means securities, other than stocks and shares, denominated in any foreign currency (including bonds and notes) issued by foreign governments, foreign

banks outside Singapore and companies not incorporated and not resident in Singapore;

"qualifying debt securities" has the same meaning as in section 13(16);

"securities" includes any collateral that is provided in the form of securities but does not include stocks and shares of any company resident in Singapore which are not listed on any stock exchange in Singapore or elsewhere;

"securities lending or repurchase arrangement" means any written arrangement made on or after 23rd November 2001 —

(*a*) under which —

(i) a person (referred to in this section as transferor) transfers the legal interest in any securities (referred to in this section as transferred securities) to another person (referred to in this section as transferee) for any commercial purpose;

(ii) the transferor re-acquires the transferred securities or acquires equivalent securities from the transferee at a later time;

(iii) the transferor retains the risk of loss or opportunity for gain in respect of the transferred securities;

(iv) the transferor does not dispose of (by transfer, declaration of trust or otherwise) the right to receive any part of the total consideration payable or to be given by the transferee under the arrangement; and

(v) if any distribution is made in respect of the transferred securities during the borrowing period, the transferor receives from the transferee the distribution or compensatory

payment equal to the value of the distribution; and

(*b*) where —

(i) the transferor and transferee are dealing with each other at arm's length; and

(ii) the transferor or transferee or both of them do not enter into the arrangement with the purpose, or main purpose, of avoiding, reducing or deferring any tax chargeable under this Act;

"Singapore-based transferee" means a transferee who is resident in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore) or which is a permanent establishment in Singapore;

"Singapore Government securities" and "debt securities" have the same meanings as in section 43N.

[37/2002; 34/2005]

(13) This section has effect notwithstanding anything to the contrary in this Act, except that nothing in this section shall affect the chargeability to tax of any income of a transferor or transferee under section 10 unless otherwise provided in this section.

[37/2002]

Additional Tier 1 capital instruments

10O.—(1) Any distribution that is liable to be made in respect of an AT1 instrument in the basis period for the year of assessment 2015 or a subsequent year of assessment shall be deemed for the purposes of this Act, and for that year of assessment, as interest derived from a debt security.

(2) In this section —

"AT1 instrument" means a security (not being shares) commonly known as Additional Tier 1 capital instrument which —

(*a*) is issued in Singapore but not through a branch situated outside Singapore; and

(*b*) either —

(i) according to MAS Notice 637, may be used to satisfy the capital adequacy requirement of a bank incorporated in Singapore with a full banking licence, under section 10(2) of the Banking Act (Cap. 19); or

(ii) according to a direction issued under section 28(3) of the Monetary Authority of Singapore Act (Cap. 186) and MAS Notice 637, may be used to satisfy the capital adequacy requirement of any other financial institution within the meaning of section 27A(6) of that Act;

"full banking licence" has the same meaning as in the Banking (Licence Fees) Notification (Cap. 19, N 1);

"MAS Notice 637" means the notice commonly known as MAS Notice 637 that is issued by the Monetary Authority of Singapore pursuant to sections 10(2), 36(2) and 55 of the Banking Act, and includes any notice that replaces it.

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

Ascertainment of income of clubs, trade associations, etc.

11.—(1) Where a body of persons, whether corporate or unincorporate, carries on a club or similar institution and receives from its members not less than half of its gross receipts on revenue account (including entrance fees and subscriptions), it shall not be deemed to carry on a business; but where less than half of such gross receipts are received from members, the whole of the income from transactions both with members and others (including entrance fees and subscriptions) shall be deemed to be receipts from a business, and the body of persons shall be chargeable in respect of the profits therefrom.

(2) Where a body of persons, whether corporate or unincorporate, carries on a trade or professional association in such circumstances that more than half of its receipts by way of entrance fees and subscriptions from Singapore members are claimed or claimable as allowable deductions for the purposes of section 14 —

(*a*) the body of persons shall be deemed to carry on a business;

(*b*) the whole of its income from transactions with Singapore members and persons who are not members (including entrance fees and subscriptions) shall be deemed to be receipts from a business; and

(*c*) the body of persons shall be chargeable in respect of the profits from the business.

[7/2007]

(3) For the purposes of subsection (2), "body of persons" includes a company limited by guarantee approved by the Minister or such person as he may appoint, subject to such conditions as he may impose.

[7/2007]

(4) In this section —

"members", in relation to a body of persons, means those persons who are entitled to vote at a general meeting of the body at which effective control is exercised over its affairs;

"Singapore members" means members that are —

(*a*) persons, other than companies, resident in Singapore;

(*b*) companies incorporated in Singapore (excluding branches or offices located outside Singapore); or

(*c*) in the case of companies incorporated outside Singapore, the branches or offices of the companies located within Singapore.

[7/2007]

Sources of income

Trading operations carried on partly in Singapore

12.—(1) Where a non-resident person carries on a trade or business of which only part of the operations is carried on in Singapore, the gains or profits of the trade or business shall be deemed to be derived from Singapore to the extent to which such gains or profits are not directly attributable to that part of the operations carried on outside Singapore.

Non-resident shipping and air transport

(2) Where a non-resident person carries on —

(*a*) the business of shipowner or charterer; or

(*b*) the business of air transport,

and any ship or aircraft owned or chartered by him calls at a port, an aerodrome or an airport in Singapore, his full profits arising from the carriage of passengers, mail, livestock or goods shipped, or loaded into an aircraft, in Singapore shall be deemed to accrue in Singapore.

(2A) Subsection (2) shall not apply to passengers, mail, livestock or goods which are brought to Singapore solely for transhipment, or for transfer from one aircraft to another or from an aircraft to a ship or from a ship to an aircraft.

(2B) In subsections (2) and (2A), "ship" has the same meaning as in section 2(1) of the Merchant Shipping Act (Cap. 179).

[Act 2 of 2016 wef 11/04/2016]

Cable or wireless undertakings

(3) Where a non-resident person carries on in Singapore the business of transmitting messages by cable or by any form of wireless apparatus, his full profits arising from the transmission in Singapore of any such messages, whether originating in Singapore or elsewhere, to places outside Singapore shall be deemed to accrue in Singapore.

Employment exercised in Singapore

(4) The gains or profits from any employment exercised in Singapore shall be deemed to be derived from Singapore whether the gains or profits from such employment are received in Singapore or not.

Employment exercised outside Singapore on behalf of Government

(5) The gains or profits from any employment exercised outside Singapore on behalf of the Government by any individual in the discharge of governmental functions shall be deemed to be derived from Singapore except where such individual is not a citizen or a resident of Singapore.

Interest, etc.

(6) There shall be deemed to be derived from Singapore —

(*a*) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is —

(i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore; or

(ii) deductible against any income accruing in or derived from Singapore; or

(*b*) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

[5/77]

(6A) Subsection (6) shall not apply to any payment for —

(*a*) any arrangement, management or service relating to any loan or indebtedness, where such arrangement, management or service is performed outside Singapore

for or on behalf of a person resident in Singapore or a permanent establishment in Singapore by a non-resident person who —

(i) in the event the non-resident person is not an individual, is not incorporated, formed or registered in Singapore; and

(ii) in any event —

(A) does not by himself or in association with others, carry on a business in Singapore and does not have a permanent establishment in Singapore; or

(B) carries on a business in Singapore (by himself or in association with others) or has a permanent establishment in Singapore, but the arrangement, management or service is not performed through that business carried on in Singapore or that permanent establishment; and

(*b*) any guarantee relating to any loan or indebtedness, where the guarantee is provided for or on behalf of a person resident in Singapore or a permanent establishment in Singapore by a guarantor who is a non-resident person who —

(i) in the event the non-resident person is not an individual, is not incorporated, formed or registered in Singapore; and

(ii) in any event —

(A) does not by himself or in association with others, carry on a business in Singapore and does not have a permanent establishment in Singapore; or

(B) carries on a business in Singapore (by himself or in association with others) or has a permanent establishment in Singapore, but

the giving of the guarantee is not effectively connected with that business carried on in Singapore or that permanent establishment.

[27/2009]

Royalties, etc.

(7) There shall be deemed to be derived from Singapore —

(*a*) royalty or other payments in one lump sum or otherwise for the use of or the right to use any movable property;

(*b*) any payment for the use of or the right to use scientific, technical, industrial or commercial knowledge or information or for the rendering of assistance or service in connection with the application or use of such knowledge or information;

(*c*) any payment for the management or assistance in the management of any trade, business or profession; or

(*d*) rent or other payments under any agreement or arrangement for the use of any movable property,

which are borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore) or which are deductible against any income accruing in or derived from Singapore.

[5/77]

(7A) Subsection (7) shall not apply to any payment for —

(*a*) the rendering of assistance or service in connection with the application or use of scientific, technical, industrial or commercial knowledge or information, where such rendering of assistance or service is performed outside Singapore for or on behalf of a person resident in Singapore or a permanent establishment in Singapore by a non-resident person who —

(i) in the event the non-resident person is not an individual, is not incorporated, formed or registered in Singapore; and

(ii) in any event —

(A) does not by himself or in association with others, carry on a business in Singapore and does not have a permanent establishment in Singapore; or

(B) carries on a business in Singapore (by himself or in association with others) or has a permanent establishment in Singapore, but the rendering of assistance or service is not performed through that business carried on in Singapore or that permanent establishment;

[Act 37 of 2014 wef 28/02/2013]

(*b*) the management or assistance in the management of any trade, business or profession, where such management or assistance is performed outside Singapore for or on behalf of a person resident in Singapore or a permanent establishment in Singapore by a non-resident person who —

(i) in the event the non-resident person is not an individual, is not incorporated, formed or registered in Singapore; and

(ii) in any event —

(A) does not by himself or in association with others, carry on a business in Singapore and does not have a permanent establishment in Singapore; or

(B) carries on a business in Singapore (by himself or in association with others) or has a permanent establishment in Singapore, but the management or assistance is not performed through that business carried on in Singapore or that permanent establishment; and

[27/2009]

[Act 37 of 2014 wef 28/02/2013]

(*c*) the use of or the right to use software, information or digitised goods, not being a right to commercially exploit in one form or another the copyright in such software, information or digitised goods such as the right to —

(i) reproduce, modify or adapt, and distribute the software, information or digitised goods; or

(ii) prepare a derivative work based on the software, information or digitised goods for distribution.

[Act 37 of 2014 wef 28/02/2013]

(7B) In subsection (7A)(*c*) —

"digitised goods" means text, images or sounds that are transferred through a handphone, fixed-line phone, cable network, satellite, the Internet or other forms of electronic transmission, but does not include software;

"information" means —

(*a*) any information in any newspaper or magazine article or report, including financial and business data (such as foreign exchange, stock and property data), and other proprietary data; and

(*b*) any information obtained solely for research purposes.

[Act 37 of 2014 wef 28/02/2013]

Commission or other payment of licensed international market agent

(8) There shall be deemed to be derived from Singapore any commission or other payment paid to a licensed international market agent for organising or conducting a casino marketing arrangement with a casino operator in Singapore which is —

(*a*) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore; or

(*b*) deductible against any income accruing in or derived from Singapore.

[10/2006; 36/2012]

(9) In this section, "casino marketing arrangement", "casino operator" and "international market agent" have the same meanings as in the Casino Control Act (Cap. 33A).

[36/2012]

PART IV

EXEMPTION FROM INCOME TAX

Exempt income

13.—(1) There shall be exempt from tax —

(*a*) subject to subsection (2) and such conditions as may be prescribed by regulations, the interest derived from —

(i) any qualifying debt securities issued during the period from 28th February 1998 to 31st December 2018 (both dates inclusive) by any person who is not resident in Singapore and who does not have any permanent establishment in Singapore; and

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

(ii) any qualifying debt securities issued during the period from 27th February 1999 to 31st December 2018 (both dates inclusive) by any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore where the funds used by that person to acquire the qualifying debt securities are not obtained from the operation;

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

(*aa*) subject to subsection (2A) and such conditions as may be prescribed by regulations, the discount from any qualifying debt securities —

(i) issued during the period from 27th February 2004 to 16th February 2006 (both dates inclusive) which

mature within one year from the date of issue of those securities; or

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

(ii) issued during the period from 17th February 2006 to 31st December 2018 (both dates inclusive),

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

by —

(A) any person who is not resident in Singapore and who does not have any permanent establishment in Singapore; or

(B) any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore where the funds used by that person to acquire the qualifying debt securities are not obtained from the operation;

(*ab*) subject to subsection (2B) and such conditions as may be prescribed by regulations, any amount payable from any Islamic debt securities which are qualifying debt securities, and issued during the period from 1st January 2005 to 31st December 2018 (both dates inclusive), to any person —

(i) who is not resident in Singapore and who does not have any permanent establishment in Singapore; and

(ii) who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore where the funds used by that person to acquire the qualifying debt securities are not obtained from the operation;

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

(*b*) subject to subsections (2C) and (2D) and such conditions as may be prescribed by regulations —

(i) the interest derived by any person from any qualifying project debt securities issued during the period from 1st November 2006 to 31st March 2017 (both dates inclusive);

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

(ii) the discount, prepayment fee, redemption premium and break cost derived by any person from any qualifying project debt securities issued during the period from 15th February 2007 to 31st March 2017 (both dates inclusive); and

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

(iii) such other income derived by any person that is directly attributable to qualifying project debt securities issued on or after a prescribed date, as may be prescribed by regulations;

(*ba*) subject to subsection (2F) and such conditions as may be prescribed by regulations, the prepayment fee, redemption premium and break cost from any qualifying debt securities issued during the period from 15th February 2007 to 31st December 2018 (both dates inclusive) that is derived by any person —

(i) who is not resident in Singapore and who does not have any permanent establishment in Singapore; and

(ii) who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore where the funds used by that person to acquire the qualifying debt securities are not obtained from the operation;

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

(*bb*) subject to subsection (2G) and such conditions as may be prescribed by regulations, such other income directly attributable to qualifying debt securities issued on or after a prescribed date as may be prescribed by regulations, that is derived by any person —

(i) who is not resident in Singapore and who does not have any permanent establishment in Singapore; and

(ii) who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore where the funds used by that person to acquire the qualifying debt securities are not obtained from the operation;

(*bc*) subject to subsections (2H) and (2HA) and such conditions as may be prescribed by regulations —

(i) the interest, discount, prepayment fee, redemption premium and break cost derived by any person from any qualifying debt securities (excluding Singapore Government Securities) which —

(A) are issued during the period from 16th February 2008 to 31st December 2018 (both dates inclusive);

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

(B) have an original maturity of not less than 10 years;

(C) either —

(CA) if they are issued before 28th June 2013, cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; or

(CB) if they are issued on or after 28th June 2013, cannot have their tenure shortened to less than 10 years from the date of their issue, except under such circumstances as may be prescribed by regulations; and

(D) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date; and

(ii) such other income, as may be prescribed by regulations, derived by any person that is directly attributable to qualifying debt securities (excluding Singapore Government Securities) which —

(A) are issued on or after such date as may be prescribed by regulations;

(B) have an original maturity of not less than 10 years;

(C) cannot have their tenure shortened to less than 10 years from the date of their issue, except under such circumstances as may be prescribed by regulations; and

(D) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date;

(*bd*) subject to subsection (2I) and such conditions as may be prescribed by regulations, any amount payable to any person from any Islamic debt securities —

(i) which are qualifying debt securities and issued during the period from 16th February 2008 to 31st December 2018 (both dates inclusive); and

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

(ii) the amount payable from which is not deductible against any income of the issuer of those securities accruing in or derived from Singapore;

(*c*) the official emoluments payable from Commonwealth funds to members of Commonwealth forces, and to persons in the service of a Commonwealth government, in Singapore, in respect of their offices under such Commonwealth government, if such emoluments are subject to income tax in such Commonwealth country;

(*d*) any gains or profits arising from sums standing in the SRS account of any SRS member except where section 10L(13) applies;

(*e*) the income of any institution, authority, person or fund specified in the First Schedule;

(*f*) the income of —

(i) any bona fide friendly society approved by the Comptroller;

(ii) any co-operative society registered under the Co-operative Societies Act (Cap. 62);

(*g*) [*Deleted by Act 29 of 2012*]

(*h*) any sum received by way of commutation of pensions granted under any written law relating to pensions in Singapore or, in the case of any other pension scheme, any sum received by way of commutation of pensions by an individual under such a scheme to the extent of such sum as the Comptroller may determine relating to the period of employment of that individual with the employer before 1st January 1993;

(*i*) sums received by way of death gratuities or as consolidated compensation for death or injuries;

(*j*) sums standing to the account of an individual in the Central Provident Fund or any approved pension or provident fund designated by the Minister under section 39(8) or withdrawn therefrom;

(*ja*) sums standing to the account of an individual in an approved pension or provident fund (other than the Central Provident Fund or any approved pension or provident fund designated by the Minister under section 39(8)) to the extent of the sum standing to his account as at 31st December 1992 and of such interest on that sum as the Comptroller may determine for the period 1st January 1993 to the date of his retirement (both dates inclusive) and which are withdrawn only upon or after his retirement in accordance with the rules or constitution of the fund;

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

(*jb*) any retiring gratuity received by an individual from an approved pension or provident fund (other than the Central Provident Fund or any approved pension or provident fund designated by the Minister under section 39(8)) to the extent of such amount of the gratuity as the Comptroller may determine relating to the period of employment of that individual with the employer before 1st January 1993;

(*jc*) any voluntary contribution in cash made in 2011 or 2012 by a person of a description prescribed by the Minister to the medisave account maintained under the Central

Provident Fund Act (Cap. 36) of a self-employed individual, up to $1,500 less —

(i) any previous contribution made to that medisave account in that year that is exempt from tax under this paragraph; and

(ii) any previous contribution made to that medisave account in that year which is not deemed to be income under section 10C(4):

Provided that the amount of the voluntary contribution does not exceed the amount allowable under the Central Provident Fund Act and is within the medisave contribution ceiling prevailing at the time the contribution is made;

(*jd*) any voluntary contribution in cash made in 2013 or any subsequent year by a person of a description prescribed by the Minister to the medisave account maintained under the Central Provident Fund Act of a self-employed individual, up to $1,500 less any previous contribution made to that medisave account in that year by the person of the prescribed description in his capacity as an employer (if applicable) which is not deemed to be income under section 10C(5A);

(*k*) sums derived from, or received in, Singapore as pensions, being —

(i) wound or disability pensions granted to members or former members of a Commonwealth force;

(ii) pensions granted to dependent relatives of any such member killed on war service or who died as a result of war service injuries; or

(iii) wound or disability pensions granted to members or former members of civil defence organisations;

(*l*) pensions granted to any person under the provisions of the Widows' and Orphans' Pension Act (Cap. 350) or under any approved scheme within the meaning of that Act and

pensions paid, by or out of any approved pension or provident fund or society, to or for the benefit of the widow or children of a deceased contributor to such fund or society;

(*m*) the income of any trade union registered under the Trade Unions Act (Cap. 333) in so far as such income is not derived from a trade or business carried on by such trade union;

(*n*) any income derived in the basis period for any year of assessment before the year of assessment 2018 by any person who is not resident in Singapore from trading in Singapore through consignees in any of the following commodities produced outside Singapore:

(i) rubber;

(ii) copra;

(iii) pepper;

(iv) tin;

(v) tin-ore;

(vi) gambia;

(vii) sago flour;

(viii) cloves;

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

(*o*) subject to paragraph (*oa*), payments made or liable to be made under any agreement or arrangement approved by the Minister or such person as he may appoint to a person not resident in Singapore (excluding any permanent establishment in Singapore) by an international shipping enterprise approved under section 13F —

(i) at any time during the period from 1st April 1991 to 16th February 2012 (both dates inclusive) for the charter of a foreign ship within the meaning of that section (other than that used for towing or salvage

operations during the period 1st April 1991 to 2nd May 2002 (both dates inclusive));

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

(ii) at any time during the period from 27th February 2004 to 16th February 2012 (both dates inclusive) for the charter of any dredger, seismic ship or any vessel used for offshore oil or gas activity,

except for any payment attributable to the carriage of passengers, mail, livestock or goods from Singapore;

(*oa*) payments liable to be made on or after 17th February 2012 to a person not resident in Singapore (excluding any permanent establishment in Singapore) for the charter of any ship (as defined in section 2(1) of the Merchant Shipping Act (Cap. 179)) under any agreement or arrangement;

[Act 2 of 2016 wef 11/04/2016]

(*p*) [*Deleted by Act 34 of 2016 wef 29/12/2016*]

(*q*) the investment income of any approved pension or provident fund or society;

(*r*) the income derived during the period from 3 May 2002 to 31 March 2020 (both dates inclusive) by an individual not resident in Singapore from acting as an arbitrator, and for this purpose, "arbitrator" means an individual appointed for any arbitration which is governed by the Arbitration Act (Cap. 10) or the International Arbitration Act (Cap. 143A) or would have been governed by either of those Acts had the place of arbitration been Singapore;

[Act 2 of 2016 wef 11/04/2016]

(*ra*) the income derived during the period from 1 April 2015 to 31 March 2020 (both dates inclusive) by a qualifying mediator who is not resident in Singapore, for providing the services of a mediator for a mediation —

(i) that takes place in Singapore; or

(ii) that would have taken place in Singapore but for the settlement of the dispute or withdrawal of the claim in question;

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

(*rb*) the income derived during the period from 1 April 2015 to 31 March 2020 (both dates inclusive) by an individual who is not resident in Singapore, for providing the services of a mediator for a qualifying mediation —

(i) that takes place in Singapore; or

(ii) that would have taken place in Singapore but for the settlement of the dispute or withdrawal of the claim in question;

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

(*s*) sums payable by way of annual bounty out of the public revenue to members of such local forces as the Minister may from time to time by order declare to be a force to which this paragraph shall apply;

(*t*) the income derived on or after 20th August 1968 from interest on moneys held on deposit in an approved bank in Singapore by —

(i) a non-resident individual; and

(ii) a person, other than an individual, if that person does not, by himself or in association with others, carry on a business in Singapore and does not have a permanent establishment in Singapore;

(*ta*) the income derived from interest on moneys held on deposit in an approved bank in Singapore by a non-resident person (not being an individual nor a permanent establishment in Singapore) who carries on any operation in Singapore through a permanent establishment in Singapore if the funds used by that person to make the deposit are not obtained from the operation;

(*u*) [*Deleted by Act 34 of 2016 wef 29/12/2016*]

(*ua*) [*Deleted by Act 34 of 2016 wef 29/12/2016*]

(*v*) the interest received from such Asian Dollar Bonds as may be approved in writing by the Minister or such person as he may appoint if the interest is received by —

(i) a non-resident individual; and

(ii) a person, other than an individual, if that person does not, by himself or in association with others, carry on a business in Singapore and does not have a permanent establishment in Singapore;

(*w*) the income derived from an employment exercised on board a Singapore ship, as defined in the Merchant Shipping Act (Cap. 179), if the employment is exercised substantially outside Singapore;

(*x*) the income derived by a person resident in Singapore from any pension granted under any written law relating to pensions in Singapore, or from any pension paid under such other pensions scheme as may be approved by the Minister by notification in the *Gazette* to the extent of such amount of the pension as the Comptroller may determine relating to the period of employment of that person with the employer before 1st January 1993;

(*y*) such income as may be prescribed by regulations under section 43A, 43C, 43E or 43N;

(*z*) [*Deleted by Act 29 of 2012*]

(*za*) any dividends paid on or after 1st January 2008 by any company resident in Singapore;

(*zb*) any subsidy, allowance or benefit provided by an employer to an employee for the attendance by any child of the employee at a child care centre licensed under the Child Care Centres Act (Cap. 37A);

(*zc*) [*Deleted by Act 34 of 2016 wef 29/12/2016*]

(*zd*) the interest derived on or after 1st January 2005 by any individual from a deposit of moneys held in Singapore with an approved bank or a finance company licensed under the Finance Companies Act;

(*ze*) the following income derived from Singapore on or after 1st January 2004 by any individual:

(i) any interest from debt securities;

(ii) any discount from debt securities which mature within one year from the date of issue of those securities;

(iii) any income from an annuity, except income from —

(A) any annuity purchased by the employer of an individual in lieu of any pension or other benefit payable during his employment or upon his retirement; and

(B) any annuity purchased under SRS;

(iv) any income from any life insurance policy, except income referred to in section 10(3);

(v) any distribution made by the trustee of any collective investment scheme constituted as a unit trust (excluding any real estate investment trust) authorised under section 286 of the Securities and Futures Act (Cap. 289) and the units of which are offered to the public for subscription, that is income or deemed to be income of the individual; and

(vi) any fee or compensatory payment from securities lending or repurchase arrangements,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession;

(*zf*) any amount payable from Islamic debt securities on or after 1st January 2005 to any individual, except where such amount is derived by the individual through a partnership in Singapore or from the carrying on of a trade, business or profession;

(*zg*) any distribution made by any trustee-manager of a registered business trust;

(*zh*) any distribution made by any trustee of a real estate investment trust of any income of the kinds referred to in section 43(2A)(*a*)(i), (ii), (iii), (iv) and (v) to an individual, except where such distribution is derived by the individual through a partnership in Singapore or is derived from the carrying on of a trade, business or profession;

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

(*zi*) the following income derived from Singapore on or after 17th February 2006 by any individual:

(i) any discount from debt securities;

(ii) any distribution made by any restricted Singapore scheme out of income derived from Singapore or received in Singapore on or after 17th February 2006, that is income or deemed to be income of the individual,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession;

(*zj*) any income from any structured product offered by a financial institution derived from Singapore —

(i) by an individual, in the basis period relating to the year of assessment 2008 and any subsequent year of assessment, except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession;

(ii) by a non-resident person (not being an individual) if —

(A) it does not, by itself or in association with others, carry on a business in Singapore, and does not have a permanent establishment in Singapore; and

(B) the contract in respect of the structured product between it and the financial institution takes effect during the period from 1st January 2007 to 31st March 2017 (both dates inclusive) and,

if such contract is renewed or extended, the period for which it is renewed or extended commences before 1st April 2017; or

(iii) by a non-resident person (not being an individual nor a permanent establishment in Singapore) who carries on any operation in Singapore through a permanent establishment in Singapore if —

(A) the funds used by that person to invest in the structured product are not obtained from the operation; and

(B) the contract in respect of the structured product between that person and the financial institution takes effect during the period from 1st January 2007 to 31st March 2017 (both dates inclusive) and, if such contract is renewed or extended, the period for which it is renewed or extended commences before 1st April 2017;

(*zk*) any prepayment fee, redemption premium or break cost from debt securities derived from Singapore on or after 15th February 2007 by any individual, except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession;

(*zl*) such other income directly attributable to debt securities as may be prescribed by regulations derived from Singapore on or after a prescribed date by any individual, except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession;

(*zm*) the income of any charity registered or exempt from registration under the Charities Act (Cap. 37);

(*zn*) any Government cash grant payable to an employer in 2009 or 2010 under the Jobs Credit Scheme;

(*zo*) any sum accrued to a woman on or after 1st January 2011 by way of maintenance in accordance with an order of court or a deed of separation;

(*zp*) any contribution to the Central Provident Fund in respect of an individual, and any cash payment to an individual, made by the Government under the Workfare Bonus Scheme, the Workfare Special Payment scheme, the Workfare Special Bonus scheme or such other similar scheme involving similar contributions or payments by the Government as the Minister may, by notification in the *Gazette*, approve;

(*zq*) any contribution to the Central Provident Fund in respect of an individual, and any cash payment to an individual, made by the Government under the Workfare Income Supplement Scheme established under Part VIA of the Central Provident Fund Act; and

(*zr*) any contribution by the Government to the PSE account, or an account in the Central Provident Fund, of an individual who is or was a national serviceman, as part of the National Service Housing, Medical and Education Awards.

[26/73; 4/75; 5/77; 1/82; 15/83; 13/84; 3/89; 2/92; 28/92; 26/93; 11/94; 32/95; 1/98; 31/98; 37/98; 32/99; 24/2000; 24/2001; 37/2002; 21/2003; 49/2004; 8/2005; 34/2005; 7/2007; 53/2007; 34/2008; 27/2009; 29/2010; 22/2011; 29/2012; 19/2013]

[Act 39 of 2017 wef 01/04/2014]

(2) Subsection (1)(*a*) shall not, unless otherwise approved by the Minister or such person as he may appoint, apply to any interest derived from any qualifying debt securities issued during the period from 10th May 1999 to 31st December 2018 (both dates inclusive) where 50% or more of those securities which are outstanding at any time during the life of the issue is beneficially held or funded, directly or indirectly, by related parties of the issuer of those securities and where such interest is derived by —

(*a*) any related party of the issuer of those securities; or

(*b*) any other person where the funds used by such person to acquire those securities are obtained, directly or indirectly, from any related party of the issuer of those securities.

[32/99; 21/2003; 34/2008; 19/2013]

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

(2A) Subsection (1)(*aa*) shall not, unless otherwise approved by the Minister or such person as he may appoint, apply to any discount derived from any qualifying debt securities where 50% or more of those securities which are outstanding at any time during the life of the issue is beneficially held or funded, directly or indirectly, by related parties of the issuer of those securities and where such discount is derived by —

(*a*) any related party of the issuer of those securities; or

(*b*) any other person where the funds used by such person to acquire those securities are obtained, directly or indirectly, from any related party of the issuer of those securities.

[49/2004]

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

(2B) Subsection (1)(*ab*) shall not, unless otherwise approved by the Minister or such person as he may appoint, apply to any amount payable from any Islamic debt securities which are qualifying debt securities where 50% or more of those securities which are outstanding at any time during the life of the issue is beneficially held or funded, directly or indirectly, by related parties of the issuer of those securities and where the amount is payable to —

(*a*) any related party of the issuer of those securities; or

(*b*) any other person where the funds used by such person to acquire those securities are obtained, directly or indirectly, from any related party of the issuer of those securities.

[34/2005]

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

(2C) Subsection (1)(*b*) shall not, unless otherwise approved by the Minister or such person as he may appoint, apply to —

(*a*) any interest derived from any qualifying project debt securities issued during the period from 1st November 2006 to 31st March 2017 (both dates inclusive);

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

(*b*) any discount, prepayment fee, redemption premium or break cost derived from any qualifying project debt securities issued during the period from 15th February 2007 to 31st March 2017 (both dates inclusive); or

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

(*c*) such other income directly attributable to qualifying project debt securities issued on or after a prescribed date, as may be prescribed by regulations,

if 50% or more of those securities which are outstanding at any time during the life of the issue is beneficially held or funded, directly or indirectly, by related parties of the issuer of those securities.

[53/2007; 34/2008; 22/2011]

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

(2D) Subsection (1)(*b*) shall not apply to —

(*a*) any interest derived from any qualifying project debt securities issued during the period from 1st November 2006 to 31st March 2017 (both dates inclusive);

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

(*b*) any discount, prepayment fee, redemption premium or break cost derived from any qualifying project debt securities issued during the period from 15th February 2007 to 31st March 2017 (both dates inclusive); or

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

(*c*) such other income directly attributable to qualifying project debt securities issued on or after a prescribed date, as may be prescribed by regulations,

if the securities are held by less than 4 persons at any time during the life of the issue, unless —

(i) approval has been granted by the Minister or such person as he may appoint to such application;

(ii) all the persons holding the securities are companies resident in Singapore;

(iii) such companies are listed on the Singapore Exchange either on the date of issue of the securities or within 6 months from that date; and

(iv) the income from the securities received by such companies is declared to be distributable to their shareholders within 6 months from the end of the basis period in which it is received.

[53/2007; 34/2008; 22/2011]

(2E) Regulations made under subsection (1)(*b*), (*bc*) and (*bd*) may provide for the determination of the amount of income of the person to be exempted and for the deduction of expenses, allowances and losses of the person otherwise than in accordance with this Act.

[53/2007; 34/2008; 29/2012]

(2F) Subsection (1)(*ba*) shall not, unless otherwise approved by the Minister or such person as he may appoint, apply to any prepayment fee, redemption premium or break cost derived from any qualifying debt securities where —

(*a*) 50% or more of those securities which are outstanding at any time during the life of the issue is beneficially held or funded, directly or indirectly, by related parties of the issuer of those securities; and

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

(*b*) such fee, premium or cost is derived by —

(i) any related party of the issuer of those securities; or

(ii) any other person where the funds used by such person to acquire those securities are obtained, directly or indirectly, from any related party of the issuer of those securities.

[53/2007]

(2G) Subsection (1)(*bb*) shall not, unless otherwise approved by the Minister or such person as he may appoint, apply to such other income directly attributable to qualifying debt securities as may be prescribed by regulations under that provision where —

(*a*) 50% or more of those securities which are outstanding at any time during the life of the issue is beneficially held or

funded, directly or indirectly, by related parties of the issuer of those securities; and

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

(*b*) such income is derived by —

(i) any related party of the issuer of those securities; or

(ii) any other person where the funds used by such person to acquire those securities are obtained, directly or indirectly, from any related party of the issuer of those securities.

[53/2007]

(2H) Subsection (1)(*bc*) shall not, unless otherwise approved by the Minister or such person as he may appoint, apply to any interest, discount, prepayment fee, redemption premium or break cost derived from any qualifying debt securities or such other income directly attributable to qualifying debt securities as may be prescribed by regulations under that provision where —

(*a*) 50% or more of those securities which are outstanding at any time during the life of the issue is beneficially held or funded, directly or indirectly, by related parties of the issuer of those securities; and

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

(*b*) such income is derived by —

(i) any related party of the issuer of those securities; or

(ii) any other person where the funds used by such person to acquire those securities are obtained, directly or indirectly, from any related party of the issuer of those securities.

[34/2008]

(2HA) Subsection (1)(*bc*) shall not apply to —

(*a*) any interest, discount, prepayment fee, redemption premium or break cost from qualifying debt securities issued on or after 28th June 2013; or

(*b*) such other income, directly attributable to qualifying debt securities as may be prescribed by regulations under that provision,

that is derived on or after the date on which the tenure of any portion of those qualifying debt securities is shortened to less than 10 years from the date of their issue, where the shortening of the tenure occurs under such circumstances as may be prescribed by regulations made under that provision.

[19/2013]

(2I) Subsection (1)(*bd*) shall not, unless otherwise approved by the Minister or such person as he may appoint, apply to any amount payable from any Islamic debt securities which are qualifying debt securities where 50% or more of those securities which are outstanding at any time during the life of the issue is beneficially held or funded, directly or indirectly, by related parties of the issuer of those securities and where the amount is payable to —

(*a*) any related party of the issuer of those securities; or

(*b*) any other person where the funds used by such person to acquire those securities are obtained, directly or indirectly, from any related party of the issuer of those securities.

[34/2008]

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

(3) Nothing in subsection (1) shall be construed to exempt in the hands of the recipients any dividends, interest, bonuses, salaries or wages paid wholly or in part out of income so exempted.

[26/73]

Income made for purpose which will promote or enhance economic or technological development

(4) Where the Minister is of the opinion that any payment in the nature of any income referred to in section 12(6) or (7) is made for any purpose which will promote or enhance the economic or technological development of Singapore, he may, by notification in the *Gazette*, provide that the income shall, subject to such conditions as he may impose, be exempt from tax wholly or in part and either generally or in respect of certain classes of persons; and such income shall as from the date and to the extent specified by the notification be exempt from tax.

[5/77]

(5) [*Deleted by Act 49 of 2004*]

Income derived by short-term visiting employees

(6) There shall be exempt from tax any income accruing in or derived from Singapore in respect of gains or profits from any employment exercised in Singapore for not more than 60 days in the year preceding any year of assessment by a person who is not resident in Singapore in that year of assessment.

[4/75]

(7) Subsection (6) shall not apply to —

(*a*) the emoluments received by a director of a company; or

(*b*) the gains or profits of public entertainers, as defined in section 40A, whose visits are not substantially supported from public funds of the government of another country.

Income received from outside Singapore

(7A) There shall be exempt from tax any income arising from sources outside Singapore and received in Singapore —

(*a*) by any individual who is not resident in Singapore; and

(*b*) on or after 1st January 2004 by any individual who is resident in Singapore if the Comptroller is satisfied that the tax exemption would be beneficial to the individual, but excludes such income received by him through a partnership in Singapore.

[49/2004]

(8) Where the conditions specified in subsection (9) are satisfied, there shall be exempt from tax —

(*a*) any dividend derived from any territory outside Singapore;

(*b*) any profit derived from any trade or business carried on by a branch in any territory outside Singapore of a company resident in Singapore; and

(*c*) any income derived from any professional, consultancy and other services rendered in any territory outside Singapore only if the Comptroller is satisfied that the income is derived, for the purposes of this Act, from outside Singapore,

and received in Singapore —

(i) on or after 1st June 2003 by any person, not being an individual, resident in Singapore;

(ii) during 1st June 2003 to 31st December 2003 (both dates inclusive) by any individual resident in Singapore; and

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

(iii) on or after 1st January 2004 by any individual resident in Singapore through a partnership in Singapore.

[49/2004]

(8A) There shall be exempt from tax —

(*a*) any income derived on or before 21st January 2009 from any source outside Singapore and received in Singapore during the period from 22nd January 2009 to 21st January 2010 (both dates inclusive) (referred to in this subsection as the specified period) by —

(i) any person, not being an individual, resident in Singapore; or

(ii) any individual resident in Singapore through a partnership in Singapore; and

(*b*) any dividend received in Singapore during the specified period, being dividend paid during the specified period by a company not resident in Singapore out of any income derived by that company on or before 21st January 2009, by —

(i) any person, not being an individual, resident in Singapore who —

(A) is not a partner of a limited liability partnership in Singapore; and

(B) beneficially owns directly more than 50% of the total number of issued ordinary shares of that non-resident company as at 21st January 2009;

(ii) any individual resident in Singapore who beneficially owns directly more than 50% of the

total number of issued ordinary shares of that non-resident company as at 21st January 2009, being dividend he receives through a partnership in Singapore (other than any limited liability partnership) of which he is a partner; or

(iii) any person, whether or not an individual, who is a partner of a limited liability partnership in Singapore and whose effective ownership through the limited liability partnership (by virtue of section 36A) of the issued ordinary shares of that non-resident company as at 21st January 2009 is more than 50% of the total number of those shares.

[27/2009]

(8B) For the purpose of subsection (8A)(*b*)(iii), the effective ownership of the partner of a limited liability partnership of the issued ordinary shares of the non-resident company as at 21st January 2009 shall be ascertained in accordance with the formula

$$A \times B,$$

where A is the percentage of the income of the limited liability partnership to which the partner is entitled as at 21st January 2009; and

B is the percentage of the total number of issued ordinary shares of that non-resident company as at 21st January 2009 beneficially owned directly by that limited liability partnership.

[27/2009]

(8C) No exemption from tax shall be granted to any person under subsection (8A) unless the Comptroller is satisfied that the exemption would be beneficial to the person resident in Singapore.

[27/2009]

(8D) A person shall furnish to the Comptroller, in such form and manner and within such reasonable time as the Comptroller may determine, such information relating to income exempted under

subsection (8A) as the Minister may direct the Comptroller to obtain for any statistical or research purpose.

[27/2009]

(9) The conditions referred to in subsection (8) are —

(*a*) the income is subject to tax of a similar character to income tax (by whatever name called) under the law of the territory from which the income is received;

(*b*) at the time the income is received in Singapore by the person resident in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15%; and

(*c*) the Comptroller is satisfied that the tax exemption would be beneficial to the person resident in Singapore.

[21/2003]

(9A) For the avoidance of doubt, in subsection (9)(*a*), income is subject to tax if tax has been paid, or tax (not being deferred tax) is to be paid on that income.

[34/2008]

(9B) The Minister or such person as he may appoint may in any particular case waive the condition referred to in subsection (9)(*a*), subject to such conditions as he may impose.

[34/2008]

(10) Where the income referred to in subsection (8) consists of dividends paid by a company, the tax referred to in subsection (9)(*a*) shall be —

(*a*) where the company is resident in the territory from which the dividends are received, the tax paid in that territory by the company in respect of its income out of which the dividends are paid; and

(*b*) the tax paid on the dividends in the territory from which the dividends are received.

[21/2003]

(11) The Minister may make regulations generally to give full effect to or for carrying out the purposes of subsection (8).

[21/2003]

(12) The Minister may by order —

(*a*) exempt from tax wholly or in part; or

(*b*) provide that tax at such concessionary rate of tax be levied and paid on,

the income received by a person resident in Singapore from such source in any country outside Singapore as may be specified in the order.

[37/2002]

(12A) Every order made under subsection (12) still in force on 1 April 2020, that exempts from tax any income received in Singapore by —

(*a*) the trustee of a real estate investment trust; or

(*b*) a company incorporated in Singapore the share capital of which is, on the commencement of the order, 100% owned by the trustee of a real estate investment trust,

applies on or after that date (and despite anything in the order) only to income described in subsection (12B).

[Act 34 of 2016 wef 27/11/2014]

(12B) Subsection (12A) applies to income received in Singapore by the trustee or the company and exempt from tax by the order, that is paid out of income or gains —

(*a*) relating to any immovable property situated outside Singapore that is acquired (directly or indirectly) by the trustee or the company before 1 April 2020; and

(*b*) derived, either at a time the trustee or the company beneficially owns (directly or indirectly) the property, or from the disposal by the trustee or the company of its interest in that property.

[Act 34 of 2016 wef 27/11/2014]

(12C) To avoid doubt, any exemption on or after 1st April 2020 referred to in subsection (12A) is subject to the conditions and

restrictions of the exemption as prescribed in the order, insofar as those conditions and restrictions remain applicable.

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

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

(13) An order made under subsection (12) may —

(*a*) be either general or specific;

(*b*) prescribe the conditions subject to which the income will be exempt from tax or be taxed at a concessionary rate of tax;

(*c*) provide that the Minister may require all or any of the conditions referred to in paragraph (*b*) to be complied with to the satisfaction of the Comptroller;

(*d*) prescribe a condition requiring the person to satisfy the Comptroller that all or any of the conditions referred to in paragraph (*b*) have been complied with before the income is received in Singapore.

[22/2011]

(13A) The conditions referred to in subsection (13) need not be included in the order for the purpose of publication in the *Gazette*.

[22/2011]

(14) [*Deleted by Act 19 of 2013*]

(15) The Minister may, at any time, by rules made under section 7, add to, vary or amend the list of commodities mentioned in subsection (1)(*n*).

[29/65]

(16) In this section —

"approved bank" means a bank licensed under the Banking Act (Cap. 19) or a merchant bank approved as a financial institution under section 28 of the Monetary Authority of Singapore Act (Cap. 186);

"approved bond intermediary" means a financial institution approved as such by the Minister or such person as he may appoint;

"break cost", in relation to debt securities, qualifying debt securities or qualifying project debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

"child", in relation to an employee, means any legitimate child, illegitimate child, step-child, child adopted in accordance with any written law relating to the adoption of children and any child whom the employee is the legal guardian;

"debt securities" has the same meaning as in section 43N;

"deposit" means —

(*a*) in relation to any standard savings, current or fixed deposit account referred to in subsection (1)(*zc*), any deposit of moneys, but does not include —

(i) any deposit of moneys the interest from which is determined by the performance of any securities or by the fluctuations in currency exchange rates or by any combination thereof; or

(ii) any other prescribed deposit; or

(*b*) in relation to any deposit of moneys referred to in subsection (1)(*t*), (*ta*) or (*zd*) which is made on or after 7th October 2004 and which matures on or after 2nd June 2005, a deposit which falls within the meaning of deposit in section 4B of the Banking Act and is treated as such by the Monetary Authority of Singapore for the purposes of that section;

"financial derivative" means a derivative the payoffs of which are linked, whether in whole or in part, to the payoffs or performance of any financial assets, securities, financial instruments or indices, but does not include a derivative the payoffs of which are wholly linked to the payoffs or performance of commodities;

"financial institution" means an institution licensed or approved by the Monetary Authority of Singapore, and includes an institution approved as an approved Fund Manager under section 43A and an institution approved as a Finance and Treasury Centre under section 43G;

"financial sector incentive (bond market) company" means a company approved as such by the Minister or such person as he may appoint;

"financial sector incentive (capital market) company" means a company approved as such by the Minister or such person as he may appoint;

"financial sector incentive (project finance) company" means a company approved as such by the Minister or such person as he may appoint;

"financial sector incentive (standard tier) company" has the same meaning as in section 43N(4);

"Islamic debt securities" has the same meaning as in section 43N(4);

"medisave contribution ceiling" has the same meaning as in section 39(13);

"national serviceman" has the same meaning as in the Enlistment Act (Cap. 93);

"prepayment fee", in relation to debt securities, qualifying debt securities or qualifying project debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

"PSE account" has the same meaning as in the Education Endowment and Savings Schemes Act (Cap. 87A);

"qualifying debt securities" means —

(*a*) Singapore Government securities issued during the period from 28th February 1998 to 31st December 2018 (both dates inclusive);

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

(*b*) bonds, notes, commercial papers, certificates of deposits and AT1 instruments within the meaning of section 10O(2), which are arranged in accordance with regulations made for this purpose —

(i) by any financial institution in Singapore and issued during the period from 28th February 1998 to 31st December 2013 (both dates inclusive);

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

(ii) by any approved bond intermediary and issued —

(A) during the period from 27th February 1999 to 31st December 2018 (both dates inclusive) under any prescribed programme the arrangement of which is completed on or before 31st December 2003; or

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

(B) during the period from 27th February 1999 to 31st December 2003 (both dates inclusive) in any other case;

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

(iii) by any financial sector incentive (bond market) company and issued during the period from 1st January 2004 to 31st December 2018 (both dates inclusive); or

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

(iv) by any financial sector incentive (standard tier) company or financial sector incentive (capital market) company and issued during the period from 1st January 2014 to 31st December 2018 (both dates inclusive);

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

[Act 37 of 2014 wef Y/A 2015 and sub Ys/A]

(*c*) Islamic debt securities which are arranged in accordance with regulations made for this purpose —

(i) by any financial institution in Singapore and issued during the period from 1st January 2005 to 31st December 2013 (both dates inclusive);

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

(ii) by any financial sector incentive (bond market) company and issued during the period from 1st January 2005 to 31st December 2018 (both dates inclusive); or

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

(iii) by any financial sector incentive (standard tier) company or financial sector incentive (capital market) company and issued during the period from 1st January 2014 to 31st December 2018 (both dates inclusive),

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

but, unless otherwise approved by the Minister or such person as he may appoint, excludes any debt securities issued on or after 10th May 1999 and any Islamic debt securities issued on or after 1st January 2005 which, during its primary launch —

(AA) are issued to less than 4 persons; and

(BB) 50% or more of the issue of debt securities or Islamic debt securities is beneficially held or funded, directly or indirectly, by related parties of the issuer of those debt securities or Islamic debt securities;

"qualifying mediation" means a mediation that is administered by a body or an organisation that provides services for the conduct of mediation (called in this section a mediation service provider), and that is prescribed under section 7;

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

"qualifying mediator" means an individual who is certified or accredited under a mediator certification or accreditation scheme prescribed under section 7;

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

"qualifying project debt securities" means debt securities —

(*a*) which are arranged in accordance with regulations made for this purpose —

(i) by any financial institution in Singapore and issued during the period from 1st November 2006 to 31st December 2013 (both dates inclusive);

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

(ii) by any financial sector incentive (bond market) company or financial sector incentive (project finance) company and issued during the period from 1st November 2006 to 31st March 2017 (both dates inclusive); or

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

(iii) by any financial sector incentive (standard tier) company or financial sector incentive (capital market) company and issued during the period from 1st January 2014 to 31st March 2017 (both dates inclusive);

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

(*b*) the interest and other income directly attributable to which are funded primarily by cash flows from an infrastructure asset or project prescribed by regulations (referred to in this definition as a prescribed asset or project); and

(*c*) the proceeds from the issue of which are only used to acquire, develop or invest in a prescribed asset or project, or to refinance a previous borrowing which was only used for that purpose; where the gearing ratio of such prescribed asset or project is approved by the Minister or such person as he may appoint in a case where the debt securities are issued by a person in Singapore or the prescribed asset or project is in Singapore,

but does not include, except with the approval of the Minister or such person as he may appoint (which approval may be

subject to such conditions as the Minister may impose), any debt securities —

(A) which are issued to less than 4 persons; or

(B) 50% or more of the issue of which is beneficially held or funded, directly or indirectly, by related parties of the issuer of those debt securities;

"real estate investment trust" has the same meaning as in section 43(10);

"redemption premium", in relation to debt securities, qualifying debt securities or qualifying project debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity;

"registered business trust" and "trustee-manager" have the same meanings as in the Business Trusts Act (Cap. 31A);

"related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person;

"restricted Singapore scheme" means a collective investment scheme constituted as a unit trust that is a restricted Singapore scheme within the meaning of the regulations made under the Securities and Futures Act for the purpose of section 305 of that Act;

"securities lending or repurchase arrangement" has the same meaning as in section 10N(12);

"Singapore Government securities" has the same meaning as in section 43N;

"structured product" means a sum of money paid on terms under which —

(*a*) it may not be repaid in full and the return from which is, partly or wholly, determined by the performance of any embedded derivative instrument; and

(*b*) its repayment may be in money or money's worth,

but does not include any sum paid in respect of any debt securities, units of a real estate investment trust, units of a unit trust, loan, stand-alone financial derivative or such other financial product as the Minister may by regulations prescribe;

"unit trust" has the same meaning as in section 10B.

[31/98; 32/99; 21/2003; 49/2004; 34/2005; 7/2007; 53/2007; 34/2008; 22/2011; 29/2012; 19/2013]

(17) For the purposes of the definitions of "qualifying mediation" and "qualifying mediator" in subsection (16), the Minister may prescribe a description of mediation service providers and a description of mediator certification or accreditation schemes that are set out on a specified website of the Ministry of Law, as amended from time to time.

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

Exemption of shipping profits

13A.—(1) There shall be exempt from tax the income of a shipping enterprise derived or deemed to be derived from the operation of Singapore ships or foreign ships as hereinafter provided.

[4/75; 20/91; 31/98]

(1A) Such exemption in respect of Singapore ships shall be backdated to the date of provisional registration if the owner has subsequently obtained a permanent certificate of registry in respect of the ship.

[11/94; 31/98]

(1B) For the year of assessment 2009 and subsequent years of assessment, the income of a shipping enterprise referred to in this section shall include income derived from foreign exchange and risk management activities which are carried out in connection with and incidental to the operation by the shipping enterprise of Singapore ships.

[34/2008]

(1C) The income of a shipping enterprise referred to in this section shall include income derived at any time in the period between 22 February 2010 and 23 February 2015 (both dates inclusive) by the

shipping enterprise from the provision of ship management services to any qualifying company in respect of Singapore ships owned or operated by the qualifying company.

[29/2010]

[Act 2 of 2016 wef 24/02/2015]

(1CA) The income of a shipping enterprise referred to in this section includes income derived on or after 1st June 2011 by the shipping enterprise from —

(*a*) the sale of a Singapore ship or a ship that is provisionally registered under the Merchant Shipping Act (Cap. 179);

(*b*) the assignment to another of all its rights as the buyer under a contract for the construction of a ship that, at the time of the assignment, is intended to be registered or is provisionally registered under the Merchant Shipping Act; or

(*c*) the sale of all of the issued ordinary shares in a special purpose company of the shipping enterprise where, at the time of the sale of the shares, the special purpose company —

(i) owns a Singapore ship or a ship that is provisionally registered under the Merchant Shipping Act; or

(ii) is the buyer under a contract for the construction of a ship that, at that time, is intended to be registered or is provisionally registered under the Merchant Shipping Act,

and the special purpose company does not at that time own any foreign ship.

[29/2012]

[Act 2 of 2016 wef 11/04/2016]

(1CB) The income referred to in subsection (1CA) does not include —

(*a*) income of the shipping enterprise as a lessor of a ship under a finance lease that is treated as a sale under section 10D; or

(*b*) income of the shipping enterprise from carrying on a business of trading in ships or of constructing ships for sale.

[29/2012]

(1CC) For the purposes of subsection (1CA), a ship shall not be regarded as provisionally registered under the Merchant Shipping Act if its registry under that Act is closed or deemed to be closed or is suspended.

[29/2012]

(1CD) The income of a shipping enterprise referred to in this section includes income derived on or after 24 February 2015 by the shipping enterprise from providing prescribed ship management services to a qualifying company in respect of Singapore ships owned or operated by the qualifying company.

[Act 2 of 2016 wef 24/02/2015]

(1CE) The income of a shipping enterprise referred to in this section includes income derived on or after 24 February 2015 by the shipping enterprise from —

(*a*) any mobilisation or holding of any ship used or to be used for offshore oil or gas activity outside the limits of the port of Singapore; or

(*b*) the demobilisation of any ship after it has been so used,

where the mobilisation, holding or demobilisation is undertaken by the shipping enterprise itself using a Singapore ship.

[Act 2 of 2016 wef 24/02/2015]

(1CF) The income of a shipping enterprise referred to in this section includes income derived on or after 24 February 2015 by the shipping enterprise from —

(*a*) any mobilisation or holding of a Singapore ship owned or operated by the shipping enterprise and used or to be used for offshore oil or gas activity outside the limits of the port of Singapore; or

(*b*) the demobilisation of a Singapore ship owned or operated by the shipping enterprise after it has been so used.

[Act 2 of 2016 wef 24/02/2015]

(1CG) The income of a shipping enterprise referred to in this section includes income derived on or after 24 February 2015 by the shipping enterprise from the leasing of any container (other than finance leasing) carried out in connection with its operation of Singapore ships and that is incidental to such operation.

[Act 2 of 2016 wef 24/02/2015]

(1CH) The income of a shipping enterprise mentioned in this section includes income derived on or after 25 March 2016 by the shipping enterprise from —

(*a*) any mobilisation or holding of any ship used or to be used for offshore renewable energy activity, or offshore mineral activity, outside the limits of the port of Singapore; or

(*b*) the demobilisation of any ship after it has been so used,

where the mobilisation, holding or demobilisation is undertaken by the shipping enterprise itself using a Singapore ship.

[Act 34 of 2016 wef 25/03/2016]

(1CI) The income of a shipping enterprise mentioned in this section includes income derived on or after 25 March 2016 by the shipping enterprise from —

(*a*) any mobilisation or holding of a Singapore ship owned or operated by the shipping enterprise and used or to be used for offshore renewable energy activity, or offshore mineral activity, outside the limits of the port of Singapore; or

(*b*) the demobilisation of a Singapore ship owned or operated by the shipping enterprise after it has been so used.

[Act 34 of 2016 wef 25/03/2016]

(1CJ) The income of a shipping enterprise mentioned in this section includes income derived on or after 25 March 2016 from foreign exchange and risk management activities that are carried out in connection with and incidental to any activity mentioned in subsection (1CH) or (1CI).

[Act 34 of 2016 wef 25/03/2016]

(1CK) The income of a shipping enterprise mentioned in this section includes income derived on or after the date the Income Tax (Amendment No. 3) Act 2016 is published in the *Gazette*, from foreign exchange and risk management activities that are carried out

in connection with and incidental to any activity mentioned in subsection (1CD), (1CE) or (1CF).

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

(1D) This section does not apply to income of a shipping enterprise, being an international shipping enterprise approved under section 13F, derived in the basis period for the year of assessment 2012 or any subsequent year of assessment from the operation of foreign ships.

[22/2011]

(2) A shipping enterprise shall maintain separate accounts for the income derived or deemed to be derived from the operation of each Singapore ship or foreign ship.

[31/98]

(2A) Where expenses have been incurred by a shipping enterprise which are not directly attributable to a Singapore ship or foreign ship, the Comptroller may allocate as expenses such amounts as might reasonably and properly have been incurred in the normal course of its business in respect of such ship.

[31/98]

(3) In determining the income of a shipping enterprise from the operation of Singapore ships or foreign ships —

(*a*) the capital allowances provided under sections 16, 17, 18, 18B, 18C, 19, 19A, 20, 21 and 22 shall only be made against the income exempt under this section, and the balance of such allowances shall not be available as a deduction against any other income; and

(*b*) a loss incurred by a shipping enterprise in respect of any activity referred to in subsection (1), (1B), (1C), (1CD), (1CE), (1CF), (1CG), (1CH), (1CI), (1CJ) or (1CK) for any basis period shall only be deducted against the income from any activity referred to in any of those subsections, and the balance of such loss shall not be available as a deduction against any other income.

[4/75; 31/98; 7/2007; 29/2010; 29/2012]

[Act 2 of 2016 wef 24/02/2015]

[Act 34 of 2016 wef 25/03/2016]

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

(3A) Where a shipping enterprise incurs a loss on any sale or assignment referred to in subsection (1CA) in any basis period, that loss shall only be deducted against the gains derived from another sale or assignment referred to in subsection (1CA) in that same basis period, and the balance of the loss shall not be available as a deduction against any other income.

[29/2012]

(4) The Comptroller shall for each year of assessment issue to a shipping enterprise a statement (to be included in a notice of any assessment served on the shipping enterprise under section 76) showing the amount of income derived from the operation of Singapore ships or foreign ships by the shipping enterprise; and Parts XVII and XVIII (relating to assessments, objections and appeals) and any rules made under this Act shall apply, with the necessary modifications, as if such statement were a notice of assessment.

[31/98; 34/2008; 19/2013]

(5) Subject to subsection (8) where any statement issued under subsection (4) has become final and conclusive, the amount of income shown therein shall not form part of the statutory income of a shipping enterprise for the year of assessment to which the statement relates and shall be exempt from tax.

(5A) [*Deleted by Act 19 of 2013*]

(6) [*Deleted by Act 19 of 2013*]

(7) A shipping enterprise shall deliver to the Comptroller a copy of the accounts referred to in subsection (2) made up to any date specified by him whenever called upon to do so by notice in writing.

[19/2013]

(8) Notwithstanding subsections (1) to (7), where it appears to the Comptroller that any income of a shipping enterprise which has been exempted from tax ought not to have been so exempted for any year of assessment, the Comptroller may, at any time within 4 years after the expiration of that year of assessment, make such assessment or additional assessment upon the shipping enterprise as may appear to be necessary in order to make good any loss of tax.

[19/2013]

(9) Parts XVII and XVIII (relating to assessments, objections and appeals) and any rules made under this Act shall apply, with the necessary modifications, as if an assessment under subsection (8) were a notice of assessment.

[19/2013]

(10) Nothing in this section shall affect the operation of section 27 in ascertaining the income of a non-resident person owning or operating Singapore ships or foreign ships.

[31/98]

(11) Where in the basis period for any year of assessment a ship ceases to be a Singapore ship the income derived from the operation of which is exempt under this section, the capital allowances in respect of that ship for that year of assessment and subsequent years shall be calculated on the residue of expenditure or reducing value of the assets after taking into account the capital allowances provided for in sections 16, 17, 18, 18B, 18C, 19, 19A, 20, 21 and 22 for those years of assessment during which income derived from the operation of the ship was exempt from tax notwithstanding that no claim for such allowances was made.

[4/75; 7/2007; 29/2010]

(12) Subsections (3) and (11) shall have effect notwithstanding any other provisions of this Act.

(13) Notwithstanding anything in this section, a shipping enterprise may at any time elect that its income derived or deemed to be derived from the operation of all its Singapore ships shall be taxed at the rate prescribed by section 43(1)(*a*).

[11/94]

(14) An election under subsection (13) shall be made by a shipping enterprise by notice in writing to the Comptroller and shall be irrevocable.

[11/94]

(15) Where a shipping enterprise has made an election under subsection (13) —

(*a*) subsections (1) to (10) shall not apply to the income derived or deemed to be derived from the operation of Singapore ships by the shipping enterprise for the year of

assessment immediately following the year in which the election is made and for subsequent years of assessment;

(*b*) any capital allowances or the balance thereof which were not made against the income of the shipping enterprise exempt under this section for any year of assessment during which its income was exempt from tax shall not be available to be made under section 23 against its income (other than income exempt under this section) for the year of assessment immediately following the year in which the election is made and for subsequent years of assessment;

(*c*) any loss or the balance thereof incurred by the shipping enterprise in respect of the operation of a Singapore ship for any year of assessment which was not deducted against its income exempt under this section for any year of assessment during which its income was exempt from tax shall not be available as a deduction under section 37(3)(*a*) against its income (other than income exempt under this section) for the year of assessment immediately following the year in which the election is made and for subsequent years of assessment; and

(*d*) any capital allowances in respect of Singapore ships of the shipping enterprise for the year of assessment immediately following the year in which the election is made and for subsequent years of assessment shall be calculated in accordance with subsection (11) as if the Singapore ships were ships which had ceased to be Singapore ships.

[11/94; 31/98]

(16) In this section —

"container" has the same meaning as in section 43ZA(7);

[Act 2 of 2016 wef 24/02/2015]

"demobilisation", in relation to a ship, means the standing down and restoration of the ship to the state it was in before mobilisation;

[Act 2 of 2016 wef 24/02/2015]

"finance leasing", in relation to any container, means a lease of the container (including any arrangement or agreement made in connection with the lease) which has the effect of transferring substantially the obsolescence, risks or rewards incidental to ownership of the container to the lessee;

[Act 2 of 2016 wef 24/02/2015]

"foreign ship" has the same meaning as in section 13F;

"holding", in relation to a ship, means keeping the ship on a standby mode for use in offshore oil or gas activity, offshore renewable energy activity or offshore mineral activity;

[Act 2 of 2016 wef 24/02/2015]

[Act 34 of 2016 wef 25/03/2016]

"mobilisation", in relation to a ship, means bringing the ship to a state of readiness for use in offshore oil or gas activity, offshore renewable energy activity or offshore mineral activity, and includes moving the ship to the deployment site, and outfitting and re-engineering the ship to bring it to a state of readiness for use in such activity;

[Act 2 of 2016 wef 24/02/2015]

[Act 34 of 2016 wef 25/03/2016]

"operation" means —

(*a*) in relation to a Singapore ship —

(i) the carriage of passengers, mail, livestock or goods outside the limits of the port of Singapore;

(ii) towing or salvage operations outside the limits of the port of Singapore;

(iii) the charter of the ship for use outside the limits of the port of Singapore;

[Act 34 of 2016 wef 25/03/2016]

(iv) for the year of assessment 2007 and subsequent years of assessment, the use outside the limits of the port of Singapore of the ship as a dredger,

seismic ship or ship used for offshore oil or gas activity; or

[Act 2 of 2016 wef 11/04/2016]

[Act 34 of 2016 wef 25/03/2016]

(v) the use, on or after 25 March 2016, outside the limits of the port of Singapore of the ship for offshore renewable energy activity or offshore mineral activity; and

[Act 34 of 2016 wef 25/03/2016]

(*b*) in relation to a foreign ship, the carriage of passengers, mail, livestock or goods shipped in Singapore, except where such carriage arises solely from transhipment from Singapore, or is only within the limits of the port of Singapore;

"prescribed ship management services" means activities that support or are incidental to owning or operating a ship, and which are prescribed as prescribed ship management services under section 7;

[Act 2 of 2016 wef 24/02/2015]

"qualifying company", in relation to a shipping enterprise, means a company at least 50% of the total number of the issued ordinary shares of which are beneficially and directly owned by the enterprise;

"ship" has the same meaning as in section 2(1) of the Merchant Shipping Act;

[Act 2 of 2016 wef 11/04/2016]

"ship management services" means any of the following activities in respect of a ship:

(*a*) making a purchase or sale of it, or a decision regarding its ownership;

(*b*) deciding on its flag and registry;

(*c*) sourcing for and deciding on financing for its acquisition;

(*d*) awarding contracts, entering into alliances, or deciding on pooling, in respect of it;

[Act 39 of 2017 wef 22/02/2010]

(*e*) securing its employment or its cargo;

(*f*) planning its route and tonnage, including the issuance of voyage instructions;

[Act 39 of 2017 wef 22/02/2010]

(*g*) appointing a ship manager, ship agent or stevedore for it;

[Act 39 of 2017 wef 22/02/2010]

(*h*) collecting or arranging for the collection of freight, charter hire, or other payment in exchange for its use;

[Act 39 of 2017 wef 22/02/2010]

(*i*) arranging insurance for it;

(*j*) undertaking crew-related matters for it, including the provision of qualified crew, the appointment of a crew manager, the provision of crew training or the arrangement of crew insurance;

[Act 39 of 2017 wef 22/02/2010]

(*k*) arranging or supervising dry-docking, repair, overhaul, alteration, maintenance or lay-up of it;

[Act 39 of 2017 wef 22/02/2010]

(*l*) ensuring that it is adequately equipped with supplies, provisions, spares, stores and lubricating oil;

[Act 39 of 2017 wef 22/02/2010]

(*m*) supervising its construction, conversion or registration;

(*n*) liaising with the relevant competent authorities or bodies on safety and manning requirements for it and any other similar matters;

[Act 39 of 2017 wef 22/02/2010]

"shipping enterprise" means any company owning or operating Singapore ships or foreign ships;

"Singapore ship" means a ship in respect of which a certificate of registry (other than a provisional certificate of registry) has

been issued under the Merchant Shipping Act and its registry is not closed or deemed to be closed or suspended;

[Act 2 of 2016 wef 11/04/2016]

"special purpose company", in relation to a shipping enterprise, means a company that is wholly owned by the shipping enterprise and whose only business or intended business is the operation of Singapore ships.

[26/73; 20/91; 31/98; 37/2002; 21/2003; 7/2007; 29/2010; 29/2012]

Assessment of income not entitled to exemption under section 43A, 43C, 43E or 43N

13B.—(1) Notwithstanding section 13(1)(*y*), where it appears to the Comptroller that any income of a person which has been exempted from tax under regulations made under section 43A, 43C, 43E or 43N, ought not to have been so exempted for any year of assessment, the Comptroller may, at any time within 4 years after the expiration of that year of assessment, make such assessment or additional assessment upon the person as may appear to be necessary in order to make good any loss of tax.

[19/2013]

(2) Parts XVII and XVIII (relating to assessments, objections and appeals) and any rules made under this Act shall apply, with the necessary modifications, as if an assessment under subsection (1) were a notice of assessment.

[19/2013]

Exemption of income of trustee of trust fund arising from funds managed by fund manager in Singapore

13C.—(1) There shall be exempt from tax such income as the Minister may by regulations prescribe of the trustee of any prescribed trust fund arising from funds managed in Singapore by any fund manager.

[53/2007; 22/2011]

(2) The Minister may by regulations —

(*a*) make such transitional and savings provisions as he may consider necessary or expedient in relation to the repeal of

section 13C in force immediately before 1st September 2007;

(*b*) provide for the determination of the amount of income of the trustee of any prescribed trust fund to be exempt from tax; and

(*c*) make provision generally for giving full effect to or for carrying out the purposes of this section.

[29/2010]

(3) This section shall not apply to —

(*a*) a trustee of a trust fund that is constituted on or after 1st April 2014; or

(*b*) a trustee of a trust fund that —

(i) is constituted before 1st April 2014; and

(ii) is not a prescribed trust fund at any time before that date.

[27/2009]

(4) This section shall not apply to any income derived on or after 1st April 2014 except to the extent allowed by subsection (5).

[Act 37 of 2014 wef 01/04/2014]

(5) This section continues to apply to income referred to in subsection (1) of a trustee of a trust fund that is derived on or after 1st April 2014 and before the end of the basis period of that trustee in which that date falls, if —

(*a*) the trustee has a basis period that ends on a date other than 31st March; and

(*b*) the trustee makes an election, at the time of lodgment of the return of income for the year of assessment 2015 or 2016 (as the case may be), or such later time as the Comptroller may allow, to apply this section to such income.

[Act 37 of 2014 wef 01/04/2014]

Exemption of income of prescribed persons arising from funds managed by fund manager in Singapore

13CA.—(1) There shall be exempt from tax such income as the Minister may by regulations prescribe of any prescribed person arising from funds managed in Singapore by any fund manager.

[53/2007; 22/2011]

(1A) Subsection (1) does not apply to any income of a prescribed person that is —

(*a*) derived in the prescribed person's capacity as a trustee of a pension or provident fund approved under section 5;

(*b*) derived in the prescribed person's capacity as a trustee of a designated unit trust referred to in section 35(14) in a basis period or part of a basis period for a year of assessment, where the person has elected under section 35(12) for that provision to apply to any of the person's income in that basis period or that part of the basis period;

(*c*) derived in the prescribed person's capacity as a trustee of a real estate investment trust within the meaning of section 43(10); or

(*d*) exempt from tax under section 13X.

[Act 2 of 2016 wef 01/04/2014]

(2) Where —

(*a*) income of any prescribed person, being a company, has been exempt from tax under subsection (1) in any year of assessment; and

(*b*) a person (referred to in this section as the relevant owner), either alone or together with his associates, beneficially owns on the relevant day issued securities of the prescribed person the value of which is more than the prescribed percentage of the total value of all issued securities of the prescribed person on the relevant day,

then the relevant owner shall be liable to pay to the Comptroller, in such manner and within such reasonable time as may be determined by the Comptroller, a penalty to be computed in accordance with the following formula:

$$A \times B \times C,$$

where A is the percentage which the value of the issued securities of the prescribed person beneficially owned on the relevant day by the relevant owner bears to the total value of all issued securities of the prescribed person on the relevant day;

B is the amount of income of the prescribed person as reflected in the audited account of the prescribed person for the basis period relating to that year of assessment; and

C is the tax rate specified in section 43(1)(*a*) applicable to that year of assessment.

[53/2007]

(3) Subsection (2) shall not apply to a relevant owner if —

(*a*) the Comptroller permits the relevant owner to take steps to reduce the ownership of the issued securities by him or his associates within such period as the Comptroller may specify, being a period of no more than 3 months from the relevant day; and

(*b*) by the end of the specified period, the value of the issued securities beneficially owned by the relevant owner together with his associates is no more than the prescribed percentage of the total value of all issued securities of the prescribed person on the relevant day.

[53/2007; 34/2008]

(4) Where —

(*a*) income of any prescribed person, being the trustee of a trust fund, has been exempt from tax under subsection (1) in any year of assessment; and

(*b*) a person (referred to in this section as the relevant beneficiary), either alone or together with his associates, beneficially owns on the relevant day any part of the trust fund the value of which is more than the prescribed

percentage of the total value of the trust fund on the relevant day,

then the relevant beneficiary shall be liable to pay to the Comptroller, in such manner and within such reasonable time as may be determined by the Comptroller, a penalty to be computed in accordance with the following formula:

$$A \times B \times C,$$

where A is the percentage which the value of the part of the trust fund beneficially owned on the relevant day by the relevant beneficiary bears to the total value of the trust fund on the relevant day;

B is the amount of income of the prescribed person as reflected in the audited account of the prescribed person for the basis period relating to that year of assessment; and

C is the tax rate specified in section 43(1)(*c*) applicable to that year of assessment.

[53/2007]

(5) Subsection (4) shall not apply to a relevant beneficiary if —

(*a*) the Comptroller permits the relevant beneficiary to take steps to reduce the ownership of the trust fund by him or his associates within such period as the Comptroller may specify, being a period of no more than 3 months from the relevant day; and

(*b*) by the end of the specified period, the value of the part of the trust fund beneficially owned by the relevant beneficiary together with his associates is no more than the prescribed percentage of the total value of the trust fund on the relevant day.

[53/2007; 34/2008]

(6) Notwithstanding subsections (2) and (4), where —

(*a*) income of any prescribed person, being a company or the trustee of a trust fund, has been exempt from tax under subsection (1) in any year of assessment;

(*b*) a person, either alone or together with his associates, beneficially owns on the relevant day —

(i) if the prescribed person is a company, any issued securities of the prescribed person; or

(ii) if the prescribed person is the trustee of a trust fund, any part of the trust fund; and

(*c*) the person mentioned in paragraph (*b*) is a non-bona fide entity,

then the person mentioned in paragraph (*b*) shall not be liable to pay the penalty referred to in subsection (2) or (4); but a person (referred to in this section as the liable person) who —

(i) beneficially owns on the relevant day equity interests of the person mentioned in paragraph (*b*); and

(ii) is not himself a non-bona fide entity,

shall be liable to pay to the Comptroller, in such manner and within such reasonable time as may be determined by the Comptroller, a penalty to be computed in accordance with the formula specified in subsection (6A) if, and only if, the total of —

(A) the value of the equity interests of the prescribed person or of the trust fund for which the prescribed person is the trustee (as the case may be) that are beneficially owned by the liable person on the relevant day; and

(B) the value of the equity interests of the prescribed person or of the trust fund for which the prescribed person is the trustee (as the case may be) that are beneficially owned by the associates of the liable person on the relevant day,

exceeds the prescribed percentage of the total value of all the equity interests of the prescribed person or of the trust fund (as the case may be) on that day.

[27/2009]

(6A) The formula for the penalty referred to in subsection (6) shall be as follows:

$$A \times B \times C,$$

where A is the percentage which the value of the equity interests of the prescribed person or of the trust fund for which the prescribed person is the trustee (as the case may be) beneficially owned on the relevant day by the liable person bears to the total value of all equity interests of the prescribed person or of the trust fund on the relevant day;

B is the amount of income of the prescribed person as reflected in the audited account of the prescribed person for the basis period relating to that year of assessment; and

C is the tax rate applicable to that year of assessment as specified in section 43(1)(*a*) (if the prescribed person is a company) or 43(1)(*c*) (if the prescribed person is a trustee of a trust fund).

[27/2009]

(6B) Subsection (3) or (5) (whichever is applicable) shall apply, with the necessary modifications, to the liable person as it applies to a relevant owner or relevant beneficiary as if the reference to subsection (2) or (4) (as the case may be) is a reference to subsection (6).

[27/2009]

(7) For the purposes of subsections (6)(i), (A) and (B) and (6A), if —

(*a*) a person beneficially owns (including by virtue of one or more applications of this subsection) equity interests of a

person (referred to in this subsection as a first level entity); and

(*b*) the first level entity beneficially owns equity interests of another person (referred to in this subsection as a second level entity),

then the first-mentioned person is taken to beneficially own equity interests of the second level entity; and the percentage which the value of those equity interests bears to the total value of all equity interests of the second level entity shall be computed in accordance with the following formula:

$$A \times B,$$

where A is the percentage which the value of equity interests of the first level entity beneficially owned by the first-mentioned person bears to the total value of all equity interests of the first level entity; and

B is the percentage which the value of equity interests of the second level entity beneficially owned by the first level entity bears to the total value of all equity interests of the second level entity.

[53/2007; 27/2009]

(7A) Subsection (7) shall also have effect for the purpose of determining, under subsections (6)(A) and (B) and (6A), the beneficial ownership of a person in the equity interests of a trust fund for which a prescribed person is a trustee, with the following modifications:

(*a*) the reference in subsection (7)(*b*) to the equity interests of another person (when applied to that trust fund) shall be read as the equity interests in that fund;

(*b*) the reference in the definition of B under subsection (7) to the value of equity interests of the second level entity beneficially owned by the first level entity (when applied to that trust fund) shall be read as the value of the part of the trust fund beneficially owned by the first level entity;

(*c*) the reference in the definition of B under subsection (7) to the total value of all equity interests of the second level entity (when applied to that trust fund) shall be read as the total value of the trust fund.

[27/2009]

(7B) The Minister or such person as he may appoint may at any time, in the discretion of the Minister or person and subject to such conditions as the Minister or person may impose, remit or refund, wholly or in part, the penalty that is payable or paid by a person under subsection (2), (4) or (6); and section 92(2B) to (2E) shall, with the necessary modifications, apply to any non-compliance with any such condition as they apply to the non-compliance with a condition imposed under section 92(2).

[Act 37 of 2014 wef 01/04/2014]

(8) Regulations made under this section may —

(*a*) provide for the determination of the amount of income of any prescribed person to be exempt from tax;

(*b*) provide for the circumstances under which a person would be considered to be an associate for the purposes of this section;

(*c*) exempt any person or class of persons from subsection (2), (4) or (6); and

(*d*) make provision generally for giving full effect to or for carrying out the purposes of this section.

[53/2007]

(9) In this section —

"equity interest" means —

(*a*) in relation to a company, any issued security of that company;

(*aa*) in relation to a trust fund for which a prescribed person is a trustee, any part of the trust fund; or

(*b*) in relation to a person other than a company, such right or interest as may be prescribed;

"issued securities", in relation to a company, means —

(*a*) issued debentures of, or issued stocks or shares in, the company;

(*b*) any right, option or derivative in respect of any such debentures, stocks or shares; or

(*c*) such other securities of the company as may be prescribed;

"non-bona fide entity" means a person not resident in Singapore (excluding a permanent establishment in Singapore) who —

(*a*) is set up solely for the purpose of avoiding or reducing payment of tax or penalty under this Act; or

(*b*) does not carry out any substantial business activity for a genuine commercial reason;

"relevant day" means —

(*a*) the last day of the basis period of the prescribed person for the year of assessment referred to in subsection (2), (4) or (6) (as the case may be);

(*b*) if on a day within that basis period the prescribed person becomes an approved person under section 13X(1)(*a*) the day immediately before the first-mentioned day; or

(*c*) if on a day within that basis period the prescribed person becomes an approved master fund or approved feeder fund of —

(i) an approved master-feeder fund structure under section 13X(1)(*b*);

(ii) an approved master-feeder fund-SPV structure under section 13X(1)(*c*); or

(iii) an approved master fund-SPV structure under section 13X(1)(*d*),

the day immediately before the first-mentioned day;

[Act 2 of 2016 wef 29/05/2015]

"value" —

(*a*) in relation to issued securities of a company other than those prescribed under paragraph (*c*) of the definition of "issued securities", means —

(i) where the relevant day is before 1st April 2014, the value of those securities at the time of their issue by the company; and

(ii) where the relevant day falls on or after 1st April 2014, the net asset value of those securities as at the relevant day; or

(*b*) in relation to issued securities of a company prescribed under paragraph (*c*) of the definition of "issued securities", means —

(i) where the relevant day is before 1st April 2014, the value of those securities at the prescribed time; and

(ii) where the relevant day falls on or after 1st April 2014, the net asset value of those securities as at the relevant day.

[Act 37 of 2014 wef 01/04/2014]

(10) This section shall not apply to —

(*a*) a company or trustee of a trust fund, as the case may be, that is incorporated or constituted on or after 1st April 2019; or

[Act 37 of 2014 wef 01/04/2014]

(*b*) a company or trustee of a trust fund, as the case may be, that —

(i) is incorporated or constituted before 1st April 2019; and

[Act 37 of 2014 wef 01/04/2014]

(ii) is not a prescribed person at any time before that date.

[27/2009]

[Act 2 of 2016 wef 11/04/2016]

13D. [*Repealed by Act 19 of 2013*]

13E. [*Repealed by Act 19 of 2013*]

Exemption of international shipping profits

13F.—(1) Subject to subsections (1A) and (2), there shall be exempt from tax the income of an approved international shipping enterprise derived —

(*a*) on or after 1st April 1991 from —

(i) the carriage of passengers, mail, livestock or goods from outside the limits of the port of Singapore by any foreign ship;

(ii) the charter of any foreign ship to any person where such ship is used by the person for the carriage of passengers, mail, livestock or goods outside the limits of the port of Singapore; and

(iii) the carriage of passengers, mail, livestock or goods by any foreign ship to Singapore solely for the purpose of transhipment;

(*b*) for the year of assessment 2005 and subsequent years of assessment from —

(i) the operation outside the limits of the port of Singapore of any dredger, seismic ship or any ship used for offshore oil or gas activity; and

[Act 2 of 2016 wef 11/04/2016]

(ii) the charter of any foreign dredger, foreign seismic ship, or any foreign ship used for offshore oil or gas activity to any person where such dredger, seismic ship or ship is used by the person for his operation outside the limits of the port of Singapore;

[Act 2 of 2016 wef 11/04/2016]

(*c*) for the year of assessment 2003 and subsequent years of assessment from —

(i) towing or salvage operations carried out from outside the limits of the port of Singapore by any foreign ship; and

(ii) the charter of any foreign ship to any person where such ship is used by the person for towage and salvage operations carried out outside the limits of the port of Singapore;

(*d*) for the year of assessment 2009 and subsequent years of assessment, from foreign exchange and risk management activities which are carried out in connection with and incidental to the operations described in paragraphs (*a*), (*b*) and (*c*);

(*e*) at any time in the period between 22 February 2010 and 23 February 2015 (both dates inclusive) from the provision of ship management services to any qualifying special purpose vehicle in respect of ships owned or operated by the qualifying special purpose vehicle, unless the conditions of its approval otherwise provides;

[Act 2 of 2016 wef 24/02/2015]

(*f*) for the year of assessment 2012 and subsequent years of assessment, from the carriage by any foreign ship of passengers, mail, livestock or goods which are shipped in Singapore, except where such carriage is only within the limits of the port of Singapore;

(*g*) on or after 1st June 2011 from —

(i) the sale of a foreign ship used for a prescribed purpose;

[Act 2 of 2016 wef 11/04/2016]

(ii) the assignment to another of all its rights as the buyer under a contract for the construction of a ship for a prescribed purpose that, at the time of assignment, is intended to be a foreign ship to be used for that or any other prescribed purpose; or

[Act 2 of 2016 wef 11/04/2016]

(iii) the sale of all of the issued ordinary shares in a special purpose company of the approved

international shipping enterprise where, at the time of the sale of the shares, the special purpose company —

(A) owns any foreign ship that is used for a prescribed purpose;

(B) is the buyer under a contract for the construction of a foreign ship for a prescribed purpose that is intended to be used for that or any other prescribed purpose;

(C) owns a Singapore ship within the meaning of section 13A(16) or a ship that is provisionally registered under the Merchant Shipping Act (Cap. 179); or

(D) is the buyer under a contract for the construction of a ship that, at the time of the sale, is intended to be registered or is provisionally registered under the Merchant Shipping Act;

[Act 2 of 2016 wef 11/04/2016]

(*h*) on or after 24 February 2015 from providing prescribed ship management services to any qualifying special purpose vehicle in respect of ships owned or operated by the qualifying special purpose vehicle, unless the conditions of its approval otherwise provides;

[Act 2 of 2016 wef 24/02/2015]

(*i*) on or after 24 February 2015 from —

(i) any mobilisation or holding of any ship used or to be used for offshore oil or gas activity outside the limits of the port of Singapore; or

(ii) the demobilisation of any ship after it has been so used,

where the mobilisation, holding or demobilisation is undertaken by the approved international shipping enterprise itself using a foreign ship;

[Act 2 of 2016 wef 24/02/2015]

(*j*) on or after 24 February 2015 from —

(i) any mobilisation or holding of a foreign ship owned or operated by the approved international shipping enterprise and used or to be used for offshore oil or gas activity outside the limits of the port of Singapore; or

(ii) the demobilisation of a foreign ship owned or operated by the approved international shipping enterprise after it has been so used;

[Act 2 of 2016 wef 24/02/2015]

[Act 34 of 2016 wef 25/03/2016]

(*k*) on or after 24 February 2015 from the leasing of any container (other than finance leasing) carried out in connection with its operation of foreign ships and that is incidental to such operation;

[Act 2 of 2016 wef 24/02/2015]

[Act 34 of 2016 wef 25/03/2016]

(*l*) on or after 25 March 2016 from —

(i) the operation outside the limits of the port of Singapore of any foreign ship for offshore renewable energy activity or offshore mineral activity; and

(ii) the charter of any foreign ship for offshore renewable energy activity or offshore mineral activity to any person, where such ship is used by the person for the person's operation outside the limits of the port of Singapore;

[Act 34 of 2016 wef 25/03/2016]

(*m*) on or after 25 March 2016 from —

(i) the sale of a foreign ship used for offshore renewable energy activity or offshore mineral activity;

(ii) the assignment to another of all its rights as the buyer under a contract for the construction of a ship for offshore renewable energy activity or offshore mineral activity that, at the time of assignment, is

intended to be a foreign ship to be used for that activity or any prescribed purpose; or

(iii) the sale of all of the issued ordinary shares in a special purpose company of the approved international shipping enterprise where, at the time of the sale of the shares, the special purpose company —

(A) owns any foreign ship that is used for offshore renewable energy activity or offshore mineral activity; or

(B) is the buyer under a contract for the construction of a foreign ship for that activity and that is intended to be used for that activity or any prescribed purpose;

[Act 34 of 2016 wef 25/03/2016]

(*n*) on or after 25 March 2016 from —

(i) any mobilisation or holding of any ship used or to be used for offshore renewable energy activity, or offshore mineral activity, outside the limits of the port of Singapore; or

(ii) the demobilisation of any ship after it has been so used,

where the mobilisation, holding or demobilisation is undertaken by the approved international shipping enterprise itself using a foreign ship;

[Act 34 of 2016 wef 25/03/2016]

(*o*) on or after 25 March 2016 from —

(i) any mobilisation or holding of a foreign ship owned or operated by the approved international shipping enterprise and used or to be used for offshore renewable energy activity, or offshore mineral activity, outside the limits of the port of Singapore; or

(ii) the demobilisation of a foreign ship owned or operated by the approved international shipping enterprise after it has been so used;

[Act 34 of 2016 wef 25/03/2016]

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

(*p*) on or after 25 March 2016 from foreign exchange and risk management activities which are carried out in connection with and incidental to an activity described in paragraph (*l*), (*n*) or (*o*); and

[Act 34 of 2016 wef 25/03/2016]

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

(*q*) on or after the date the Income Tax (Amendment No. 3) Act 2016 is published in the *Gazette*, from foreign exchange and risk management activities that are carried out in connection with and incidental to an activity mentioned in subsection (1)(*f*), (*h*), (*i*) or (*j*).

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

(1A) Unless the Minister or such person as he may appoint permits in a particular case, subsection (1)(*e*) does not apply to the provision by an approved international shipping enterprise of ship management services to a qualifying special purpose vehicle if at least 50% of the total number of the issued ordinary shares of the enterprise are beneficially owned, whether directly or indirectly, by another approved international shipping enterprise.

[22/2011; 29/2012]

(1AA) Subsection (1)(*g*) shall not apply to —

(*a*) any income of an approved international shipping enterprise as a lessor of a foreign ship used for a prescribed purpose, under a finance lease that is treated as a sale under section 10D; or

[Act 2 of 2016 wef 11/04/2016]

(*b*) any income of an approved international shipping enterprise from carrying on a business of trading in foreign ships used for a prescribed purpose, or of constructing for sale foreign ships for a prescribed purpose.

[Act 2 of 2016 wef 11/04/2016]

(1AB) Unless the Minister or such person as he may appoint permits in a particular case, subsection (1)(*h*) does not apply to the provision by an approved international shipping enterprise of prescribed ship management services to a qualifying special purpose vehicle, if at least 50% of the total number of the issued ordinary shares of the enterprise are beneficially owned, whether directly or indirectly, by another approved international shipping enterprise.

[Act 2 of 2016 wef 24/02/2015]

(1AC) Subsection (1)(*m*) does not apply to —

(*a*) any income of an approved international shipping enterprise as a lessor of a foreign ship used for offshore renewable energy activity or offshore mineral activity, under a finance lease that is treated as a sale under section 10D; or

(*b*) any income of an approved international shipping enterprise from carrying on a business of trading in foreign ships used for either of those activities, or of constructing for sale foreign ships for either of those activities.

[Act 34 of 2016 wef 25/03/2016]

(1B) An application may be made to the Minister or such person as he may appoint for a company —

(*a*) which is an international shipping enterprise; or

(*b*) which is not but intends to become an international shipping enterprise,

to be approved as an approved international shipping enterprise, and the company is deemed upon approval to be an approved international shipping enterprise.

[22/2011]

(2) The exemption for each approved international shipping enterprise —

(*a*) shall be for such period not exceeding 10 years from the date of its approval as the Minister or such person as he may appoint may specify, except that the Minister or such

person as he may appoint may extend the period so specified for such further periods, not exceeding 10 years at a time, as he thinks fit; or

(*b*) if, at the time of its approval, the company does not, in the opinion of the Minister or such person as he may appoint, satisfy such qualifying conditions as the Minister or person may determine for the purposes of paragraph (*a*), shall be for such period not exceeding 5 years from the date of its approval as the Minister or person may specify.

[22/2011]

(2A) The approval of an approved international shipping enterprise for a period of exemption referred to in subsection (2)(*b*) may only be granted at any time between 1st June 2011 and 31st May 2021 (both dates inclusive).

[22/2011]

[Act 2 of 2016 wef 11/04/2016]

(3) In determining the amount of the income of an approved international shipping enterprise which is exempted under this section, the allowances provided for in sections 16, 17, 18, 18B, 18C, 19, 19A, 20, 21, 22 and 23 —

(*a*) shall be taken into account notwithstanding that no claim for those allowances has been made; and

(*b*) shall only be deducted against the income referred to in subsection (1), and the balance of those allowances shall not be available as a deduction against any other income, except that any balance remaining unabsorbed at the end of the tax exempt period shall be available as a deduction against any other income for the year of assessment which relates to the basis period in which the tax exemption ceases and for any subsequent year of assessment in accordance with section 23.

[29/2010]

(4) Where an approved international shipping enterprise incurs a loss during the tax exempt period in respect of any operation, activity or service referred to in paragraphs (*a*) to (*f*), (*h*) to (*l*) and (*n*) to (*q*) of subsection (1), that loss —

(*a*) shall be deducted in accordance with section 37; and

(*b*) shall only be deducted against the income referred to in any of those paragraphs, and the balance of such loss shall not be available as a deduction against any other income, except that any balance remaining unabsorbed at the end of the tax exempt period shall be available as a deduction against any other income for the year of assessment which relates to the basis period in which the tax exemption ceases and for any subsequent year of assessment in accordance with section 37.

[29/2012]

[Act 2 of 2016 wef 24/02/2015]

[Act 34 of 2016 wef 25/03/2016]

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

(4A) Where an approved international shipping enterprise incurs a loss on any sale or assignment referred to in subsection (1)(*g*) or (*m*) in any basis period falling, in whole or in part, within the tax exempt period, that loss shall only be deducted against the gains derived from another sale or assignment referred to in either subsection (1)(*g*) or (*m*) in that same basis period, and the balance of the loss shall not be available as a deduction against any other income.

[29/2012]

[Act 34 of 2016 wef 25/03/2016]

(5) Section 13A(2), (2A), (4), (5), (7), (8) and (9) shall apply to an approved international shipping enterprise, except that any reference to a shipping enterprise shall be read as a reference to an approved international shipping enterprise.

[32/99; 37/2002; 19/2013]

(6) In this section —

"approved" means approved by the Minister, or such person as he may appoint, subject to such conditions as he may impose;

"container" has the same meaning as in section 43ZA(7);

[Act 2 of 2016 wef 24/02/2015]

"demobilisation", "finance leasing", "holding", "mobilisation" and "prescribed ship management services" have the same meanings as in section 13A(16);

[Act 2 of 2016 wef 24/02/2015]

"foreign ship" means a sea-going ship other than a Singapore ship within the meaning of section 13A(16);

"international shipping enterprise" means a company resident in Singapore —

(*a*) owning or operating ships; or

(*b*) which has a qualifying special purpose vehicle which owns or operates ships;

[Act 2 of 2016 wef 23/02/2010]

"prescribed purpose", in relation to a ship, means use for —

(*a*) the carriage of passengers, mail, livestock or goods;

(*b*) dredging, seismic, or offshore oil or gas activity;

(*c*) a towing or salvage operation; or

(*d*) the mobilisation, holding or demobilisation of another ship;

[Act 2 of 2016 wef 11/04/2016]

"ship" has the same meaning as in section 2(1) of the Merchant Shipping Act;

[Act 2 of 2016 wef 11/04/2016]

[*Deleted by Act 2 of 2016 wef 23/02/2010*]

"ship management services" has the same meaning as in section 13A(16);

"special purpose company", in relation to an approved international shipping enterprise, means a company that is wholly owned by the shipping enterprise and whose only business or intended business is —

(*a*) any operation mentioned in subsection (1)(*a*), (*b*), (*c*), (*f*), (*i*) and (*j*);

(*b*) any operation of a Singapore ship as defined in section 13A(16); or

(*c*) any operation or activity mentioned in subsection (1)(*l*), (*n*) or (*o*) that takes place on or after 25 March 2016.

[Act 34 of 2016 wef 25/03/2016]

(7) In this section, "qualifying special purpose vehicle", in relation to a company referred to in paragraph (*b*) of the definition of "international shipping enterprise" in subsection (6) or an approved international shipping enterprise (called in this subsection the entity), means —

(*a*) an approved company —

(i) which is incorporated and resident in Singapore; and

(ii) at least 50% of the total number of the issued ordinary shares of which are beneficially owned, whether directly or indirectly, by —

(A) the entity; or

(B) a company which beneficially owns (whether directly or indirectly) at least 50% of the total number of the issued ordinary shares of the entity;

(*b*) an approved company —

(i) which is incorporated outside Singapore; and

(ii) at least 25% of the total number of the issued ordinary shares of which are beneficially owned, whether directly or indirectly, by the entity;

(*c*) an approved partnership —

(i) which is registered or formed outside Singapore; and

(ii) of which the entity is entitled, whether directly or indirectly, to at least 25% of its income;

(*d*) an approved company —

(i) which is incorporated and resident in Singapore, and at least 50% of the total number of the issued ordinary shares of which are beneficially owned directly by another company which is a qualifying

special purpose vehicle by virtue of paragraph (*a*)(ii)(B); or

(ii) which is incorporated outside Singapore, and at least 25% of the total number of the issued ordinary shares of which are beneficially owned directly by another company which is a qualifying special purpose vehicle by virtue of paragraph (*a*)(ii)(B);

(*e*) an approved partnership which is registered or formed outside Singapore and one of the partners of which is a company which is a qualifying special purpose vehicle by virtue of paragraph (*a*)(ii)(B), and is entitled to at least 25% of its income; or

[Act 2 of 2016 wef 23/02/2010]

[Act 2 of 2016 wef 11/04/2016]

(*f*) any other partnership or company that is approved under subsection (8) as a qualifying special purpose vehicle of the entity, so long as it satisfies the conditions imposed under that subsection.

[Act 2 of 2016 wef 11/04/2016]

(8) The Minister or such person as the Minister may appoint may, in a particular case, and subject to such conditions as the Minister or person considers fit to impose, approve any partnership or company not specified in paragraphs (*a*) to (*e*) of subsection (7), as a qualifying special purpose vehicle of the entity mentioned in that subsection.

[Act 2 of 2016 wef 11/04/2016]

Exemption of income of foreign trust

13G.—(1) There shall be exempt from tax such income as the Minister may by regulations prescribe of such foreign trust or eligible holding company established for the purposes of such foreign trust as specified in those regulations and administered by a trustee company in Singapore.

[26/93; 37/2002; 21/2003]

(2) Where any income of a foreign trust is exempt from tax under regulations made under subsection (1) in any year of assessment, the share of such income to which any beneficiary under the trust is

entitled to receive for that year of assessment shall also be exempt from tax if the beneficiary —

(*a*) being an individual, is neither a citizen of Singapore nor resident in Singapore;

(*b*) being a company, is neither incorporated nor resident in Singapore and where such a company —

(i) has not more than 50 shareholders, all of its issued shares are beneficially owned, directly or indirectly, by persons who are neither citizens of Singapore nor resident in Singapore; or

(ii) has more than 50 shareholders, not less than 95% of the total number of its issued shares are beneficially owned, directly or indirectly, by persons who are neither citizens of Singapore nor resident in Singapore;

(*c*) being any other person, is neither resident in Singapore nor constituted or registered under any written law in Singapore; or

(*d*) is a trustee of another foreign trust specified under subsection (1).

[37/2002; 34/2005; 7/2007]

(3) Where any income of a foreign trust is exempt from tax under regulations made under subsection (1) in any year of assessment, the share of such income that a foreign account of a philanthropic purpose trust is entitled to receive for that year of assessment shall also be exempt from tax.

[7/2007]

(4) Notwithstanding subsections (1) and (2), where it appears to the Comptroller that any income of a foreign trust or eligible holding company ought not to have been exempted under regulations made under subsection (1), the Comptroller may, subject to section 74, make such assessment or additional assessment upon the foreign trust or eligible holding company, as the case may be, as may appear to be necessary.

[37/2002]

(5) In this section —

"foreign account" and "philanthropic purpose trust" have the same meanings as in section 13O;

"trustee company" has the same meaning as in section 43J(2).

[7/2007]

(6) This section shall not apply to —

(*a*) a trust that is constituted on or after 1st April 2019;

(*b*) a company that is incorporated on or after 1st April 2019;

(*c*) a trust that —

(i) is constituted before 1st April 2019; and

(ii) in the basis period in which 31st March 2019 falls, is not a foreign trust specified in the regulations under subsection (1) (referred to in this subsection and subsection (8) as a specified trust) that is administered by a trustee company in Singapore within the meaning of those regulations; or

(*d*) a company that —

(i) is incorporated before 1st April 2019; and

(ii) in the basis period in which 31st March 2019 falls —

(A) is not an eligible holding company established for the purposes of a specified trust, and specified in the regulations under subsection (1); or

(B) is not administered by a trustee company in Singapore within the meaning of those regulations.

[Act 37 of 2014 wef 01/04/2014]

(7) Where, in any basis period beginning on or after 1st April 2019 —

(*a*) a trust or company does not satisfy the requirements referred to in subsection (8); or

(*b*) the trustee company which administers a foreign trust or an eligible holding company established for the purposes of a foreign trust fails to comply with any of the regulations under subsection (1),

then this section shall not apply to the trust or company in paragraph (*a*), or the foreign trust or eligible holding company in paragraph (*b*), for the year of assessment to which that basis period relates, and for every subsequent year of assessment even if the requirements are satisfied and the regulations are complied with in the basis period for that subsequent year of assessment.

[Act 37 of 2014 wef 01/04/2014]

(8) In subsection (7), the requirements are —

(*a*) in the case of the trust, that it is a specified trust and is administered by a trustee company in Singapore within the meaning of those regulations; or

(*b*) in the case of the company —

(i) that it is an eligible holding company established for the purposes of a specified trust, and specified in those regulations; and

(ii) that it is administered by a trustee company in Singapore within the meaning of those regulations.

[Act 37 of 2014 wef 01/04/2014]

Exemption of income of venture company

13H.—(1) The Minister may make regulations to provide that such income as the Minister may specify of an approved venture company derived by it from making approved investments is exempt from tax.

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

(2) Regulations made under subsection (1) may provide for the determination of the amount of the income of an approved venture company to be exempted and for the deduction of losses otherwise than in accordance with section 37.

[31/98]

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

(2A) The exemption from tax of the income of an approved venture company under regulations made under subsection (1) —

(*a*) shall be for such period, not exceeding 10 years, as the Minister, or such person as he may appoint, may specify; and

(*b*) in any particular case after the period referred to in paragraph (*a*), shall be for such further period or periods, not exceeding 5 years at any one time for each period, as the Minister, or such person as he may appoint, may specify.

[31/98]

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

(2B) The total period under subsection (2A)(*a*) and the further period or periods under subsection (2A)(*b*) shall not in the aggregate exceed 15 years.

[31/98]

(2C) No approval is to be granted under this section to a venture company on or after 1 April 2020.

[Act 2 of 2016 wef 11/04/2016]

(3) The Comptroller shall determine the manner and extent to which allowances under section 19, 19A, 20, 21 or 22 and any expenses, losses and donations allowable under this Act which are attributable to the income referred to in subsection (1) are to be deducted.

(4) In determining the income of an approved venture company which is exempt from tax under regulations made under subsection (1) for any year of assessment, there shall be deducted therefrom —

(*a*) expenses allowable under this Act for that year of assessment which are attributable to that income;

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

(*aa*) [*Deleted by Act 34 of 2016 wef 29/12/2016*]

(*b*) any loss for that year of assessment arising from the disposal of any approved investments in Singapore or elsewhere;

(*c*) any allowances for that year of assessment under section 19, 19A, 20, 21 or 22 attributable to that income

notwithstanding that no claim for those allowances has been made; and

(*d*) any balance of the expenses, losses and allowances referred to in paragraphs (*a*), (*b*) and (*c*) which have not been deducted in determining that income for any previous year of assessment.

[31/98; 29/2012]

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

(5) Any expenses, losses or allowances referred to in subsection (4) shall only be deducted against the income of an approved venture company exempt from tax under regulations made under subsection (1) and shall not be available as a deduction against any other income of the company, except that any balance of the expenses, losses or allowances remaining unabsorbed at the end of the tax exempt period of the company shall be available as a deduction against any other income of the company for the year of assessment which relates to the basis period in which the tax exemption ceases and for any subsequent year of assessment in accordance with section 23 or 37, as the case may be.

[29/2012]

(5A) [*Deleted by Act 34 of 2016 wef 29/12/2016*]

(6) The Comptroller shall for each year of assessment for which the income of an approved venture company is exempt from tax under regulations made under subsection (1) issue to the approved venture company a statement (to be included in a notice of any assessment served on the approved venture company under section 76) showing the amount of income exempt from tax under regulations made under subsection (1) and Parts XVII and XVIII (relating to assessments, objections and appeals) and any rules made under this Act shall apply, with the necessary modifications, as if such statement were a notice of assessment.

[31/98; 34/2008; 19/2013]

(7) Where any statement issued to an approved venture company under subsection (6) has become final and conclusive, the amount of income shown therein shall not form part of the statutory income of

the company for the year of assessment to which the statement relates and shall be exempt from tax.

[19/2013]

(8) [*Deleted by Act 19 of 2013*]

(9) [*Deleted by Act 19 of 2013*]

(10) [*Deleted by Act 19 of 2013*]

(11) [*Deleted by Act 19 of 2013*]

(11A) [*Deleted by Act 19 of 2013*]

(12) [*Deleted by Act 19 of 2013*]

(13) [*Deleted by Act 19 of 2013*]

(14) [*Deleted by Act 19 of 2013*]

(15) An approved venture company shall deliver to the Comptroller a copy of the account made up to any date specified by him whenever called upon to do so by notice in writing.

(16) Notwithstanding anything in this section, where it appears to the Comptroller that any income of an approved venture company which has been exempted from tax under regulations made under subsection (1) ought not to have been so exempted for any year of assessment, the Comptroller may, at any time within 4 years after the expiration of that year of assessment, make such assessment or additional assessment upon the company as may appear to be necessary in order to make good any loss of tax.

[19/2013]

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

(17) Parts XVII and XVIII (relating to assessments, objections and appeals) and any rules made under this Act shall apply, with the necessary modifications, as if an assessment under subsection (16) were a notice of assessment.

[19/2013]

(18) In this section —

"approved" means approved by the Minister or such person as he may appoint;

"investments" means —

(*a*) debentures, stocks, shares, bonds, notes or warrants issued by a government or company;

(*b*) any right or option in respect of any such debentures, stocks, shares, bonds, notes or warrants; or

(*c*) units in any unit trust within the meaning of section 10B;

"tax exempt period" means the period during which any income of an approved venture company is exempt from tax under regulations made under subsection (1);

"venture company" means any company whose business consists wholly or mainly in the making of approved investments and the principal part of whose income is derived therefrom.

[28/96; 31/98]

13I. [*Repealed by Act 29 of 2012*]

Exemption of tax on gains or profits from equity remuneration incentive scheme (SMEs)

13J.—(1) Where a qualifying employee derives any gains or profits in any year of assessment, after the expiry of the minimum holding period, from any stock option granted during the period from 1st June 2000 to 31st December 2013 (both dates inclusive), or any right or benefit under any share acquisition scheme (other than a stock option scheme) granted during the period from 1st January 2002 to 31st December 2013 (both dates inclusive), to acquire shares in any qualifying company or in its holding company, there shall, subject to this section, be exempt from tax 50% of an amount of such gains or profits as determined under subsection (2).

[37/2002; 34/2008; 19/2013]

(2) The amount of gains or profits referred to in subsection (1) is —

(*a*) where the price to be paid for the shares under the right or benefit is equal to or exceeds the market value or, if it is not possible to determine such value, the net asset value of the

shares at the time of the grant of the right or benefit, the amount as determined under section 10(6); or

(*b*) where the price to be paid for the shares under the right or benefit is at a discount to the market value or, if it is not possible to determine such value, the net asset value of the shares at the time of the grant of the right or benefit, the amount as determined under section 10(6) less the amount of the discount.

[24/2000; 24/2001; 37/2002]

(3) The exemption under this section shall not apply to any amount of gains or profits to which section 10(6) applies —

(*a*) to the extent that the amount, when aggregated with the amount of such gains or profits previously derived by him and which qualifies for exemption under this section, exceeds $10 million;

(*b*) which is derived by him on or after 1st January of the 10th year following the year in which he first derived such gains or profits which qualified for exemption under this section; or

(*c*) which is derived by him for the release of his right or benefit to acquire shares in any qualifying company or in its holding company by reason of his resignation or termination of his employment with the qualifying company due to his misconduct.

[24/2000; 24/2001; 37/2002]

(4) The exemption under this section shall apply to gains or profits derived by an employee from any right or benefit to acquire shares in a holding company of the company in which he is employed only if the following conditions are satisfied:

(*a*) both the company and the holding company are incorporated in Singapore;

(*b*) the holding company grants the right or benefit to acquire its shares to its employees or the employees of companies within its group of companies; and

(*c*) at the time of the grant by the holding company of the right or benefit to acquire its shares —

(i) both the company and the holding company are carrying on business in Singapore;

(ii) the market value of the gross assets of the company does not exceed $100 million;

(iii) the market value of the gross assets of the holding company and companies within its group of companies does not exceed in the aggregate $100 million; and

(iv) the company in which the employee is employed has not granted any right or benefit to any of its employees to acquire its shares.

[24/2000; 37/2002]

(5) The Minister may make regulations to provide generally for giving full effect to or for carrying out the purposes of this section.

[24/2000]

(6) For the purposes of this section and section 13L, where a company grants —

(*a*) any stock option during the period from 1st April 2001 to 31st December 2013 (both dates inclusive); or

(*b*) any right or benefit under any share acquisition scheme (other than a stock option scheme) during the period from 1st January 2002 to 31st December 2013 (both dates inclusive),

to acquire shares under a tranche of the share acquisition scheme and any gains or profits derived by a qualifying employee from any right or benefit granted under that tranche qualifies for tax exemption under this section as well as section 13L, the company shall opt for the tax exemption under this section or section 13L to apply in respect of the gains or profits relating to that tranche but not under both sections.

[37/2002; 19/2013]

(7) Where a company has opted under subsection (6) for tax exemption under this section to apply to the gains or profits in respect

of a tranche of a share acquisition scheme, tax exemption under section 13L —

(*a*) shall, subject to paragraph (*b*), not be available in respect of any right or benefit to acquire shares granted by the company under any tranche subsequent to that tranche under the share acquisition scheme; and

(*b*) shall be available in respect of any right or benefit to acquire shares granted subsequent to the option by the company under any tranche under the share acquisition scheme only where the conditions for tax exemption under this section are not satisfied in respect of any such subsequent tranche granted.

[24/2001; 37/2002]

(8) Where a company has opted under subsection (6) for tax exemption under section 13L to apply to the gains or profits in respect of a tranche of a share acquisition scheme, tax exemption under this section shall not be available in respect of any right or benefit to acquire shares granted by the company under any tranche subsequent to that tranche under the share acquisition scheme.

[24/2001; 37/2002]

(9) Any option by a company under subsection (6) shall be irrevocable.

[24/2001]

(9A) Notwithstanding anything in this section, the exemption under this section shall not apply to any gains or profits derived by a qualifying employee on or after 1st January 2024.

[19/2013]

(10) In this section, unless the context otherwise requires —

"holding company" has the same meaning as in section 5 of the Companies Act (Cap. 50);

"minimum holding period" —

(*a*) in relation to a right or benefit to acquire shares in a qualifying company or holding company under any stock option scheme, means the period prescribed by the Singapore Exchange during which no option may be exercised under a stock option scheme

implemented by any company listed on that Exchange, which would have been applicable to the stock option granted by the qualifying company or holding company, as the case may be, if it were a company listed on that Exchange;

(*b*) in relation to a right or benefit to acquire shares in a qualifying company or holding company under any share acquisition scheme (other than a stock option scheme), means —

(i) a period of at least one year after the grant of the right or benefit, during which the shares so acquired may not be sold, if the price to be paid for the shares under the right or benefit is at a discount to the market value or, if it is not possible to determine such value, the net asset value of the shares at the time of the grant of the right or benefit; or

(ii) a period of at least 6 months after the grant of the right or benefit, during which the shares so acquired may not be sold, if the price to be paid for the shares under the right or benefit is equal to or exceeds the market value or, if it is not possible to determine such value, the net asset value of the shares at the time of the grant of the right or benefit;

"qualifying company" means a company incorporated in Singapore which at the time of the grant to its employees of any right or benefit to acquire its shares —

(*a*) carries on business in Singapore; and

(*b*) has gross assets the market value of which does not exceed $100 million;

"qualifying employee" means an employee (other than any non-executive director) of a company who, at the time of the grant to him of any right or benefit to acquire the shares of the

company or the shares of its holding company, as the case may be —

(*a*) is committed to work —

(i) where the time of the grant is before 1st January 2010 —

(A) at least 30 hours per week for the company; or

(B) where he is committed to work less than that number of hours, at least 75% of his total working time per week for the company; and

(ii) where the time of the grant is on or after 1st January 2010 —

(A) at least the number of hours per week referred to in section 66A(1) of the Employment Act (Cap. 91) for the company; or

(B) where he is committed to work less than that number of hours, at least 75% of his total working time per week for the company; and

(*b*) does not beneficially own, directly or indirectly, voting shares that confer the right to exercise or control the exercise of not less than 25% of the voting power in the company which grants the right or benefit to acquire its shares;

"share acquisition scheme" means a scheme which imposes a minimum holding period requirement and allows an employee of a company to own or purchase shares in a qualifying company or that of its holding company, including stock options, share awards and other similar forms of employee share purchase plans but excluding phantom shares rights, share appreciation rights and any other similar rights;

"shares" includes stocks but does not include redeemable or convertible shares or shares of a preferential nature;

"total working time", in relation to a qualifying employee, means the total period of time spent by him as an employee for all his employers plus, if applicable, the total period of time, which shall be deemed to be 10 hours per week, spent by him on remunerative work as a self-employed person.

[24/2000; 37/2002; 27/2009]

13K. [*Repealed by Act 29 of 2012*]

Exemption of tax on gains or profits from equity remuneration incentive scheme

13L.—(1) Where a qualifying employee derives any gains or profits in any year of assessment, after the expiry of the minimum holding period, from any stock option granted during the period from 1st April 2001 to 31st December 2013 (both dates inclusive), or any right or benefit under any share acquisition scheme (other than a stock option scheme) granted during the period from 1st January 2002 to 31st December 2013 (both dates inclusive), to acquire shares in any qualifying company or in its holding company under a share acquisition scheme which satisfies the relevant percentage requirement, there shall, subject to this section and section 13J(6) to (9), be exempt from tax —

(*a*) the first $2,000 of such gains or profits in that year of assessment as determined under subsection (2); and

(*b*) 25% of any amount of such gains or profits in that year of assessment exceeding $2,000 as determined under subsection (2).

[37/2002; 34/2008; 19/2013]

(2) The amount of gains or profits referred to in subsection (1) is —

(*a*) where the price to be paid for the shares under the right or benefit is equal to or exceeds the market value or, if it is not possible to determine such value, the net asset value of the shares at the time of the grant of the right or benefit, the amount as determined under section 10(6); or

(*b*) where the price to be paid for the shares under the right or benefit is at a discount to the market value or, if it is not possible to determine such value, the net asset value of the shares at the time of the grant of the right or benefit, the amount as determined under section 10(6) less the amount of the discount.

[24/2001; 37/2002]

(3) The exemption under this section shall not apply to any amount of gains or profits to which section 10(6) applies —

(*a*) to the extent that the amount, when aggregated with the amount of such gains or profits previously derived by him and which qualifies for exemption under this section, exceeds $1 million;

(*b*) which is derived by him on or after 1st January of the 10th year following the year in which he first derived such gains or profits which qualified for exemption under this section; or

(*c*) which is derived by him for the release of his right or benefit to acquire shares in any qualifying company or in its holding company by reason of his resignation or termination of his employment with the qualifying company due to his misconduct.

[24/2001; 37/2002]

(3A) Notwithstanding anything in this section, the exemption under this section shall not apply to any gains or profits derived by a qualifying employee on or after 1st January 2024.

[19/2013]

(4) The Minister may make regulations to provide generally for giving full effect to or for carrying out the purposes of this section.

[24/2001]

(5) In this section, unless the context otherwise requires —

"holding company" has the same meaning as in section 5 of the Companies Act (Cap. 50);

"minimum holding period" has the same meaning as in section 13J;

"part-time employee" means an employee of a company who is committed to work —

(*a*) where the time of grant is before 1st January 2010, for not more than 30 hours per week (including any time he would be required to work but for injury, any official leave or such other similar events) for the company; or

(*b*) where the time of grant is on or after 1st January 2010, for not more than the number of hours per week referred to in section 66A(1) of the Employment Act (Cap. 91) (including any time he would be required to work but for injury, any official leave or such other similar events) for the company;

"qualifying company" means a company incorporated or registered under the Companies Act which, at the time of the grant to its employees of any right or benefit to acquire its shares or that of its holding company, carries on business in Singapore;

"qualifying employee" means an employee of a qualifying company who, at the time of the grant to him of any right or benefit to acquire the shares of the company or the shares of its holding company, as the case may be, does not beneficially own, directly or indirectly, voting shares that confer the right to exercise or control the exercise of not less than 25% of the voting power in the qualifying company which grants the right or benefit to acquire its shares;

"relevant percentage requirement" —

(*a*) in relation to any right or benefit under a share acquisition scheme to acquire the shares of a qualifying company or its holding company granted before 16th February 2008, means in the aggregate at least 50% of the employees of the qualifying company are offered during any calendar year any rights or benefits to acquire shares in the qualifying company or in its holding company under that

scheme, as ascertained in accordance with the specified formula; or

(*b*) in relation to any right or benefit under a share acquisition scheme to acquire the shares of a qualifying company or its holding company granted on or after 16th February 2008, means in the aggregate at least 25% of the employees of the qualifying company are offered during any calendar year any rights or benefits to acquire shares in the qualifying company or in its holding company under that scheme, as ascertained in accordance with the specified formula;

"share acquisition scheme" has the same meaning as in section 13J;

"shares" includes stocks but does not include redeemable or convertible shares or shares of a preferential nature;

"specified formula" means the following formula:

$$\frac{A}{B - C - D - E} \times 100\%,$$

where A is the aggregate number of employees of the qualifying company who are offered during a calendar year any right or benefit to acquire shares in the qualifying company or in its holding company under any share acquisition scheme in respect of which the qualifying company has opted under section 13J(6) for tax exemption under this section instead of section 13J to apply, and who are employees of that qualifying company at the time of such offer;

B is the number of employees of the qualifying company on the last day of that calendar year;

C is the number of part-time employees (other than non-executive directors) on the last day of that calendar year where any right or benefit to acquire

shares in that qualifying company or in its holding company is not offered to any such employee for the whole of that calendar year, or nil where any right or benefit to acquire shares in that qualifying company or in its holding company is offered to any such employee during that calendar year;

D is the number of full-time employees with less than one year's service (other than non-executive directors) on the last day of that calendar year where any right or benefit to acquire shares in that qualifying company or in its holding company is not offered to any such employee for the whole of that calendar year, or nil where any right or benefit to acquire shares in that qualifying company or in its holding company is offered to any such employee during that calendar year; and

E is the number of employees engaged on contracts not exceeding 2 years (other than non-executive directors) on the last day of that calendar year where any right or benefit to acquire shares in that qualifying company or in its holding company is not offered to any such employee for the whole of that calendar year, or nil where any right or benefit to acquire shares in that qualifying company or in its holding company is offered to any such employee during that calendar year.

[24/2001; 37/2002; 34/2008; 27/2009]

Exemption of tax on gains or profits from equity remuneration incentive scheme (start-ups)

13M.—(1) Where a qualifying employee derives any gains or profits in any year of assessment, after the expiry of the minimum holding period, from any right or benefit under any share acquisition scheme granted during the period from 16th February 2008 to 15th February 2013 (both dates inclusive) to acquire shares in any qualifying company, there shall, subject to this section, be exempt

from tax 75% of an amount of such gains or profits in that year of assessment as determined under subsection (2).

[34/2008]

(2) The amount of gains or profits referred to in subsection (1) is —

(*a*) where the price to be paid for the shares under the right or benefit is equal to or exceeds the market value or (if it is not possible to determine such value) the net asset value of the shares at the time of the grant of the right or benefit, the amount as determined under section 10(6); or

(*b*) where the price to be paid for the shares under the right or benefit is at a discount to the market value or (if it is not possible to determine such value) the net asset value of the shares at the time of the grant of the right or benefit, the amount as determined under section 10(6) less the amount of the discount.

[34/2008]

(3) The exemption under this section shall not apply to any amount of gains or profits to which section 10(6) applies —

(*a*) to the extent that the amount, when aggregated with the amount of such gains or profits previously derived by him and which qualifies for exemption under this section, exceeds $10 million;

(*b*) which is derived by him on or after 16th February of the 10th year following the year in which he first derived such gains or profits which qualified for exemption under this section; or

(*c*) which is derived by him for the release of his right or benefit to acquire shares in any qualifying company by reason of his resignation or the termination of his employment with the qualifying company due to his misconduct.

[34/2008]

(4) For the purposes of this section and section 13J, where —

(*a*) a company grants any right or benefit under any share acquisition scheme during the period from 16th February

2008 to 15th February 2013 (both dates inclusive) to acquire shares under a tranche of the share acquisition scheme; and

(*b*) any gains or profits derived by a qualifying employee from any right or benefit granted under that tranche qualifies for tax exemption under this section as well as section 13J,

the company shall opt for the tax exemption under this section or section 13J to apply in respect of the gains or profits relating to that tranche but not under both sections.

[34/2008]

(5) Where a company has opted under subsection (4) for tax exemption under this section to apply to the gains or profits in respect of a tranche of a share acquisition scheme, tax exemption under section 13J or 13L —

(*a*) shall, subject to paragraph (*b*), not be available in respect of any right or benefit to acquire shares granted by the company under any tranche subsequent to that tranche under the share acquisition scheme; and

(*b*) shall be available in respect of any right or benefit to acquire shares granted subsequent to the option by the company under any tranche under the share acquisition scheme only where the conditions for tax exemption under this section are not satisfied in respect of any such subsequent tranche granted.

[34/2008]

(5A) Notwithstanding anything in this section, the exemption under this section shall not apply to any gains or profits derived by a qualifying employee on or after 1st January 2024.

[19/2013]

(6) The Minister may make regulations to provide generally for giving full effect to or for carrying out the purposes of this section.

[34/2008]

(7) In this section —

"minimum holding period" —

(*a*) in relation to a right or benefit to acquire shares in a qualifying company under any stock option scheme, means the period prescribed by the Singapore Exchange during which no option may be exercised under a stock option scheme implemented by any company listed on that Exchange, which would have been applicable to the stock option granted by the qualifying company if it were a company listed on that Exchange;

(*b*) in relation to a right or benefit to acquire shares in a qualifying company under any share acquisition scheme (other than a stock option scheme), means —

(i) a period of at least one year after the grant of the right or benefit, during which the shares so acquired may not be sold, if the price to be paid for the shares under the right or benefit is at a discount to the market value or, if it is not possible to determine such value, the net asset value of the shares at the time of the grant of the right or benefit; or

(ii) a period of at least 6 months after the grant of the right or benefit, during which the shares so acquired may not be sold, if the price to be paid for the shares under the right or benefit is equal to or exceeds the market value or, if it is not possible to determine such value, the net asset value of the shares at the time of the grant of the right or benefit;

"qualifying company" means a company incorporated in Singapore which, at the time of the grant to its employees of any right or benefit to acquire its shares —

(*a*) carries on business in Singapore;

(*b*) has been incorporated for 3 years or less;

(*c*) has its total share capital beneficially held directly by no more than 20 shareholders —

(i) all of whom are individuals; or

(ii) at least one of whom is an individual holding at least 10% of the total number of issued ordinary shares of the qualifying company; and

(*d*) has gross assets the market value of which does not exceed $100 million;

"qualifying employee" means an employee (other than any non-executive director) of a company, who at the time of the grant to him of any right or benefit to acquire the shares of the company —

(*a*) is committed to work —

(i) where the time of the grant is before 1st January 2010 —

(A) at least 30 hours per week for the company; or

(B) where he is committed to work less than that number of hours, at least 75% of his total working time per week for the company; and

(ii) where the time of the grant is on or after 1st January 2010 —

(A) at least the number of hours per week referred to in section 66A(1) of the Employment Act (Cap. 91) for the company; or

(B) where he is committed to work less than that number of hours, at least 75% of his total working time per week for the company; and

(*b*) does not beneficially own, directly or indirectly, voting shares that confer the right to exercise or

control the exercise of not less than 25% of the voting power in the company which grants the right or benefit to acquire its shares;

"share acquisition scheme" means a scheme which imposes a minimum holding period requirement and allows an employee of a company to own or purchase shares in a qualifying company, including stock options, share awards and other similar forms of employee share purchase plans but excluding phantom shares rights, share appreciation rights and any other similar rights;

"shares" includes stocks but does not include redeemable or convertible shares or shares of a preferential nature;

"total working time", in relation to a qualifying employee, means the total period of time spent by him as an employee for all his employers plus, if applicable, the total period of time, which shall be deemed to be 10 hours per week, spent by him on remunerative work as a self-employed person.

[34/2008; 27/2009]

Exemption of tax on income derived by non-ordinarily resident individual

13N.—(1) Where an NOR individual is resident in Singapore in any year of assessment within the period he is an NOR individual, he may, within such time in that year of assessment and in such manner as may be specified by the Comptroller, elect for all or any of his following income to be exempt from tax for that year of assessment:

(*a*) any relevant employment income for the year preceding that year of assessment, if he —

(i) is not physically present in Singapore for at least 90 days in the year preceding that year of assessment by reason of the exercise of any employment in Singapore; and

(ii) derives gains or profits of at least $160,000 from the exercise of any employment in Singapore for the year preceding that year of assessment;

(*b*) notwithstanding section 10C(11), any contribution up to the relevant amount made by his employer to any non-obligatory pension or provident fund constituted outside Singapore in the year preceding that year of assessment, if —

(i) he is neither a citizen nor a permanent resident of Singapore at the time such contribution is made;

(ii) he derives gains or profits of at least $160,000 from the exercise of any employment in Singapore for the year preceding that year of assessment; and

(iii) a deduction with respect to such contribution has not been allowed to his employer under section 14(1)(*e*).

[37/2002; 34/2008]

(2) Where the notional tax payable on the apportioned employment income by an NOR individual who has elected for tax exemption under subsection (1) is less than 10% of the gains or profits from the exercise of any employment in Singapore by him —

(*a*) the apportioned employment income shall be readjusted such that the notional tax payable on the readjusted apportioned employment income shall be 10% of the gains or profits from the exercise of any employment in Singapore by him; and

(*b*) the relevant employment income shall be reduced by the difference between the readjusted apportioned employment income and the apportioned employment income.

[37/2002]

(3) Any individual who satisfies any of the following criteria may apply to the Comptroller in such manner as he may determine to be approved as an NOR individual for the specified period:

(*a*) if he is not resident in Singapore for any year of assessment before 1st January 2003, but is resident in Singapore for every succeeding year of assessment up to and including year of assessment 2003, for a period of 5 consecutive

years from the first year of assessment in which he is resident in Singapore;

(*b*) if he is resident in Singapore in year of assessment 2004, but is not resident in Singapore in year of assessment 2003, for a period of 5 consecutive years from year of assessment 2004;

(*c*) if he is resident in Singapore in year of assessment 2005, but is not resident in Singapore in years of assessment 2003 and 2004, for a period of 5 consecutive years from year of assessment 2005; or

(*d*) if he is resident in Singapore in any year of assessment on or after 1st January 2006, but is not resident in Singapore for all the 3 years of assessment immediately preceding that year of assessment, for a period of 5 consecutive years commencing from that year of assessment in which he is resident in Singapore.

[37/2002]

(4) The Comptroller may, subject to such terms and conditions as he may impose, approve the application of an individual to be an NOR individual.

[37/2002]

(5) Where an individual has been approved as an NOR individual, no approval shall be given under subsection (4) before the expiry of the period he is an NOR individual.

[37/2002]

(5A) Where —

(*a*) an individual has been approved as an NOR individual before the year of assessment 2009;

(*b*) the period of his approval has not expired at the beginning of that year of assessment; and

(*c*) he has had income exempted from tax under this section in force immediately before the date of commencement of section 14 of the Income Tax (Amendment) Act 2008 (Act 34 of 2008) for any year of assessment between the

year of assessment 2005 and the year of assessment 2008 (both years inclusive),

then the individual may, at any time at or before filing with the Comptroller a return of his income for the year of assessment 2009, elect to continue to be subject to subsections (1) and (7) in force immediately before the date of commencement of section 14 of the Income Tax (Amendment) Act 2008; and in that event subsections (1) and (7) in force immediately before that date shall continue to apply to him for so long as he remains an NOR individual.

[34/2008]

(6) Any election under subsections (1) and (5A) and any approval under subsection (4) shall be irrevocable.

[37/2002; 34/2008]

(7) In this section —

"apportioned employment income", in relation to an NOR individual, means total gains or profits from the exercise of any employment in Singapore by the NOR individual after deducting relevant employment income;

"NOR individual" means any individual who is for the time being approved as an NOR individual under subsection (4);

"notional tax payable", in relation to gains or profits from the exercise of any employment in Singapore by an individual, apportioned employment income or readjusted apportioned employment income, as the case may be, means the amount of tax computed in accordance with the rates specified in Part A of the Second Schedule in respect of gains or profits from the exercise of any employment in Singapore by the individual, apportioned employment income or readjusted apportioned employment income, as the case may be, before any deduction under sections 37 and 39;

"obligatory" means required under any foreign written law;

"relevant amount", in relation to an NOR individual, means —

(*a*) nil if $A \geq B$; or

(*b*) B - A if $A < B$,

where A is the total amount of contributions made by the employer in respect of the NOR individual to any obligatory pension or provident fund constituted outside Singapore and for which the amount is not deemed as income accruing to the NOR individual under section 10C(11); and

B is the amount of contribution which would have been required to be made by the employer under section 7 of the Central Provident Fund Act (Cap. 36) if the NOR individual were an employee and a citizen of Singapore;

"relevant employment income", in relation to an NOR individual, means —

$$\frac{C}{D} \times E,$$

where C is the number of days in the year preceding that year of assessment for which the NOR individual is not physically present in Singapore by reason of the exercise of any employment in Singapore;

D is the number of days in the year preceding that year of assessment for which the NOR individual exercises any employment in Singapore; and

E is the gains or profits from the exercise of any employment in Singapore by the NOR individual referred to in section 10(2)(*a*), (6) and (7), but excluding —

(*a*) director's fee; and

(*b*) where any amount of tax of the NOR individual payable in Singapore is borne, directly or indirectly, by his employer, the amount of tax that is so borne.

(*c*) [*Deleted by Act 34 of 2008*]

[37/2002; 49/2004; 34/2008]

Exemption of income of foreign account of philanthropic purpose trust

13O.—(1) There shall be exempt from tax such income derived from —

(*a*) any funds or assets in any foreign account of a philanthropic purpose trust constituted on or after 18th February 2005 and administered by a trustee company in Singapore; and

(*b*) any funds or assets of an eligible holding company established for the purposes of that philanthropic purpose trust which are held for the foreign account of that trust,

as the Minister may by regulations prescribe.

[34/2005]

(2) Regulations made under subsection (1) may provide for the deduction of expenses, allowances and losses relating to a foreign account of a philanthropic purpose trust or an eligible holding company established for the purposes of a philanthropic purpose trust, otherwise than in accordance with this Act.

[7/2007; 29/2012]

(3) In this section —

"eligible holding company" means a company —

(*a*) which is incorporated outside Singapore;

(*b*) which is set up to hold assets of a philanthropic purpose trust administered by a trustee company;

(*c*) whose operations consist solely of trading or making investments for the purpose of the philanthropic purpose trust;

(*d*) which does not claim any relief under any arrangement made under section 49 or any tax credit under section 50A; and

(*e*) all the shares of which are held by the trustees of the philanthropic purpose trust or by their nominee;

"foreign account", in relation to a philanthropic purpose trust, means an account into which funds or assets are injected solely by settlors who or which are —

(*a*) individuals that are neither citizens of Singapore nor resident in Singapore, unless the Minister otherwise by regulations prescribes;

(*b*) companies each of which —

(i) is neither incorporated nor resident in Singapore;

(ii) does not have a permanent establishment in Singapore other than a trustee company referred to in subsection (1)(*a*);

(iii) does not carry on a business in Singapore;

(iv) does not beneficially own more than 20% of the total number of the issued shares of any company incorporated in Singapore;

(v) does not have 20% or more of the total number of its issued shares beneficially owned, directly or indirectly, by a company which —

(A) has a permanent establishment in Singapore other than a trustee company referred to in subsection (1)(*a*);

(B) carries on a business in Singapore; or

(C) beneficially owns more than 20% of the total number of the issued shares of any company incorporated in Singapore; and

(vi) has —

(A) if it has no more than 50 shareholders, all of its issued shares beneficially owned, directly or indirectly, by persons who are neither citizens of Singapore nor resident in Singapore; or

(B) if it has more than 50 shareholders, not less than 95% of the total number of its issued shares beneficially owned, directly or indirectly, by persons who are neither citizens of Singapore nor resident in Singapore;

(*c*) foreign trusts;

(*d*) other philanthropic purpose trusts that inject funds or assets from their foreign accounts; or

(*e*) any other persons that are neither —

(i) resident in Singapore; nor

(ii) constituted or registered under any written law in Singapore;

"foreign trust" has the same meaning as in section 13G;

"philanthropic purpose trust" means a trust established in writing under any law for a purpose which is for the public benefit and which falls within any of the following descriptions of purposes:

(*a*) the prevention or relief of poverty;

(*b*) the advancement of education;

(*c*) the advancement of religion;

(*d*) the advancement of health;

(*e*) the advancement of citizenship or community development;

(*f*) the advancement of the arts, heritage or science;

(*g*) the advancement of environmental protection or improvement;

(*h*) the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage;

(*i*) the advancement of animal welfare;

(*j*) the advancement of any sport which involves physical skill and exertion;

(*k*) any other purpose beneficial to the community;

"trustee company" has the same meaning as in section 43J(2).

[34/2005; 7/2007]

(4) The Minister or such person as he may appoint may in any particular case waive any requirement referred to in paragraph (*b*)(ii) to (v) of the definition of "foreign account" in subsection (3).

[7/2007]

(5) This section shall not apply to —

(*a*) a trust that is constituted on or after 1st April 2019;

(*b*) a company that is incorporated on or after 1st April 2019;

(*c*) a trust that —

(i) is constituted before 1st April 2019; and

(ii) in the basis period in which 31st March 2019 falls, is not a philanthropic purpose trust that —

(A) has a foreign account; and

(B) is administered by a trustee company in Singapore; or

(*d*) a company —

(i) is incorporated before 1st April 2019; and

(ii) in the basis period in which 31st March 2019 falls, is not an eligible holding company established for the purposes of a philanthropic purpose trust which satisfies the requirements in paragraph (*c*)(ii)(A) and (B).

[Act 37 of 2014 wef 01/04/2014]

(6) Where, in any basis period beginning on or after 1st April 2019, a trust or company does not satisfy the applicable requirement referred to in subsection (7), then this section shall not apply to the trust or company for the year of assessment to which that basis period relates, and for every subsequent year of assessment even if that

requirement is satisfied in the basis period for the subsequent year of assessment.

[Act 37 of 2014 wef 01/04/2014]

(7) In subsection (6), the requirement is —

(*a*) in the case of the trust, that it is a philanthropic purpose trust that has a foreign account and is administered by a trustee company in Singapore; or

(*b*) in the case of the company, that it is an eligible holding company established for the purposes of a philanthropic purpose trust which satisfies all of the requirements in paragraph (*a*).

[Act 37 of 2014 wef 01/04/2014]

(8) Where, in any basis period beginning on or after 1st April 2019, the trustee company which administers a philanthropic purpose trust fails to comply with any of the regulations under subsection (1), then this section shall not apply to the trust or the eligible holding company established for the purposes of the trust for the year of assessment to which that basis period relates, and for every subsequent year of assessment even if those regulations are satisfied in the basis period for the subsequent year of assessment.

[Act 37 of 2014 wef 01/04/2014]

Exemption of income derived from asset securitisation transaction

13P.—(1) There shall be exempt from tax, subject to such conditions as may be prescribed by regulations, income derived by an approved securitisation company resident in Singapore from asset securitisation transaction entered into during the period from 27th February 2004 to 31st December 2018 (both dates inclusive).

[34/2005; 34/2008; 19/2013]

(2) Regulations made under subsection (1) may provide for the deduction of expenses, allowances and losses of an approved securitisation company otherwise than in accordance with this Act.

[34/2005; 29/2012]

(3) Notwithstanding anything in this section, where it appears to the Comptroller that any income of an approved securitisation company which has been exempted from tax under subsection (1) ought not to

have been so exempted for any year of assessment, the Comptroller may, at any time within 4 years after the expiration of that year of assessment, make such assessment or additional assessment upon the company as may appear to be necessary in order to make good any loss of tax.

[19/2013]

(3A) Parts XVII and XVIII (relating to assessments, objections and appeals) and any rules made under this Act shall apply, with the necessary modifications, as if an assessment under subsection (3) were a notice of assessment.

[19/2013]

(4) In this section —

"approved securitisation company" means a company incorporated in Singapore principally to conduct asset securitisation transaction and is approved by the Minister or such person as he may appoint;

"asset securitisation transaction" means the acquisition of assets (other than immovable property in Singapore) or risks by an approved securitisation company where the acquisition of such assets or risks is funded through the issuance of asset-backed securities by the company.

[34/2005]

Exemption of relevant income of prescribed locally administered trust

13Q.—(1) There shall be exempt from tax all relevant income of —

(*a*) such locally administered trust as the Minister may by regulations prescribe; and

(*b*) a holding company established for the purposes of such trust, as the Minister may by regulations prescribe.

[7/2007]

(2) Where any relevant income of a prescribed locally administered trust is exempt from tax under subsection (1) in any year of assessment, the share of such income to which any beneficiary of the

locally administered trust is entitled to receive for that year of assessment shall also be exempt from tax.

[7/2007]

(3) In this section —

"locally administered trust" means a trust administered by a trustee company in Singapore —

(*a*) every settlor of which is an individual;

(*b*) every beneficiary of which is an individual or a charitable institution, trust or body of persons established for charitable purposes only; and

(*c*) at least one of the beneficiaries of which is not a settlor of the trust;

"relevant income" means —

(*a*) any income of the kinds referred to in section 13(1)(*zd*), (*ze*), (*zf*), (*zh*), (*zi*), (*zj*), (*zk*) or (*zl*) accrued in or derived from Singapore on or after 17th February 2006; or

(*b*) any income of the kinds referred to in section 13(7A) received in Singapore on or after 17th February 2006 excluding, in respect of a prescribed locally administered trust, any dividend received by the trust from a prescribed holding company not resident in Singapore, if the dividend is paid out of income that is not the relevant income of the holding company;

"trustee company" has the same meaning as in section 43J(2).

[7/2007; 53/2007]

(4) This section shall not apply to —

(*a*) a trust that is constituted on or after 1st April 2019;

(*b*) a company that is incorporated on or after 1st April 2019;

(*c*) a trust that —

(i) is constituted before 1st April 2019; and

(ii) in the basis period in which 31st March 2019 falls, is not a locally administered trust prescribed under subsection (1) (referred to in this subsection and subsection (6) as a prescribed trust); or

(*d*) a company that —

(i) is incorporated before 1st April 2019; and

(ii) in the basis period in which 31st March 2019 falls, is not a holding company established for the purposes of a prescribed trust, and prescribed under subsection (1).

[Act 37 of 2014 wef 01/04/2014]

(5) Where, in any basis period beginning on or after 1st April 2019, a trust or company does not satisfy the requirement referred to in subsection (6), then this section shall not apply to the trust or company for the year of assessment to which that basis period relates, and for every subsequent year of assessment even if the requirement is satisfied in the basis period for the subsequent year of assessment.

[Act 37 of 2014 wef 01/04/2014]

(6) In subsection (5), the requirement is —

(*a*) in the case of the trust, that it is a prescribed trust; or

(*b*) in the case of the company, that it is a holding company established for the purposes of a prescribed trust, and prescribed under subsection (1).

[Act 37 of 2014 wef 01/04/2014]

(7) Where, in any basis period beginning on or after 1st April 2019, the trustee company which administers a locally administered trust fails to comply with any of the regulations made under subsection (1), then this section shall not apply to the trust or the holding company established for the purposes of the trust for the year of assessment to which that basis period relates, and for every subsequent year of assessment even if those regulations are satisfied in the basis period for the subsequent year of assessment.

[Act 37 of 2014 wef 01/04/2014]

Exemption of income of company incorporated and resident in Singapore arising from funds managed by fund manager in Singapore

13R.—(1) Subject to such conditions as may be prescribed by regulations or specified in the letter of approval of the company, there shall be exempt from tax such income as the Minister may by regulations prescribe of a company incorporated and resident in Singapore and approved by the Minister or such person as he may appoint (referred to in this section as an approved company) arising from funds managed —

(*a*) in Singapore by a fund manager; or

(*b*) by a person approved by the Minister or the person appointed by the Minister.

[22/2011]

(1A) The approval of a person under subsection (1) shall be subject to such conditions as the Minister may impose.

[22/2011]

(2) No approval shall be granted under subsection (1) after 31st March 2019.

[53/2007; 27/2009]

[Act 37 of 2014 wef 01/04/2014]

(3) Where —

(*a*) income of any approved company has been exempt from tax under subsection (1) in any year of assessment; and

(*b*) a person (referred to in this section as the relevant owner), either alone or together with his associates, beneficially owns on the relevant day issued securities of the approved company the value of which is more than the prescribed percentage of the total value of all issued securities of the approved company on the relevant day,

then the relevant owner shall be liable to pay to the Comptroller, in such manner and within such reasonable time as may be determined by the Comptroller, a penalty to be computed in accordance with the following formula:

$$A \times B \times C,$$

where A is the percentage which the value of the issued securities of the approved company beneficially owned on the relevant day by the relevant owner bears to the total value of all issued securities of the approved company on the relevant day;

B is the amount of income of the approved company as reflected in the audited account of the approved company for the basis period relating to that year of assessment; and

C is the tax rate specified in section 43(1)(*a*) applicable to that year of assessment.

[53/2007]

(4) Subsection (3) shall not apply to a relevant owner if —

(*a*) the Comptroller permits the relevant owner to take steps to reduce the ownership of the issued securities by him or his associates within such period as the Comptroller may specify, being a period of no more than 3 months from the relevant day; and

(*b*) by the end of the specified period, the value of the issued securities beneficially owned by the relevant owner together with his associates is no more than the prescribed percentage of the total value of all issued securities of the approved company on the relevant day.

[53/2007; 34/2008]

(5) Notwithstanding subsection (3), where —

(*a*) income of any approved company has been exempt from tax under subsection (1) in any year of assessment;

(*b*) a person, either alone or together with his associates, beneficially owns on the relevant day any issued securities of the approved company; and

(*c*) the person mentioned in paragraph (*b*) is a non-bona fide entity,

then the person mentioned in paragraph (*b*) shall not be liable to pay the penalty referred to in subsection (3); but a person (referred to in this section as the liable person) who —

(i) beneficially owns on the relevant day equity interests of the person mentioned in paragraph (*b*); and

(ii) is not himself a non-bona fide entity,

shall be liable to pay to the Comptroller, in such manner and within such reasonable time as may be determined by the Comptroller, a penalty to be computed in accordance with the formula specified in subsection (5A), if, and only if, the total of —

(A) the value of the equity interests of the approved company beneficially owned by the liable person on the relevant day; and

(B) the value of the equity interests of the approved company beneficially owned by the associates of the liable person on the relevant day,

exceeds the prescribed percentage of the total value of all the equity interests of the approved company on that day.

[27/2009]

(5A) The formula for the penalty referred to in subsection (5) shall be as follows:

$$A \times B \times C,$$

where A is the percentage which the value of the equity interests of the approved company beneficially owned on the relevant day by the liable person bears to the total value of all equity interests of the approved company on the relevant day;

B is the amount of income of the approved company as reflected in the audited account of the approved company for the basis period relating to that year of assessment; and

C is the tax rate applicable to that year of assessment as specified in section 43(1)(*a*).

[27/2009]

(5B) Subsection (4) shall apply, with the necessary modifications, to the liable person as it applies to a relevant owner as if the reference to subsection (3) is a reference to subsection (5).

[27/2009]

(6) For the purposes of subsections (5)(i), (A) and (B) and (5A), if —

(*a*) a person beneficially owns (including by virtue of one or more applications of this subsection) equity interests of a person (referred to in this subsection as a first level entity); and

(*b*) the first level entity beneficially owns equity interests of another person (referred to in this subsection as a second level entity),

then the first-mentioned person is taken to beneficially own equity interests of the second level entity; and the percentage which the value of those equity interests bears to the total value of all equity interests of the second level entity shall be computed in accordance with the following formula:

$$A \times B,$$

where A is the percentage which the value of equity interests of the first level entity beneficially owned by the first-mentioned person bears to the total value of all equity interests of the first level entity; and

B is the percentage which the value of equity interests of the second level entity beneficially owned by the first level entity bears to the total value of all equity interests of the second level entity.

[53/2007; 27/2009]

(6A) The Minister or such person as he may appoint may at any time, in the discretion of the Minister or person and subject to such conditions as the Minister or person may impose, remit or refund, wholly or in part, the penalty that is payable or paid by a person under subsection (3) or (5); and section 92(2B) to (2E) shall, with the necessary modifications, apply to any non-compliance with any such condition as they apply to the non-compliance with a condition imposed under section 92(2).

[Act 37 of 2014 wef 01/04/2014]

(7) Regulations made under this section may —

(*a*) provide for the determination of the amount of income of any approved company to be exempt from tax;

(*b*) provide for the circumstances under which a person would be considered to be an associate for the purposes of this section;

(*c*) exempt any person or class of persons from subsection (3) or (5); and

(*d*) make provision generally for giving full effect to or for carrying out the purposes of this section.

[53/2007]

(8) In this section —

"equity interest" means —

(*a*) in relation to a company, any issued security of that company; or

(*b*) in relation to a person other than a company, such right or interest as may be prescribed;

"issued securities", in relation to a company, means —

(*a*) issued debentures of, or issued stocks or shares in, the company;

(*b*) any right, option or derivative in respect of any such debentures, stocks or shares; or

(*c*) such other securities of the company as may be prescribed;

"non-bona fide entity" means a person not resident in Singapore (excluding a permanent establishment in Singapore) who —

(*a*) is set up solely for the purpose of avoiding or reducing payment of tax or penalty under this Act; or

(*b*) does not carry out any substantial business activity for a genuine commercial reason;

"relevant day" means —

(*a*) the last day of the basis period of the approved company for the year of assessment referred to in subsection (3) or (5) (as the case may be); or

(*b*) if within that basis period the approved company ceases to be so approved, the last day it was so approved;

[Act 2 of 2016 wef 29/05/2015]

"value" —

(*a*) in relation to issued securities of a company other than those prescribed under paragraph (*c*) of the definition of "issued securities", means —

(i) where the relevant day is before 1st April 2014, the value of those securities at the time of their issue by the company; and

(ii) where the relevant day falls on or after 1st April 2014, the net asset value of those securities as at the relevant day; or

(*b*) in relation to issued securities of a company prescribed under paragraph (*c*) of the definition of "issued securities", means —

(i) where the relevant day is before 1st April 2014, the value of those securities at the prescribed time; and

(ii) where the relevant day falls on or after 1st April 2014, the net asset value of those securities as at the relevant day.

[Act 37 of 2014 wef 01/04/2014]

(9) The Minister may by regulations make such transitional and savings provisions as he may consider necessary or expedient in relation to the repeal of section 13R in force immediately before 1st September 2007.

[53/2007]

Exemption of income of shipping investment enterprise

13S.—(1) Subject to subsections (1B) and (4), there shall be exempt from tax the income derived by an approved shipping investment enterprise —

(*a*) before 25 March 2016 from the chartering or finance leasing of any sea-going ship, acquired by the approved shipping investment enterprise before or during the period of its approval referred to in subsection (3), to —

(i) a person who is neither resident in Singapore nor a permanent establishment in Singapore; or

(ii) an approved international shipping enterprise,

for use outside the limits of the port of Singapore;

[Act 34 of 2016 wef 25/03/2016]

(*b*) before 25 March 2016 from the chartering or finance leasing of any sea-going Singapore ship, acquired by the approved shipping investment enterprise before or during the period of its approval referred to in subsection (3), to a shipping enterprise within the meaning of section 13A for use outside the limits of the port of Singapore;

[Act 34 of 2016 wef 25/03/2016]

(*c*) before 25 March 2016, for the year of assessment 2009 and subsequent years of assessment, from foreign exchange and risk management activities which are carried out in connection with and incidental to the activities referred to in paragraphs (*a*) and (*b*);

[Act 34 of 2016 wef 25/03/2016]

(*ca*) on or after 25 March 2016 from the chartering or finance leasing of any sea-going ship acquired by the approved shipping investment enterprise before or during the period

of its approval mentioned in subsection (3), for use outside the limits of the port of Singapore;

[Act 34 of 2016 wef 25/03/2016]

(*cb*) on or after 25 March 2016 from foreign exchange and risk management activities which are carried out in connection with and incidental to any activity mentioned in paragraph (*ca*); and

[Act 34 of 2016 wef 25/03/2016]

(*d*) on or after 1st June 2011 from —

(i) the sale of a sea-going ship;

(ii) the assignment to another of all its rights as the buyer under a contract for the construction of a sea-going ship; or

(iii) the sale of all of the issued ordinary shares in a special purpose company of the approved shipping investment enterprise where, at the time of the sale of the shares, the special purpose company owns any sea-going ship or is the buyer under a contract for the construction of any sea-going ship.

[34/2008; 29/2012]

(1A) Subsection (1), in relation to income referred to in paragraph (*a*), (*b*), (*c*), (*ca*) or (*cb*) of that subsection, shall continue to apply to a shipping investment enterprise the approval of which has expired or been withdrawn, but which continues to derive such income in relation to a sea-going ship acquired before or during the period of the approval, provided that the enterprise has by the date of the expiry or before the withdrawal, fulfilled all the conditions referred to in subsection (3); and any reference in this section to an approved shipping investment enterprise shall be construed accordingly.

[34/2008; 29/2012]

[Act 34 of 2016 wef 25/03/2016]

(1AA) Subsection (1)(*d*) does not apply to —

(*a*) any income of an approved shipping investment enterprise as a lessor of a sea-going ship under a finance lease that is treated as a sale under section 10D; or

(*b*) any income of an approved shipping investment enterprise from carrying on a business of trading in sea-going ships or of constructing sea-going ships for sale.

[29/2012]

(1B) Subsections (1) and (1A) shall apply to income derived by an approved shipping investment enterprise in relation to a sea-going ship acquired before the period of its approval, if and only if the enterprise is approved on or after 1st April 2008.

[34/2008]

(2) The Minister or such person as he may appoint may, at any time between 1st March 2006 and 31st May 2021 (both dates inclusive), approve a shipping investment enterprise for the purposes of subsection (1).

[7/2007; 29/2010; 22/2011]

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

[Act 2 of 2016 wef 11/04/2016]

(3) The approval under subsection (2) shall be subject to such conditions as the Minister may specify, and shall —

(*a*) where the approval is granted during the period between 1st March 2006 and 28th February 2011 (both dates inclusive), be for such period not exceeding 10 years, as the Minister may specify; and

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

(*b*) where the approval is granted during the period between 1st March 2011 and 31st May 2021 (both dates inclusive), be for such period not exceeding 5 years, as the Minister may specify,

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

[Act 2 of 2016 wef 11/04/2016]

except that the Minister may extend the period so specified for such further periods as he thinks fit.

[29/2010; 22/2011]

(4) The Minister or such person as he may appoint may, in respect of any sea-going ship or class of sea-going ships, specify the period during which the income of the sea-going ship or class of sea-going ships may be exempted from tax under subsection (1) not exceeding —

(*a*) in the case of any ship used for the carriage of goods or passengers, towage or salvage, a period of 30 years; or

(*b*) in the case of any dredger, seismic ship or any ship used for offshore oil or gas activity, offshore renewable energy activity or offshore mineral activity, a period of 40 years.

[7/2007]

[Act 34 of 2016 wef 25/03/2016]

(5) In determining the amount of the income of an approved shipping investment enterprise which is exempted under subsection (1), the allowances provided for in sections 16, 17, 18, 18B, 18C, 19, 19A, 20, 21, 22 and 23, other than allowances made to a lessee of a sea-going ship under regulations made under section 10D —

(*a*) shall be taken into account notwithstanding that no claim for those allowances has been made; and

(*b*) shall only be deducted against the income referred to in subsection (1), and the balance of those allowances shall not be available as a deduction against any other income, except that any balance remaining unabsorbed at the end of the tax exempt period of the enterprise shall be available as a deduction against any other income for the year of assessment which relates to the basis period in which the tax exemption ceases and for any subsequent year of assessment in accordance with section 23.

[7/2007; 34/2008; 29/2010]

(6) Where an approved shipping investment enterprise incurs a loss during the tax exempt period in respect of any activity referred to in paragraphs (*a*), (*b*), (*c*), (*ca*) and (*cb*) of subsection (1), that loss —

(*a*) shall be deducted in accordance with section 37; and

(*b*) shall only be deducted against the income referred to in any of those paragraphs, and the balance of such loss shall not be available as a deduction against any other income, except that any balance remaining unabsorbed at the end of the tax exempt period shall be available as a deduction against any other income for the year of assessment which relates to the basis period in which the tax exemption

ceases and for any subsequent year of assessment in accordance with section 37.

[29/2012]

[Act 34 of 2016 wef 25/03/2016]

(6A) Where an approved shipping investment enterprise incurs a loss on any sale or assignment referred to in subsection (1)(*d*) in any basis period falling, in whole or in part, within the tax exempt period, that loss shall only be deducted against the gains derived from another sale or assignment referred to in subsection (1)(*d*) in that same basis period, and the balance of the loss shall not be available as a deduction against any other income.

[29/2012]

(7) The Comptroller shall for each year of assessment for which the income of an approved shipping investment enterprise is exempt from tax under subsection (1) issue to the enterprise a statement (to be included in a notice of any assessment served on the enterprise under section 76) showing the amount of income exempt from tax under subsection (1); and Parts XVII and XVIII (relating to assessments, objections and appeals) and any rules made under this Act shall apply, with the necessary modifications, as if such statement were a notice of assessment.

[7/2007; 34/2008; 19/2013]

(8) Where any statement issued to an approved shipping investment enterprise under subsection (7) has become final and conclusive, the amount of income shown therein shall not form part of the statutory income of the enterprise for the year of assessment to which the statement relates and shall be exempt from tax.

[7/2007; 19/2013]

(9) [*Deleted by Act 19 of 2013*]

(10) [*Deleted by Act 19 of 2013*]

(11) [*Deleted by Act 19 of 2013*]

(12) [*Deleted by Act 19 of 2013*]

(13) [*Deleted by Act 19 of 2013*]

(14) [*Deleted by Act 19 of 2013*]

(15) [*Deleted by Act 19 of 2013*]

(16) [*Deleted by Act 19 of 2013*]

(17) An approved shipping investment enterprise shall deliver to the Comptroller a statement of the account made up to any date specified by him whenever called upon to do so by notice in writing.

[7/2007]

(18) Notwithstanding anything in this section, where it appears to the Comptroller that any income of an approved shipping investment enterprise which has been exempted from tax under subsection (1) ought not to have been so exempted for any year of assessment, the Comptroller may, at any time within 4 years after the expiration of that year of assessment, make such assessment or additional assessment upon the enterprise as may appear to be necessary in order to make good any loss of tax.

[19/2013]

(19) Parts XVII and XVIII (relating to assessments, objections and appeals) and any rules made under this Act shall apply, with the necessary modifications, as if an assessment under subsection (18) were a notice of assessment.

[19/2013]

(19A) [*Deleted by Act 2 of 2016 wef 24/02/2015*]

(20) In this section —

"approved international shipping enterprise" means an international shipping enterprise approved by the Minister or such person as he may appoint, subject to such conditions as he may impose;

"finance leasing" means the leasing of any sea-going ship which has the effect of transferring substantially the obsolescence, risks or rewards incidental to ownership of the sea-going ship to the lessee;

"international shipping enterprise" has the same meaning as in section 13F(6);

"registered business trust" has the same meaning as in the Business Trusts Act (Cap. 31A);

[*Deleted by Act 2 of 2016 wef 11/04/2016*]

"ship" has the same meaning as in section 2(1) of the Merchant Shipping Act;

[Act 2 of 2016 wef 11/04/2016]

"shipping investment enterprise" means —

(*a*) a company incorporated and resident in Singapore; or

(*b*) a registered business trust;

"Singapore ship" has the same meaning as in section 13A(16);

"special purpose company", in relation to an approved shipping investment enterprise, means a company that is wholly owned by the enterprise and whose only business or intended business is the chartering or finance leasing of sea-going ships;

"tax exempt period", in relation to an approved shipping investment enterprise, means —

(*a*) in a case where the enterprise is approved on or after 1st April 2008 and has acquired a sea-going ship for use outside the limits of the port of Singapore before the date of its approval, the period from the date of its approval to the date where no income of any sea-going ship of the enterprise is eligible for exemption from tax under subsection (1); or

(*b*) in any other case, the period from the date the enterprise first acquires, during the period of its approval, a sea-going ship for use outside the limits of the port of Singapore to the date where no income of any sea-going ship of the enterprise is eligible for exemption from tax under subsection (1).

[7/2007; 34/2008; 29/2012]

Exemption of trust income to which beneficiary is entitled

13T.—(1) Where any beneficiary of a trust who is resident in Singapore is entitled to any share of the statutory income of the trust, that share shall be exempt from tax in his hands if it would have been

exempt from tax under any provision of this Part had it been derived or received directly by the beneficiary rather than the trustee.

[7/2007]

(2) This section shall not apply to —

(*a*) any income of a real estate investment trust within the meaning of section 43(10);

(*b*) any income of a designated unit trust within the meaning of section 35(14);

[Act 37 of 2014 wef 01/09/2014]

(*c*) [*Deleted by Act 37 of 2014 wef 01/09/2014*]

(*d*) any income of a trust fund prescribed under section 13C;

(*e*) any income of a foreign trust specified under section 13G;

(*f*) any income of a locally administered trust prescribed under section 13Q;

(*g*) any income of a trust the trustee of which is a prescribed person under section 13CA; or

(*h*) any income of an approved trust fund referred to in the definition of "approved person" under section 13X(5), or of a trust fund that is a feeder fund or master fund approved under section 13X.

[7/2007; 22/2011]

Exemption of income of not-for-profit organisation

13U.—(1) There shall be exempt from tax any income of an approved not-for-profit organisation.

[53/2007]

(2) The Minister or such person as he may appoint may, during the period from 15 February 2007 to 31 March 2022 (both dates inclusive), approve any not-for-profit organisation for the purposes of subsection (1).

[53/2007]

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

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

(3) The approval under subsection (2) shall be subject to such conditions as the Minister or such person as he may appoint may

impose and shall be for such period not exceeding 10 years as he may specify.

[53/2007]

(4) Notwithstanding subsection (2), the period specified under subsection (3) may be extended on expiry by the Minister or such person as he may appoint for such further period or periods, not exceeding 10 years at any one time, as he thinks fit.

[53/2007]

(5) The Minister may make regulations to provide for the deduction of expenses, allowances and losses of an approved not-for-profit organisation otherwise than in accordance with this Act.

[53/2007; 29/2012]

(6) Notwithstanding subsection (1), where it appears to the Comptroller that any income of an approved not-for-profit organisation which has been exempted from tax under subsection (1) ought not to have been so exempted for any year of assessment, the Comptroller may at any time, subject to section 74, make such assessment or additional assessment on the approved not-for-profit organisation as may appear to be necessary in order to make good any loss of tax.

[53/2007]

(7) In this section, "not-for-profit organisation" means any person, not being a person registered or exempt from registration under the Charities Act (Cap. 37) —

(*a*) who is not established or operated for the object of deriving a profit;

(*b*) whose income and property —

(i) may only be applied for the furtherance of its objects; and

(ii) are not distributable to any shareholder, member, trustee or officer of the person except as reasonable compensation for services rendered; and

(*c*) whose property may only be distributed to persons established for a similar object as that person's upon that person's dissolution.

[53/2007]

Exemption of income derived by law practice from international arbitration held in Singapore

13V.—(1) Any law practice intending to provide legal services in connection with any international arbitration may, from 1st July 2007 to 30th June 2017 (both dates inclusive), apply to the Minister, or such person as he may appoint, for approval as an approved law practice.

[53/2007; 29/2012]

(2) Where the Minister, or such person as he may appoint, considers it expedient in the public interest to do so, he may approve the application and issue a letter to the law practice subject to such conditions as he thinks fit.

[53/2007]

(2A) No approval under this section shall be granted to any law practice which is approved on or after 1st April 2010 as a development and expansion company under Part IIIB of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86) in respect of international services that qualify for zero-rating under section 21(3) of the Goods and Services Tax Act (Cap. 117A), and such approval remains in force.

[29/2010; 29/2012]

(3) Every letter issued under subsection (2) shall specify a date as the commencement day from which the approved law practice shall be entitled to tax relief under this section.

[53/2007]

(4) The tax relief period of an approved law practice shall commence on its commencement day and shall continue for such period, not exceeding 5 years, as is specified in the letter issued to it under subsection (2).

[53/2007]

(5) The amount of the income of an approved law practice which will qualify for the relief for any year of assessment shall be the excess of the total amount of the qualifying income of the approved law practice for the basis period for that year of assessment over its base income.

[53/2007]

(6) Where an approved law practice has satisfied the conditions specified in the letter issued to it under subsection (2), one-half of the amount of the income of the approved law practice for any year of assessment for a basis period that falls within the tax relief period which qualifies for the relief as ascertained under subsection (5) shall not form part of the statutory income of the approved law practice for that year of assessment and shall be exempt from tax.

[53/2007; 29/2012]

(6A) For the purpose of satisfying the Comptroller that its income qualifies for relief under this section, the approved law practice shall provide, not later than 5 years after the end of its tax relief period, evidence of the place of hearing or intended place of hearing (as the case may be) of the international arbitration.

[29/2012]

(7) Where an approved law practice is a law corporation, the exemption under section 43(6) or (6A), as the case may be, shall not apply to the balance of the qualifying income exceeding the base income of the approved law practice that is not exempt under subsection (6).

[53/2007]

(8) The base income referred to in subsection (5) is —

(*a*) where an approved law practice had in the period of 3 years immediately preceding the commencement day provided legal services in connection with any qualifying international arbitration —

(i) the amount ascertained by dividing the total income derived from providing those legal services in the period by the actual number of years in the period in which those legal services were provided; or

(ii) if the amount ascertained under sub-paragraph (i) is less than zero, deemed to be zero; or

(*b*) such amount as the Minister may specify.

[53/2007; 29/2012]

(9) The Comptroller shall determine the manner and extent to which allowances under section 19, 19A, 20, 21, 22 or 23 and any

expenses and losses allowable under this Act which are attributable to the qualifying income of an approved law practice are to be deducted.

[53/2007; 29/2012]

(10) In determining the qualifying income of an approved law practice for the basis period for any year of assessment, there shall be deducted from the income —

(*a*) expenses allowable under this Act for that year of assessment which are attributable to that income; and

(*b*) any allowances for that year of assessment under section 19, 19A, 20, 21 or 22 attributable to that income notwithstanding that no claim for those allowances has been made.

[53/2007; 29/2012]

(11) The Comptroller may require an auditor to certify the income derived by an approved law practice from legal services in connection with any qualifying international arbitration and any direct costs and expenses incurred therefor.

[53/2007]

(12) Where an approved law practice has in any year of assessment during the tax relief period incurred any loss from providing legal services in connection with any qualifying international arbitration or any allowances attributable to the qualifying income remaining unabsorbed, 50% of the loss or allowances, in each case, shall be deducted as provided for in section 23 or 37, as the case may be, and the balance shall be disregarded.

[53/2007; 29/2012]

(13) [*Deleted by Act 19 of 2013*]

(14) [*Deleted by Act 19 of 2013*]

(15) In this section —

"arbitral tribunal", "award", "international arbitration" and "party" have the same meanings as in the International Arbitration Act (Cap. 143A);

"client", "foreign law practice", "Formal Law Alliance", "Joint Law Venture", "law corporation" and "Singapore law

practice" have the same meanings as in the Legal Profession Act (Cap. 161);

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

"hearing" means a hearing by the arbitral tribunal on the substance of the dispute;

"law practice" means a Singapore law practice, foreign law practice, Formal Law Alliance or Joint Law Venture;

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

"legal services in connection with any qualifying international arbitration" —

(*a*) in relation to an approved law practice whose application for approval is made at any time between 1st July 2007 and 30th June 2012 (both dates inclusive), means any professional work of a legal nature provided for the purposes of an international arbitration during the eligible period by any lawyer of the law practice for its client who is a party to the arbitration the hearing of which is held in Singapore during its tax relief period or the period referred to in subsection (8)(*a*) (as the case may be); or

(*b*) in relation to an approved law practice whose application for approval is made at any time between 1st July 2012 and 30th June 2017 (both dates inclusive), means any professional work of a legal nature provided for the purposes of an international arbitration during the eligible period by any lawyer of the law practice for its client who is a party to the arbitration the hearing of which is held or would (if there had been a hearing) have been held in Singapore.

"qualifying income" means the income derived by an approved law practice from the provision of legal services in connection with any qualifying international arbitration.

[53/2007; 29/2012]

(16) For the purposes of the definition of "legal services in connection with any qualifying international arbitration" in subsection (15), "eligible period" means —

(*a*) in relation to an approved law practice whose application for approval is made at any time between 1st July 2007 and 30th June 2012 (both dates inclusive), the period beginning on the initial date specified in sub-paragraph (i) or (ii), whichever is applicable, and ending on the terminal date specified in sub-paragraph (iii) or (iv), whichever is applicable:

(i) where the client in question is the claimant serving the request for arbitration, the initial date is the date of issue of the request;

(ii) where the client in question is the respondent being served the request for arbitration, the initial date is the date of receipt of the request for arbitration by the client or law practice;

(iii) a terminal date which is the date on which the final award is made by the arbitral tribunal;

(iv) a terminal date which is the date on which the arbitration proceeding has otherwise finally terminated; or

(*b*) in relation to an approved law practice whose application for approval is made at any time between 1st July 2012 and 30th June 2017 (both dates inclusive), the period beginning on the initial date specified in sub-paragraph (i) or (ii), whichever is applicable, and ending on the terminal date specified in sub-paragraph (iii) or (iv), whichever is applicable:

(i) where the client in question is the claimant serving the request for arbitration, the initial date is the date of issue of the request;

(ii) where the client in question is the respondent being served the request for arbitration, the initial date is

the date of receipt of the request for arbitration by the client or law practice;

(iii) a terminal date which is the date on which the final award is made by the arbitral tribunal;

(iv) a terminal date which is the date on which the arbitration proceeding has otherwise finally terminated, whether or not there was a hearing.

[29/2012]

Exemption of relevant income of eligible family-owned investment holding company

13W.—(1) There shall be exempt from tax all relevant income of an eligible family-owned investment holding company.

[34/2008]

(2) For the purposes of subsection (1), the Minister may make regulations to provide for the deduction of expenses, allowances and losses of an eligible family-owned investment holding company otherwise than in accordance with this Act.

[34/2008; 29/2012]

(3) In this section —

"eligible family-owned investment holding company" means any company incorporated before 1st April 2013 —

(*a*) whose shareholders are related to each other in the manner prescribed by regulations;

(*b*) whose operation consists wholly or mainly of the holding or making of investments; and

(*c*) which satisfies such other conditions as may be prescribed by regulations;

"relevant income" means —

(*a*) any income of the kinds referred to in section 13(1)(*zd*), (*ze*), (*zf*), (*zh*), (*zi*), (*zj*), (*zk*) or (*zl*) accrued in or derived from Singapore on or after 1st April 2008; or

(*b*) any income of the kinds referred to in section 13(7A) received in Singapore on or after 1st April 2008.

[34/2008]

(4) Where a company fails to satisfy the definition of "eligible family-owned investment holding company" in any basis period beginning on or after 1st April 2013, then this section shall not apply to the company in any subsequent basis period, even if it satisfies the definition in that subsequent basis period.

[34/2008]

Exemption of income arising from funds managed by fund manager in Singapore

13X.—(1) Subject to such conditions as may be prescribed by regulations or specified in the letter of approval of the person, master fund, feeder fund, master-feeder fund structure, master-feeder fund-SPV structure or master fund-SPV structure, there shall be exempt from tax such income as the Minister may by regulations prescribe of —

(*a*) an approved person arising from funds managed in Singapore by a fund manager;

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

(*b*) a company, a trustee of a trust fund or a partner of a limited partnership, where the company, trust fund or limited partnership is the approved master fund or an approved feeder fund of an approved master-feeder fund structure, arising from funds of the master fund or any feeder fund of that structure that are managed in Singapore by a fund manager;

[27/2009; 29/2010; 22/2011]

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

(*c*) in relation to an approved master-feeder fund-SPV structure —

(i) a company, a trustee of a trust fund or a partner of a limited partnership, where the company, trust fund or limited partnership is the approved master fund or an approved feeder fund of the structure;

(ii) an approved 1st tier SPV of the structure; and

(iii) an approved 2nd tier SPV of the structure,

arising from funds of the master fund or any feeder fund of the structure that are managed in Singapore by a fund manager; or

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

(*d*) in relation to an approved master fund-SPV structure —

(i) a company, a trustee of a trust fund or a partner of a limited partnership, where the company, trust fund or limited partnership is the approved master fund of the structure;

(ii) an approved 1st tier SPV of the structure; and

(iii) an approved 2nd tier SPV of the structure,

arising from funds of the master fund of the structure that are managed in Singapore by a fund manager.

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

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

(2) Approval under subsection (1)(*a*) may be granted during the period from 1st April 2009 to 31st March 2019 (both dates inclusive).

[27/2009; 29/2010]

[Act 37 of 2014 wef 01/04/2014]

(2A) Approval under subsection (1)(*b*) may be granted during the period from 7th July 2010 to 31st March 2019 (both dates inclusive).

[29/2010]

[Act 37 of 2014 wef 01/04/2014]

(2B) Approval under subsection (1)(*c*) and (*d*) may be granted during the period from 1 April 2015 to 31 March 2019 (both dates inclusive).

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

(3) Where the income of any approved person or company, trustee, partner, 1st tier SPV or 2nd tier SPV referred to in subsection (1)(*b*), (*c*) or (*d*) is not exempt from tax under this section, sections 13C, 13CA and 13R shall not apply to that income notwithstanding anything in those provisions.

[27/2009; 29/2010]

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

(4) Regulations made under subsection (1) may —

(*a*) provide for the determination of the amount of income of any approved person or company, trustee, partner, 1st tier SPV or 2nd tier SPV referred to in subsection (1)(*b*), (*c*) or (*d*) to be exempt from tax;

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

(*b*) provide for the deduction of expenses, allowances and losses of any approved person or company, trustee, partner, 1st tier SPV or 2nd tier SPV referred to in subsection (1)(*b*), (*c*) or (*d*) otherwise than in accordance with this Act;

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

(*c*) where the approved person is a partner of an approved limited partnership, provide for the recovery of tax from him in a case where the exemption ought not to have been allowed to that partner due to non-compliance with any condition imposed on the limited partnership, including the deeming of a specified amount as income of the partner for the year of assessment in which the Comptroller discovers the non-compliance of the condition;

(*ca*) provide for the recovery of tax from a company, trustee, 1st tier SPV or 2nd tier SPV referred to in subsection (1)(*b*), (*c*) or (*d*) in a case where the exemption ought not to have been allowed to the person due to non-compliance with any condition imposed on the approved master-feeder fund structure, approved master-feeder fund-SPV structure or approved master fund-SPV structure, as the case may be;

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

(*cb*) provide for the recovery of tax from a partner of a limited partnership referred to in subsection (1)(*b*), (*c*) or (*d*) in a case where the exemption ought not to have been allowed to that partner due to non-compliance with any condition imposed on the approved master-feeder fund structure, approved master-feeder fund-SPV structure or approved master fund-SPV structure (as the case may be), including the deeming of a specified amount as income of the partner

for the year of assessment in which the Comptroller discovers the non-compliance with the condition; and

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

(*d*) make provision generally for giving full effect to or for carrying out the purposes of this section.

[27/2009; 29/2010; 29/2012]

(5) In this section —

"1st tier SPV", in relation to a master-feeder fund-SPV structure or a master fund-SPV structure, means a special purpose vehicle wholly owned by the master fund of the structure;

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

"2nd tier SPV", in relation to a master-feeder fund-SPV structure or a master fund-SPV structure, means a special purpose vehicle wholly owned by a 1st tier SPV of the structure;

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

"approved" means approved by the Minister or such person as he may appoint;

[*Deleted by Act 37 of 2014 wef 01/09/2014*]

"approved person" means any approved company, any partner of an approved limited partnership or any trustee of an approved trust fund;

"designated unit trust" means any designated unit trust within the meaning of section 35(14) and whose income does not form part of the statutory income of its trustee by reason of section 35(12);

[Act 2 of 2016 wef 01/09/2014]

"feeder fund" means a company, trust fund or limited partnership that invests its funds substantially and directly through only one master fund;

"master-feeder fund structure" means an arrangement comprising one or more feeder funds and the master fund

through which the funds of the feeder fund or funds are substantially and directly invested;

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

"master-feeder fund-SPV structure" means an arrangement comprising —

(*a*) one or more feeder funds;

(*b*) the master fund through which the funds of the feeder fund or funds are substantially and directly invested; and

(*c*) one or more SPVs;

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

"master fund-SPV structure" means an arrangement comprising —

(*a*) a master fund; and

(*b*) one or more SPVs;

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

"master fund" means a company, trust fund or limited partnership that enables investors to invest funds in one or more underlying investments that are managed by a fund manager;

"real estate investment trust" has the same meaning as in section 43(10);

"special purpose vehicle" or "SPV" —

(*a*) in relation to a master-feeder fund-SPV structure, means a company whose only activity is the holding of investments of the master and feeder funds of the structure; or

(*b*) in relation to a master fund-SPV structure, means a company whose only activity is the holding of investments of the master fund of the structure;

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

"trust fund" does not include any trust that is a pension or provident fund approved by the Comptroller under section 5, designated unit trust and real estate investment trust.

[27/2009; 29/2010]

[Act 37 of 2014 wef 01/09/2014]

Exemption of certain income of prescribed sovereign fund entity and approved foreign government-owned entity

13Y.—(1) There shall be exempt from tax such income as the Minister may by regulations prescribe of —

(*a*) a prescribed sovereign fund entity arising from its funds that are managed in Singapore by an approved foreign government-owned entity; and

(*b*) an approved foreign government-owned entity arising from its funds that are managed in Singapore, and from managing in Singapore the funds of, or providing in Singapore any investment advisory service to, a prescribed sovereign fund entity.

[29/2010; 22/2011]

(2) The Minister or such person as he may appoint may, at any time between 1st April 2010 and 31st March 2019 (both dates inclusive), approve a foreign government-owned entity for the purpose of subsection (1).

[29/2010]

[Act 37 of 2014 wef 01/04/2014]

(3) Regulations made under subsection (1) may —

(*a*) provide for the period of each approval, and that the conditions to which any approval is subject may be stated in the letter of approval issued to the foreign government-owned entity;

(*aa*) provide for renewal of an approval;

[Act 37 of 2014 wef 01/04/2014]

(*b*) provide for the determination of the amount of income of a prescribed sovereign fund entity or an approved foreign government-owned entity that is exempt from tax;

(*c*) provide for the deduction of expenses, allowances and losses of a prescribed sovereign fund entity or an approved foreign government-owned entity otherwise than in accordance with this Act; and

(*d*) make provision generally for giving full effect to or for carrying out the purposes of this section.

[29/2010; 22/2011; 29/2012]

(4) In this section —

"foreign government-owned entity" means —

(*a*) an entity wholly and beneficially owned (whether directly or indirectly) by the government or other public authority of a foreign country;

(*b*) an entity that is incorporated, formed or established by the government or other public authority of a foreign country either directly or indirectly through one or more intermediate entities;

(*c*) an entity that is incorporated, formed or established by the law of a foreign country and that is not a public authority of that foreign country; or

(*d*) an entity that is incorporated, formed or established by an entity mentioned in paragraph (*c*) either directly or indirectly through one or more intermediate entities,

and whose principal activity is to manage the entity's own funds or the funds of a prescribed sovereign fund entity;

[Act 41 of 2020 wef 01/04/2010]

"prescribed sovereign fund entity" means a sovereign fund entity that satisfies such conditions as may be prescribed;

"sovereign fund entity" means —

(*a*) the government or other public authority of a foreign country;

(*b*) an entity wholly and beneficially owned by the government or other public authority of a foreign country;

(*c*) an entity that is incorporated, formed or established by the government or other public authority of a foreign country either directly or indirectly through one or more intermediate entities;

(*d*) an entity that is incorporated, formed or established by the law of a foreign country and that is not a public authority of that foreign country; or

(*e*) an entity that is incorporated, formed or established by an entity mentioned in paragraph (*d*) either directly or indirectly through one or more intermediate entities,

and whose funds (which may include the reserves of the government and any pension or provident fund of that country) are managed by an approved foreign government-owned entity.

[Act 41 of 2020 wef 01/04/2010]

[29/2010]

Exemption of gains or profits from disposal of ordinary shares

13Z.—(1) There shall be exempt from tax any gains or profits derived by a company (referred to in this section as the divesting company) from the disposal of ordinary shares in another company (referred to in this section as the investee company) which are legally and beneficially owned by the divesting company immediately before the disposal, being a disposal —

(*a*) during the period between 1 June 2012 to 31 May 2022 (both dates inclusive); and

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

(*b*) after the divesting company has, at all times during a continuous period of at least 24 months ending on the date immediately prior to the date of disposal of such shares, legally and beneficially owned at least 20% of the ordinary shares in that investee company.

[29/2012]

(2) Subsection (1) shall only apply if the divesting company provides, at the time of lodgment of its return of income for the year

of assessment relating to the basis period in which the disposal occurs, or within such further time as the Comptroller may in his discretion allow, such information and supporting documents as may be specified by the Comptroller.

[29/2012]

(3) In determining the amount of gains or profits which are exempt from tax under subsection (1) for any year of assessment, there shall be deducted all outgoings and expenses wholly and exclusively incurred by the divesting company in the production of such gains or profits, including —

(*a*) the price paid in acquiring those shares;

(*b*) any sum payable by way of interest upon any money borrowed by the divesting company, where the Comptroller is satisfied that the interest was payable on capital employed to acquire the shares;

(*c*) any sum payable in the basis period for the year of assessment 2008 or a subsequent year of assessment in lieu of interest or for the reduction thereof, upon any money borrowed by the divesting company, being a sum of a type prescribed under section 14(1)(*a*)(ii), where the Comptroller is satisfied that it was payable on capital employed to acquire the shares;

(*d*) any legal costs incurred for the acquisition or disposal of the shares;

(*e*) any amount paid in respect of stamp duty for the acquisition or disposal of the shares; and

(*f*) any other expenses allowable under this Act which are directly attributable to those gains or profits.

[29/2012]

(4) In determining for the purposes of subsection (1) whether the divesting company legally and beneficially owns at any time at least 20% of the ordinary shares in the investee company, the divesting company shall be treated as the legal and beneficial owner of any ordinary shares in that investee company during the borrowing period when the legal interest in such shares had been transferred by the

divesting company to another under a securities lending or repurchase arrangement.

[29/2012]

(5) Where —

(*a*) gains or profits derived from the disposal of ordinary shares by the divesting company is exempt from tax under subsection (1); and

(*b*) one or more of the amounts referred to in subsection (6) which are attributable to any of the shares disposed of, have been allowed as a deduction to the divesting company for any year of assessment prior to the year of assessment relating to the basis period in which the shares are disposed of,

then the amounts in paragraph (*b*) shall be regarded as income of the divesting company that is chargeable to tax for the second-mentioned year of assessment.

[29/2012]

(6) Subsection (5) shall apply to the following amounts:

(*a*) any amount provided for a diminution in the value of the shares;

(*b*) any amount written off against the value of the shares;

(*c*) any impairment loss for the shares;

(*d*) any loss recognised in accordance with FRS 39 or SFRS for Small Entities (as the case may be), in determining the profit or loss or expense in respect of the shares.

[29/2012]

(7) Where —

(*a*) gains or profits derived from the disposal of ordinary shares by the divesting company is exempt from tax under subsection (1); and

(*b*) any write-back for a diminution in the value of the shares, or profit recognised in accordance with FRS 39 or SFRS for Small Entities (as the case may be), which is attributable to any of the shares, has been charged to tax

as income of the divesting company for any year of assessment prior to the year of assessment relating to the basis period in which the shares are disposed of,

then the write-back or profit referred to in paragraph (*b*) shall be regarded as an expense allowable under this Act to the divesting company for the second-mentioned year of assessment.

[29/2012]

(8) This section shall not apply to —

(*a*) the disposal of shares the gains or profits of which are included as part of the income of a company referred to in section 26;

(*b*) the disposal of shares in a company which is in the business of trading or holding Singapore immovable properties (excluding property development), where the shares are not listed on a stock exchange in Singapore or elsewhere; or

(*c*) the disposal of shares by a partnership, limited partnership or limited liability partnership one or more of the partners of which is a company or are companies.

[29/2012]

(9) In this section —

"borrowing period" and "securities lending or repurchase arrangement" have the meanings given to those expressions in section 10N(12);

"disposal", in relation to shares, means the transfer of both the legal and beneficial interests in the shares to another;

"FRS 39" and "SFRS for Small Entities" have the meanings given to those expressions in section 34A(10).

[29/2012]

PART V

DEDUCTIONS AGAINST INCOME

Deductions allowed

14.—(1) For the purpose of ascertaining the income of any person for any period from any source chargeable with tax under this Act (referred to in this Part as the income), there shall be deducted all outgoings and expenses wholly and exclusively incurred during that period by that person in the production of the income, including —

(*a*) except as provided in this section —

(i) any sum payable by way of interest; and

(ii) any sum payable in lieu of interest or for the reduction thereof, as may be prescribed by regulations (including the restriction of the deduction of the sum in respect of money borrowed before the basis period relating to the year of assessment 2008),

upon any money borrowed by that person where the Comptroller is satisfied that such sum is payable on capital employed in acquiring the income;

(*b*) rent payable by any person in respect of any land or building or part thereof occupied by him for the purpose of acquiring the income;

(*c*) any expenses incurred for repair of premises, plant, machinery or fixtures employed in acquiring the income or for the renewal, repair or alteration of any implement, utensil or article so employed:

Provided that no deduction shall be made for the cost of renewal of any plant, machinery or fixture, which is the subject of an allowance under section 19 or 19A; or for the cost of reconstruction or rebuilding of any premises, buildings, structures or works of a permanent nature;

(*d*) bad debts incurred in any trade, business, profession or vocation, which have become bad during the period for which the income is being ascertained, and doubtful debts

to the extent that they are respectively estimated, to the satisfaction of the Comptroller, to have become bad during that period, notwithstanding that those bad or doubtful debts were due and payable before the commencement of that period:

Provided that —

(i) all sums recovered during that period on account of amounts previously written off or allowed in respect of bad or doubtful debts, other than debts incurred before the commencement of the basis period for the first year of assessment under this Act, shall for the purposes of this Act be treated as receipts of the trade, business, profession or vocation for that period;

(ii) the debts in respect of which a deduction is claimed were included as a trading receipt in the income of the year within which they were incurred;

(*e*) any sum contributed by an employer to an approved pension or provident fund or society or any pension or provident fund constituted outside Singapore in respect of any of his employees engaged in activities relating to the production of the income of the employer, the contribution of which sum by the employer was obligatory by reason of any contract of employment or of any provision in the rules or constitution of the fund or society:

Provided that in the case of any contribution to the Central Provident Fund or any approved pension or provident fund designated by the Minister under section 39(8) —

(i) a deduction in respect of any such contribution by an employer in respect of an employee for any period —

(A) commencing on or after 1st September 2010 shall not exceed 15%;

(B) commencing on or after 1st March 2011 shall not exceed 15½%;

(C) commencing on or after 1st September 2011 shall not exceed 16%;

(D) commencing on or after 1st January 2015 shall not exceed 17%,

of the remuneration paid by the employer to the employee for that period, and "remuneration" in this proviso means that part of an employee's emoluments by reference to which his employer's contributions are calculated;

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

(ii) where any such fund or society is first established and a special contribution is made thereto by the employer whereby persons in his employment whose employment commenced prior to the establishment of the fund or society may qualify for the benefits thereunder in respect of such prior employment, the Comptroller may, when approving the fund or society, authorise such deductions in respect of that special contribution as he thinks fit;

(iii) no deduction shall be allowed in respect of any sum contributed by an employer for the period on or after 1st January 1999 to the Central Provident Fund in respect of an employee who holds a professional visit pass or a work pass or who would be required to obtain such a pass if he were to work in Singapore:

And provided that no deduction shall be allowed in respect of any contribution or part thereof to a pension or provident fund constituted outside Singapore made in respect of an employee, if the employee has been exempted from tax on such contribution or part thereof under section 13N;

(*f*) any sum contributed by an employer in any calendar year before 2013 to the medisave account maintained under the Central Provident Fund Act (Cap. 36) in respect of any of his employees engaged in activities relating to the production of the income of the employer, subject to a

maximum deduction of the amount in subsection (1A) for that year for each employee:

Provided that no deduction shall be allowed in respect of any sum contributed by an employer for the period on or after 1st January 1999 to the medisave account maintained under the Central Provident Fund Act in respect of an employee who holds a professional visit pass or a work pass or who would be required to obtain such a pass if he were to work in Singapore;

(*fa*) any voluntary contribution in cash made in 2011 or 2012 by a person of a description prescribed by the Minister for the purposes of this paragraph, to the medisave account of a self-employed individual maintained under the Central Provident Fund Act, subject to a maximum deduction of the amount in subsection (1A) for that year for each individual:

Provided that the amount of voluntary contribution does not exceed the amount allowable under the Central Provident Fund Act and is within the medisave contribution ceiling prevailing at the time the contribution is made;

(*fb*) any sum contributed by an employer in 2013 or any subsequent year to the medisave account maintained under the Central Provident Fund Act in respect of any of his employees engaged in activities relating to the production of the income of the employer, up to a maximum deduction of $1,500 for that year for each employee's medisave account, less any previous contribution made to that medisave account in that year by that employer in his capacity as a person of a prescribed description under paragraph (*fc*) (if applicable) and that is deductible under that provision:

Provided that no deduction shall be allowed in respect of any sum contributed by an employer to the medisave account maintained under the Central Provident Fund Act in respect of an employee who holds a professional visit

pass or a work pass or who would be required to obtain such a pass if he were to work in Singapore;

(*fc*) any voluntary contribution in cash made in 2013 or any subsequent year by a person of a description prescribed by the Minister for the purposes of this paragraph, to the medisave account of a self-employed individual maintained under the Central Provident Fund Act, up to a maximum deduction of $1,500 for that year for each individual's medisave account, less any previous contribution made to that medisave account in that year by the person of the prescribed description in his capacity as an employer under paragraph (*fb*) (if applicable) and that is deductible under that provision;

(*g*) zakat, fitrah or any religious dues, payment of which is made under any written law; and

(*h*) where the income is derived from the working of a mine or other source of mineral deposits of a wasting nature, such deductions in respect of capital expenditure as may be prescribed in rules made under section 7.

[37/75; 7/79; 28/80; 5/83; 7/85; 31/86; 1/90; 23/90; 2/92; 26/93; 11/94; 32/95; 1/98; 32/99; 24/2001; 21/2003; 49/2004; 30/2007; 53/2007; 34/2008; 29/2010; 22/2011; 29/2012; 19/2013]

(1A) For the purposes of subsection (1)(*f*) and (*fa*), the maximum amount which may be deducted for contributions made in any year to the medisave account maintained under the Central Provident Fund Act of any individual is $1,500 less —

(*a*) any deduction allowed under subsection (1)(*f*) for any previous contribution made by the same or another employer to that medisave account in that year; and

(*b*) any deduction allowed under subsection (1)(*fa*) for any previous contribution made by the same or another person to that medisave account in that year.

[29/2012]

(2) Notwithstanding subsection (1), payments made by way of compensation for injuries or death, salaries, wages or similar

emoluments or death gratuities to an employee (or his legal representative) who is the husband, wife or child of —

(*a*) any employer;

(*b*) any partner of the firm in which that employee is employed;

(*c*) any individual who by himself or with his spouse or child or all of them have the ability to control, directly or indirectly, the company in which that employee is employed; or

(*d*) any individual whose spouse or child or all of them have the ability to control, directly or indirectly, the company in which that employee is employed,

shall be allowed as deductions only to the extent to which, in the opinion of the Comptroller, they are reasonable in amount having regard to the services performed by that employee.

[26/93]

(3) Notwithstanding subsection (1), where outgoings and expenses falling within that subsection are incurred, whether directly or in the form of reimbursements, in respect of a motor car (whether or not owned by the person incurring the outgoings and expenses) to which this subsection applies, the sum to be allowed as a deduction shall be limited to the amount which bears to such outgoings and expenses the same proportion as $35,000 bears to the capital expenditure incurred by the owner in respect of the motor car, where such capital expenditure exceeds $35,000.

[7/79]

(3A) Any deduction for the cost of renewal of a motor car to which subsection (3) applies shall not exceed $35,000.

(4) Subsections (3) and (3A) shall apply to a motor car which is constructed or adapted for the carriage of not more than 7 passengers exclusive of the driver and the weight of which unladen does not exceed 3,000 kilograms and which —

(*a*) was registered before 1st April 1998 as a business service passenger vehicle for the purposes of the Road Traffic Act (Cap. 276) but excludes such a motor car which is —

(i) used principally for instructional purposes; and

(ii) acquired by a person who carries on the business of providing driving instruction and who holds a driving school licence or driving instructor's licence issued under that Act; or

(*b*) [*Deleted by Act 19 of 2013*]

[32/99; 19/2013]

(5) Notwithstanding subsection (1), where, in the basis period for any year of assessment, any employer (other than an employer who derives any income from any trade, business, profession or vocation which is wholly or partly exempt from tax or subject to tax at a concessionary rate of tax under this Act or the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86)) incurs medical expenses falling within that subsection in excess of the maximum allowable amount in that basis period, the amount of the excess medical expenses shall not be allowed as deductions.

[26/93; 34/2005; 34/2008]

(6) Where, in the basis period for any year of assessment, any employer derives any income from any trade, business, profession or vocation which is wholly or partly exempt from tax or subject to tax at a concessionary rate of tax under this Act or the Economic Expansion Incentives (Relief from Income Tax) Act and incurs medical expenses in excess of the maximum allowable amount in that basis period, an amount equal to the excess medical expenses shall be deemed to be income of the employer chargeable to tax at the rate of tax under section 42(1) or 43(1), as the case may be, for that year of assessment.

[26/93; 34/2005; 34/2008]

(6A) For the purpose of subsections (5) and (6), the maximum allowable amount in the basis period for any year of assessment shall be —

(*a*) 2% of the total remuneration of the employer's employees in that basis period in a case where the employer has —

(i) contributed the specified amount into the medisave accounts maintained under the Central Provident Fund of —

(A) at least 20% of the number of local employees who are employed by him as at the first day of the basis period for that year of assessment, for every calendar month in that basis period they are employed by the employer; and

(B) every local employee who commences his employment with him during the basis period for that year of assessment, for the calendar month he commences his employment and every subsequent calendar month in that basis period he is employed by the employer; or

(ii) incurred expenses in or in connection with the provision of a specified insurance plan to cover, for every calendar month in the basis period for that year of assessment, the cost of medical treatment of at least 50% of the number of local employees who are employed by him as at the first day of that basis period; and

(*b*) in any other case, the amount determined in accordance with the formula in subsection (6B).

[34/2005; 34/2008]

(6B) For the purpose of subsection (6A)(*b*), the maximum allowable amount in any basis period shall be ascertained —

(*a*) where the total amount of expenses incurred by the employer in providing qualifying insurance in that basis period is nil, in accordance with the formula

$$A + B,$$

where A is the lower of —

(i) the total amount of medical expenses incurred by the employer for his employees in that basis period (excluding the total amount of general contributions made by the employer); and

(ii) 1% of the total remuneration of his employees in that basis period; and

B is the lower of —

(i) the total amount of general contributions made by the employer in that basis period; and

(ii) the difference between 2% of the total remuneration of his employees in that basis period and A; and

(*b*) where the total amount of expenses incurred by the employer in providing qualifying insurance in that basis period is not nil, in accordance with the formula

$$C + D,$$

where C is the lower of —

(i) the total amount of expenses incurred by the employer in providing riders for his employees in that basis period; and

(ii) 1% of the total remuneration of his employees in that basis period; and

D is the lower of —

(i) the total amount of medical expenses incurred by the employer for his employees in that basis period (excluding the total amount of expenses incurred by the employer in providing riders for his employees); and

(ii) the difference between 2% of the total remuneration of his employees in that basis period and C.

[34/2008]

(6C) For the purpose of subsection (6B), a reference to expenses incurred by an employer in providing qualifying insurance excludes any reimbursement in cash by the employer of the employee for payment by the employee of premiums on such qualifying insurance.
[34/2008]

(7) The references to medical expenses in subsections (5), (6) and (6B) shall be read as references to medical expenses which would, but for subsection (5), be allowable as deductions under this Act.
[26/93; 34/2008]

(8) In this section —

"co-payment" means the part of the amount of any claim, after deducting the deductible, which a person insured under the MediShield Life Scheme or an integrated medical insurance plan has to bear under the Scheme or plan;
[Act 4 of 2015 wef 01/11/2015]

"deductible" means the amount of any claim which a person insured under the MediShield Life Scheme or an integrated medical insurance plan has to bear before the insurer becomes liable to make payment under the Scheme or plan;
[Act 4 of 2015 wef 01/11/2015]

"general contribution" means any contribution falling within subsection (1)(*f*) or (*fb*), as the case may be, which is not —

(*a*) a contribution falling within subsection (6A)(*a*)(i); or

(*b*) a sum paid by an employer to the medisave account maintained under the Central Provident Fund Act in respect of any of his employees as reimbursement of the employee for premiums paid or payable by the employee on a qualifying insurance;
[Act 34 of 2016 wef 28/11/2013]

"gross rate of pay" has the same meaning as in section 2 of the Employment Act (Cap. 91);

"integrated medical insurance plan" has the same meaning as in the regulations made under section 34(2)(*j*) of the

MediShield Life Scheme Act 2015 or section 77(1)(*k*) of the Central Provident Fund Act;

[Act 4 of 2015 wef 01/11/2015]

"local employee" means a full-time or part-time employee who is a citizen or permanent resident of Singapore;

"medical expenses" means expenses incurred in or in connection with the provision of medical treatment and includes —

(*a*) expenses incurred in or in connection with the provision of maternity health care, natal care, and preventive and therapeutic treatment;

(*b*) expenses incurred in or in connection with the provision of a medical clinic by the employer;

(*c*) cash allowance in lieu of medical expenses;

(*d*) expenses incurred in or in connection with the provision of insurance against the cost of medical treatment; and

(*e*) contributions which are deductible under subsection (1)(*f*) or (*fb*), as the case may be;

[Act 34 of 2016 wef 28/11/2013]

"medical treatment" includes all forms of treatment for, and procedures for diagnosing, any physical or mental ailment, infirmity or defect;

[*Deleted by Act 4 of 2015 wef 01/11/2015*]

"MediShield Life Scheme" means the MediShield Life Scheme referred to in section 3 of the MediShield Life Scheme Act 2015 and includes the MediShield Scheme established and maintained under section 53 of the Central Provident Fund Act as in force immediately before the date of commencement of section 37(7) of the MediShield Life Scheme Act 2015;

[Act 4 of 2015 wef 01/11/2015]

"part-time employee" has the same meaning as in section 66A of the Employment Act;

"qualifying insurance", in relation to any basis period of an employer, means medical insurance under the MediShield Life Scheme or an integrated medical insurance plan that is provided by an employer to employees to cover the cost of medical treatment of —

(*a*) at least 20% of the number of local employees who are employed by the employer as at the first day of the basis period; and

(*b*) every local employee who commences his employment with the employer during the basis period,

for every calendar month or part thereof in the basis period that the employees are employed by the employer;

[Act 4 of 2015 wef 01/11/2015]

"remuneration" means any wage, salary, leave pay, fee, commission, bonus, gratuity, allowance, other emoluments paid in cash by or on behalf of an employer and contributions to any approved pension or provident fund by any employer which are allowable as deductions under this Act, but does not include any director's fee, medical expense, cash allowance in lieu of medical expenses and benefit-in-kind;

"rider" means any insurance under which the insurer of the rider is liable to pay in full or in part the deductible or co-payment relating to the MediShield Life Scheme or an integrated medical insurance plan;

[Act 4 of 2015 wef 01/11/2015]

"specified amount", in relation to any calendar month, means —

(*a*) in the case of a full-time employee who falls under subsection (6A)(*a*)(i), an amount equal to at least 1% of the employee's gross rate of pay for the calendar month, subject to a minimum contribution of $16 per calendar month;

(*b*) in the case of a part-time employee who falls under subsection (6A)(*a*)(i), an amount equal to at least 1%

of the employee's gross rate of pay for the calendar month;

"specified insurance plan" means a medical insurance plan sponsored by an employer that —

(*a*) confers hospitalisation benefits during the period of employment of an employee and up to a period of 12 months immediately after the employee leaves his employment for any reason; and

(*b*) treats the employee as being continuously insured when he is employed by another employer who provides him with an insurance plan that confers the hospitalisation benefits described in paragraph (*a*).

[26/93; 32/95; 34/2005; 34/2008]

Deduction for costs for protecting intellectual property

14A.—(1) Subject to this section, where a person carrying on a trade or business has incurred —

(*a*) patenting costs during the period from 1st June 2003 to the last day of the basis period for the year of assessment 2010 (both dates inclusive); or

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

(*b*) qualifying intellectual property registration costs during the basis period for any year of assessment between the year of assessment 2011 and the year of assessment 2020 (both years inclusive),

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

for the purposes of that trade or business, there shall be allowed to him a deduction of the amount of such costs.

[29/2010]

(1A) Subject to this section, for the purpose of ascertaining the income of a person carrying on a trade or business during the basis period for the year of assessment 2011 or the year of assessment 2012, there shall be allowed in respect of all his trades and businesses, in addition to the deduction allowed under subsection (1), a deduction for qualifying intellectual property registration costs incurred for the

purposes of those trades and businesses, computed in accordance with the following formula:

$$A \times 300\%,$$

where A is —

(*a*) for the year of assessment 2011, the lower of the following:

(i) such costs incurred during the basis period for that year of assessment;

(ii) $800,000; and

(*b*) for the year of assessment 2012, the lower of the following:

(i) such costs incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $800,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii).

[22/2011]

(1B) Subject to this section and section 37IC, for the purpose of ascertaining the income of a person carrying on a trade or business during the basis period for the year of assessment 2013, the year of assessment 2014 or the year of assessment 2015, there shall be allowed in respect of all his trades and businesses, in addition to the deduction allowed under subsection (1), a deduction for qualifying intellectual property registration costs incurred for the purposes of those trades and businesses, computed in accordance with the following formula:

$$A \times 300\%,$$

where A is —

(*a*) for the year of assessment 2013, the lower of the following:

(i) such costs incurred during the basis period for that year of assessment;

(ii) $1,200,000;

(*b*) for the year of assessment 2014, the lower of the following:

(i) such costs incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii); and

(*c*) for the year of assessment 2015, the lower of the following:

(i) such costs incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii), and the lower of the amounts specified in paragraph (*b*)(i) and (ii).

[22/2011]

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

(1BA) Subject to this section and section 37IC, for the purpose of ascertaining the income of a person carrying on a trade or business during the basis period for the year of assessment 2016, 2017 or 2018, there shall be allowed in respect of all his trades and businesses, in addition to the deduction allowed under subsection (1), a deduction for qualifying intellectual property registration costs incurred for the purposes of those trades and businesses, computed in accordance with the following formula:

$$A \times 300\%,$$

where A is —

(*a*) for the year of assessment 2016, the lower of the following:

(i) such costs incurred during the basis period for that year of assessment;

(ii) $1,200,000;

(*b*) for the year of assessment 2017, the lower of the following:

(i) such costs incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii); and

(*c*) for the year of assessment 2018, the lower of the following:

(i) such costs incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii), and the lower of the amounts specified in paragraph (*b*)(i) and (ii).

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

(1C) In subsection (1A), the amount under paragraph (*a*)(ii) shall be substituted with "$400,000" if the person does not carry on any trade or business during the basis period for the year of assessment 2012, and the balance under paragraph (*b*)(ii) shall be substituted with "$400,000" if the person does not carry on any trade or business during the basis period for the year of assessment 2011.

[22/2011]

(1D) In subsection (1B) —

(*a*) if the person does not carry on any trade or business during the basis period for any one year of assessment between the year of assessment 2013 and the year of assessment 2015 (both years inclusive), the references to "$1,200,000" in the paragraphs of that subsection applicable to the other 2 years of assessment shall be substituted with "$800,000";

(*b*) if the person does not carry on any trade or business during the basis periods for any 2 years of assessment between the year of assessment 2013 and the year of assessment 2015 (both years inclusive), the reference to "$1,200,000" in the paragraph of that subsection applicable to the remaining year of assessment shall be substituted with "$400,000"; and

(*c*) for the avoidance of doubt, no deduction shall be made from the substituted amount in subsection (1B)(*b*)(ii) or (*c*)(ii) of the lower of the amounts specified in subsection

(1B)(*a*)(i) and (ii) if the person does not carry on any trade or business during the basis period for the year of assessment 2013, and no deduction shall be made from the substituted amount in subsection (1B)(*c*)(ii) of the lower of the amounts specified in subsection (1B)(*b*)(i) and (ii) if the person does not carry on any trade or business during the basis period for the year of assessment 2014.

[22/2011]

(1DA) In subsection (1BA) —

(*a*) if the person does not carry on any trade or business during the basis period for any one year of assessment between the years of assessment 2016 and 2018 (both years inclusive), the references to "$1,200,000" in the paragraphs of that subsection applicable to the other 2 years of assessment shall be substituted with "$800,000";

(*b*) if the person does not carry on any trade or business during the basis periods for any 2 years of assessment between the years of assessment 2016 and 2018 (both years inclusive), the reference to "$1,200,000" in the paragraph of that subsection applicable to the remaining year of assessment shall be substituted with "$400,000"; and

(*c*) to avoid doubt, no deduction shall be made from the substituted amount in subsection (1BA)(*b*)(ii) or (*c*)(ii) of the lower of the amounts specified in subsection (1BA)(*a*)(i) and (ii) if the person does not carry on any trade or business during the basis period for the year of assessment 2016, and no deduction shall be made from the substituted amount in subsection (1BA)(*c*)(ii) of the lower of the amounts specified in subsection (1BA)(*b*)(i) and (ii) if the person does not carry on any trade or business during the basis period for the year of assessment 2017.

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

(1E) For the purposes of subsections (1A), (1B) and (1BA), where an individual carrying on a trade or business through 2 or more firms (excluding partnerships) has, during the basis period for any year of assessment between the year of assessment 2011 and the year of

assessment 2018 (both years inclusive), incurred qualifying intellectual property registration costs in respect of such firms for the purposes of his trade or business, the deduction that may be allowed to him for those costs in respect of all his trades and businesses shall not exceed the amount computed in accordance with subsection (1A), (1B) or (1BA) (as the case may be) for that year of assessment.

[22/2011]

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

(1F) For the purposes of subsections (1A), (1B) and (1BA), where a partnership carrying on a trade or business has, during the basis period for any year of assessment between the year of assessment 2011 and the year of assessment 2018 (both years inclusive), incurred qualifying intellectual property registration costs for the purposes of its trade or business, the aggregate of the deductions that may be allowed to all the partners of the partnership for those costs in respect of all the trades and businesses of the partnership shall not exceed the amount computed in accordance with subsection (1A), (1B) or (1BA) (as the case may be) for that year of assessment.

[22/2011]

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

(2) The claim for deduction under subsection (1), (1A), (1B) or (1BA) shall be allowed to a person only if —

(*a*) there is an undertaking by the person that he would be the proprietor of the patent or registered trade mark, the registered owner of the registered design or the grantee of the plant variety, as the case may be, when the patent is granted, the trade mark or design is registered or the plant variety is granted protection; and

(*b*) the claim is made by the person in such manner and subject to such conditions as the Comptroller may require.

[29/2010]

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

(3) For the purposes of this section, any patenting costs or qualifying intellectual property registration costs, as the case may be, incurred by a person prior to the commencement of his trade or business shall be deemed to have been incurred by that person on the

first day he carries on that trade or business but a deduction for these is subject to section 14Z.

[21/2003; 29/2010]

[Act 34 of 2016 wef 25/03/2016]

(4) Where a person to whom a deduction for patenting costs or qualifying intellectual property registration costs, as the case may be, has been allowed under subsection (1) sells, transfers or assigns in the basis period for any year of assessment all or any part of the rights for which such patenting costs or qualifying intellectual property registration costs, as the case may be, were incurred, the person shall be deemed to have derived an amount of income for that year of assessment equal to the price at which the rights were sold, transferred or assigned or the deduction which has been allowed under subsection (1), whichever is less.

[21/2003; 29/2010]

(5) For the purposes of subsection (4), where there is more than one sale, transfer or assignment of any part of the rights for which such patenting costs or qualifying intellectual property registration costs, as the case may be, were incurred, the total amount deemed as income shall not exceed the total amount of deduction previously allowed under subsection (1).

[21/2003; 29/2010]

(5A) Where —

(*a*) a deduction has been made to any person under subsection (1A), (1B) or (1BA) in respect of any qualifying intellectual property registration costs; and

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

(*b*) the person sells, transfers or assigns all or any part of the qualifying intellectual property rights or the application for the registration or grant of the qualifying intellectual property rights for which such costs were incurred, within a period of one year from the date of filing of the application,

the deduction allowed under subsection (1A), (1B) or (1BA) (as the case may be) shall be deemed as income of the person for the year of

assessment relating to the basis period in which the sale, transfer or assignment occurs.

[29/2010]

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

(6) In this section —

"patenting costs" means the fees paid to —

(*a*) the Registry of Patents in Singapore or an equivalent registry outside Singapore for the —

(i) filing of a patent;

(ii) search and examination report on the application for a patent; or

(iii) grant of a patent; and

(*b*) any registered patent agent for —

(i) applying for any patent in Singapore or elsewhere;

(ii) preparing specifications or other documents for the purposes of the Patents Act (Cap. 221) or the patents law of any other country; or

(iii) giving advice on the validity or infringement of the patent;

"qualifying intellectual property registration costs" means the fees paid to —

(*a*) the Registry of Patents, Registry of Trade Marks, Registry of Designs or Registry of Plant Varieties in Singapore or an equivalent registry outside Singapore for the —

(i) filing of an application for a patent, for the registration of a trade mark or design, or for the grant of protection of a plant variety;

(ii) search and examination report on the application for a patent;

(iii) examination report on the application for grant of protection of a plant variety; or

(iv) grant of a patent; and

(*b*) any person acting as an agent for —

(i) applying for any patent, for the registration of a trade mark or design, or for the grant of protection of a plant variety, in Singapore or elsewhere;

(ii) preparing specifications or other documents for the purposes of the Patents Act, the Trade Marks Act (Cap. 332), the Registered Designs Act (Cap. 266), the Plant Varieties Protection Act (Cap. 232A) or the intellectual property law of any other country relating to patents, trade marks, designs or plant varieties; or

(iii) giving advice on the validity or infringement of any patent, registered trade mark, registered design or grant of protection of a plant variety;

"qualifying intellectual property right" means the right to do or authorise the doing of anything which would, but for that right, be an infringement of any patent, registered trade mark or design, or grant of protection of a plant variety;

"registered patent agent" has the same meaning as in the Patents Act.

[21/2003; 29/2010]

(7) In this section, "patenting costs" and "qualifying intellectual property registration costs" exclude any expenditure to the extent that it is or is to be subsidised by grants or subsidies from the Government or a statutory board.

[29/2010; 29/2012]

Further deduction for expenses relating to approved trade fairs, exhibitions or trade missions or to maintenance of overseas trade office

14B.—(1) Subject to this section, where the Comptroller is satisfied that the expenses specified in subsection (2) have been incurred by an approved firm or company resident in or having a permanent establishment in Singapore for the primary purpose of —

(*a*) promoting the trading of goods or the provision of services; or

(*b*) the provision of services in connection with the use of any right under a master franchise or master intellectual property licence where the firm or company is the holder of the franchise or licence,

there shall be allowed a further deduction of the amount of such expenses in addition to the amount allowed under section 14.

[31/98]

(2) The expenses referred to in subsection (1) are —

(*a*) expenses in establishing, maintaining or otherwise participating in —

(i) a trade fair, trade exhibition, trade mission or trade promotion activity held or conducted outside Singapore; or

(ii) an approved trade fair or trade exhibition held in Singapore;

(*b*) expenses in maintaining an approved overseas trade office; or

(*c*) market development expenditure for the carrying out of any approved marketing project.

[31/98; 29/2012]

(2A) For the purposes of subsection (1), the firm or company need not be an approved firm or approved company to be allowed a deduction under that subsection in respect of expenses referred to in subsection (2)(*a*) which are incurred at any time from 1st April 2012 to 31st March 2020(both dates inclusive) for the primary purpose of

promoting the trading of goods or the provision of services, provided that the aggregate of —

(*a*) the expenses for which the deduction is so allowed; and

(*b*) the expenditure for which a deduction is allowed to the firm or company under section 14K(1A),

does not exceed $100,000 for each year of assessment.

[29/2012]

[Act 34 of 2016 wef 01/04/2016]

(3) The Minister or such person as he may appoint may specify the maximum amount of expenditure (or any item thereof) to be allowed under subsection (1), other than expenses that are the subject of a claim for deduction under subsection (2A).

[26/93; 31/98; 7/2007; 29/2012]

(4) No deduction shall be allowed under this section in respect of —

(*a*) any expenses which are not allowed as deductions under section 14;

(*b*) travelling, accommodation and subsistence expenses or allowances for —

(i) more than 2 employees taking part in the trade fair, trade exhibition, trade mission or trade promotion activity, being one held or conducted overseas; or

(ii) more than the approved number of employees taking part in the approved marketing project;

(*c*) any expenses relating to an approved overseas trade office —

(i) which are incurred in the establishment of the approved overseas trade office;

(ii) by way of remuneration, travelling, accommodation and subsistence expenses or allowances for more than the approved number of employees of the approved overseas trade office;

(iii) which are specifically excluded as a condition for the approval of the overseas trade office under this section;

(iv) which are incurred after the end of the approved number of years from the date of establishment of the approved overseas trade office; or

(v) which are incurred by a firm or company having a permanent establishment subject to tax in the country in which the approved trade office is established;

(*d*) any expenses incurred during the basis period for a year of assessment by a firm or company if —

(i) any part of its income for that year of assessment is exempt or partly exempt from tax under section 13A, 13F, 13S or 13V;

(ii) any part of its income for that year of assessment is subject to tax at a concessionary rate of tax under section 43C, 43E, 43G, 43J, 43P, 43Q, 43W, 43ZA, 43ZB, 43ZC, 43ZF or 43ZG or the regulations made thereunder; or

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

(iii) it is given tax relief under Part II, III or IIIB of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86) for that year of assessment, or is given an investment allowance under Part X of that Act for that year of assessment; or

(*e*) any expenses to the extent they are or are to be subsidised by a grant or subsidy from the Government or a statutory board.

[26/93; 31/98; 32/99; 22/2011; 29/2012]

(4A) Notwithstanding subsection (4), the Minister or such person as he may appoint may, in any particular case, subject to such conditions precedent and conditions subsequent as he may impose, allow a deduction of any expenses referred to in subsection (4)(*c*)(v)

provided that they are not also expenses referred to in subsection (4)(*c*)(i), (ii), (iii) or (iv).

[22/2011]

[Act 2 of 2016 wef 01/07/2015]

(5) Despite subsection (4), the Minister or such person as the Minister may appoint may, in any particular case, and subject to such conditions precedent and conditions subsequent as the Minister or appointed person may impose, allow a deduction of any expenses referred to in subsection (4)(*d*).

[Act 2 of 2016 wef 01/07/2015]

(6) If the firm or company fails to comply with a condition subsequent imposed under subsection (4A) or (5), the deduction allowed to the firm or company under that subsection is treated as the firm's or company's income for the year of assessment in which the Comptroller discovers the non-compliance.

[Act 2 of 2016 wef 01/07/2015]

(7) In relation to a deduction under this section, a condition is a condition subsequent if or to the extent that it can only be satisfied after the deduction is allowed, and a condition is a condition precedent if or to the extent that it is not a condition subsequent; and accordingly a condition may, depending on the circumstances, be either a condition precedent or a condition subsequent.

[Act 2 of 2016 wef 01/07/2015]

(8) [*Deleted by Act 19 of 2013*]

(9) [*Deleted by Act 19 of 2013*]

(10) Notwithstanding anything in this section, where it appears to the Comptroller that in any year of assessment any further deduction which has been allowed under this section or section 14E or 14L ought not to have been so allowed, the Comptroller may, within the year of assessment or within 4 years after the expiration thereof, make such assessment or additional assessment upon the firm or company as may be necessary in order to make good any loss of tax.

[19/2013]

(11) In this section —

"approved" means approved by the Minister or such person as he may appoint;

"market development expenditure" means —

(*a*) approved expenses directly attributable to the carrying out of market research or obtaining of market information, including any feasibility study;

(*b*) expenses in respect of advertisements placed in approved media;

(*c*) expenses incurred on approved promotion campaigns; or

(*d*) approved expenses incurred in the design of packaging, or in the certification of goods or services where such certification is carried out by an approved person;

"master franchise" means any agreement under which the franchisor authorises or permits the franchisee to use in Singapore or overseas a business system owned or controlled by the franchisor, including the sub-franchising of the business system;

"master intellectual property licence" means any licence under which the licensor authorises or permits the licensee to use in Singapore or overseas the rights under a patent, copyright, trade mark, design or know-how, including the sub-licensing of the same.

[32/95; 31/98]

(12) No approval shall be granted under this section after 31st March 2020.

[22/2011]

[Act 34 of 2016 wef 01/04/2016]

14C. [*Deleted by Act 34 of 2016 wef 29/12/2016*]

Expenditure on research and development

14D.—(1) For the purpose of ascertaining the income of any person carrying on any trade or business and subject to subsection (4), the following expenditure incurred (other than any amount which is allowable as a deduction under section 14) by that person shall be allowed as a deduction:

(*a*) expenditure incurred on research and development undertaken directly by him and related to that trade or business (except to the extent that it is capital expenditure on plant, machinery, land or buildings or on alterations, additions or extensions to buildings or in the acquisition of rights in or arising out of research and development);

(*aa*) expenditure incurred during the basis period for any year of assessment between the year of assessment 2009 and the year of assessment 2025 (both years inclusive) on research and development undertaken in Singapore directly by him and not related to that trade or business (except to the extent that it is capital expenditure on plant, machinery, land or buildings or on alterations, additions or extensions to buildings or in the acquisition of rights in or arising out of research and development);

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(*b*) payments made by that person to a research and development organisation for undertaking on his behalf in Singapore research and development related to that trade or business;

(*ba*) payments made by that person to a research and development organisation for undertaking on his behalf, partly in Singapore and partly outside Singapore, research and development related to that trade or business;

(*c*) payments made during the basis period for any year of assessment between the year of assessment 2009 and the year of assessment 2025 (both years inclusive) by that person to a research and development organisation for undertaking on his behalf in Singapore research and development not related to that trade or business;

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(*d*) payments made by that person to a research and development organisation for undertaking on his behalf outside Singapore research and development related to that trade or business;

(*e*) payments made by that person under any cost-sharing agreement during the basis period for the year of assessment 2012 or a subsequent year of assessment, in respect of research and development that is related to that trade or business (excluding any payment made by him for the right to become a party to the cost-sharing agreement), regardless of who undertakes the research and development so long as it is undertaken wholly or partly for himself or on his behalf; and

(*f*) payments made by that person during the basis period for any year of assessment between the year of assessment 2012 and the year of assessment 2025 (both years inclusive), under any cost-sharing agreement in respect of research and development that is undertaken in Singapore and is not related to that trade or business (excluding any payment made by him for the right to become a party to the cost-sharing agreement), regardless of who undertakes the research and development so long as it is undertaken wholly or partly for himself or on his behalf.

[28/80; 3/89; 24/2000; 37/2002; 34/2008; 29/2010; 29/2012]

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

(1A) The expenditure or payment referred to in subsection (1) shall not include any such expenditure or payment to the extent that it is or is to be subsidised by grants or subsidies from the Government or a statutory board.

[29/2010; 29/2012]

(2) For the purposes of this section, any expenditure incurred by a person prior to the commencement of his trade or business shall be deemed to have been incurred by that person on the first day on which he carries on that trade or business but a deduction for this is subject to section 14Z.

[Act 34 of 2016 wef 25/03/2016]

(3) For the purposes of subsection (1)(*ba*) or (*d*), a claim for deduction shall be allowed to a person only if —

(*a*) there is an undertaking by the person that any benefit which may arise from the conduct of the research and development shall accrue to the person; and

(*b*) the claim is made by the person in such manner and subject to such conditions as the Comptroller may require.

[37/2002; 34/2008; 29/2012]

(3A) For the purposes of subsection (1)(*e*) in respect of research and development that is undertaken wholly or partly outside Singapore, a claim for deduction shall be allowed to a person only if —

(*a*) there is an undertaking by the person that any benefit which may arise from the conduct of the research and development shall accrue, wholly or partly, to the person; and

(*b*) the claim is made by the person in such manner and subject to such conditions as the Comptroller may require.

[29/2012]

(4) The deduction of the expenditure and payments referred to in subsection (1)(*aa*), (*c*) and (*f*) shall be made in accordance with the following provisions:

(*a*) if the person derives from the trade or business carried on by him both normal income and concessionary income, the amount of the expenditure or payments (after deducting any amount in respect of which an election for a cash payout has been made under section 37I) shall so far as possible be deducted against the normal income, and any remaining balance of the amount shall be treated as part of the unabsorbed losses in respect of the normal income to be deducted against the concessionary income in accordance with section 37B;

(*b*) if the concessionary income referred to in paragraph (*a*) is subject to tax at 2 or more concessionary rates of tax, the deduction under section 37B of the remaining balance referred to in that paragraph shall so far as possible be made against the part of the concessionary income that is subject to tax at the higher or highest concessionary rate of

tax, and the deduction under section 37B of any remaining balance shall so far as possible be made against the part of the concessionary income that is subject to tax at the lower or next lowest concessionary rate of tax, and so on;

(*c*) if the person derives from the trade or business only concessionary income which is subject to tax at a single concessionary rate of tax, a specified amount of the expenditure or payments shall be deducted against the concessionary income;

(*d*) if the person derives from the trade or business only concessionary income which is subject to tax at 2 or more concessionary rates of tax, a specified amount of the expenditure or payments shall so far as possible be deducted against the part of the concessionary income that is subject to the higher or highest concessionary rate of tax, and any remaining balance of the specified amount shall be treated as part of the unabsorbed losses in respect of that part of the concessionary income that is subject to the higher or highest concessionary rate of tax, to be deducted in accordance with section 37B against the rest of the concessionary income;

(*e*) if the rest of the concessionary income referred to in paragraph (*d*) is subject to tax at 2 or more concessionary rates of tax, then paragraph (*b*) shall apply, with the necessary modifications, to the last-mentioned deduction in paragraph (*d*).

[34/2008; 29/2010; 29/2012]

(4A) Where a person to whom deductions have been allowed for payments referred to in subsection (1)(*e*) or (*f*) becomes entitled to any royalty or other payments (in one lump sum or otherwise) for the use of or right to use any technology or know-how developed from the research and development activities conducted under the cost-sharing agreement, such royalty or payments shall be deemed to be income of that person that is derived from Singapore for the year of assessment which relates to the basis period in which he becomes entitled to the royalty or payments.

[29/2012]

(5) In this section —

"concessionary income" means income that is subject to tax at a concessionary rate of tax;

"concessionary rate of tax" means the rate of tax in accordance with —

(*a*) any order made under section 13(12);

(*b*) section 43C (in respect of those relating to offshore general insurance business only), 43E, 43G, 43I, 43J, 43N, 43P, 43Q, 43R, 43U, 43W, 43X, 43Y, 43Z, 43ZA, 43ZB, 43ZC, 43ZD, 43ZE, 43ZF, 43ZG or 43ZH, or the regulations made under any of them, as the case may be; or

(*c*) section 19J(5C) or (5E) or 19KA(1)(*b*) (as the case may be) of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86);

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

"cost-sharing agreement" means any agreement or arrangement made by 2 or more persons to share the expenditure of research and development activities to be carried out under the agreement or arrangement;

"normal income" means income that is subject to tax at the rate of tax specified in section 43(1)(*a*);

"specified amount", in relation to any expenditure or payments, means an amount computed in accordance with the formula

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

where A is the amount of the expenditure or payments (after deducting any amount in respect of which an election for a cash payout has been made under section 37I);

B is the rate of tax specified in section 43(1)(*a*); and

C is —

(*a*) in a case where the concessionary income derived by the person from the trade or business carried on by him is subject to tax at a single concessionary rate of tax, that rate; or

(*b*) in a case where the concessionary income derived by the person from the trade or business carried on by him is subject to tax at 2 or more concessionary rates of tax, the higher or highest of those rates.

[34/2008; 29/2010; 29/2012]

Enhanced deduction for qualifying expenditure on research and development

14DA.—(1) Subject to this section, for the purpose of ascertaining the income of a person carrying on any trade or business during the basis period for any year of assessment between the year of assessment 2009 and the year of assessment 2025 (both years inclusive), there shall be allowed in respect of all his trades and businesses, in addition to the deductions allowed under section 14D, a deduction for expenditure or payments for research and development undertaken by him, of an amount computed in accordance with the following formula:

$$(U + V) \times 50\%,$$

where U is the amount of qualifying expenditure incurred during the basis period on any local research and development undertaken directly by the person, including on that part undertaken in Singapore of any mixed research and development undertaken directly by that person, but excluding any capital expenditure on plant, machinery, land or buildings or on alterations, additions or extensions to buildings or in the acquisition of rights in or arising out of research and development; and

V is the aggregate of the following:

(*a*) the amount referred to in subsection (2A) of payments made during the basis period by the person to a research and development organisation for undertaking local research and development on his behalf, including for that part undertaken in Singapore of any mixed research and development that is undertaken by a research and development organisation on his behalf; and

(*b*) the amount referred to in subsection (2A) of payments made during the basis period (being the basis period for the year of assessment 2012 or a subsequent year of assessment) by the person under a cost-sharing agreement (excluding any payment made by him for the right to become a party to the cost-sharing agreement) —

(i) for any local research and development; or

(ii) for that part of any mixed research and development that is undertaken in Singapore,

regardless of who undertakes the research and development so long as it is undertaken wholly or partly for himself or on his behalf.

[22/2011; 29/2012]

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

(2) Subject to this section and section 37IC, for the purpose of ascertaining the income of a person carrying on any trade or business during the basis period for any year of assessment between the year of assessment 2011 and the year of assessment 2018 (both years inclusive), there shall be allowed in respect of all his trades and businesses, in addition to the deductions allowed under subsection (1) and section 14D, a deduction for expenditure or payments for research and development undertaken by him, of —

(*a*) an amount computed in accordance with the formula

$$[(U + V) \times 250\%] + [(W + X) \times 300\%];$$ or

(*b*) if the aggregate of U, V, W and X exceeds the specified amount for the year of assessment, an amount computed in accordance with the formula

$$(Y \times 250\%) + (Z \times 300\%),$$

where U and V have the same meanings as in subsection (1);

W is the amount of qualifying expenditure incurred during the basis period on any foreign research and development undertaken directly by the person, including on that part undertaken outside Singapore of any mixed research and development undertaken directly by that person, but excluding any capital expenditure on plant, machinery, land or buildings or on alterations, additions or extensions to buildings or in the acquisition of rights in or arising out of research and development;

X is the aggregate of the following:

(*a*) the amount referred to in subsection (2A) of payments made during the basis period by the person to a research and development organisation for undertaking any foreign research and development on his behalf, including for that part undertaken outside Singapore of any mixed research and development that is undertaken by a research and development organisation on his behalf; and

(*b*) the amount referred to in subsection (2A) of payments made during the basis period (being the basis period for any year of assessment between the year of assessment 2012 and the year of assessment 2018 (both years inclusive)) by the person under a cost-sharing agreement (excluding any payment

made by him for the right to become a party to the cost-sharing agreement) —

(i) for any foreign research and development; or

(ii) for that part of any mixed research and development that is undertaken outside Singapore,

regardless of who undertakes the research and development so long as it is undertaken wholly or partly for himself or on his behalf;

Y is the whole or any part of the sum of U and V which the person has elected for inclusion in the computation of the deduction under this paragraph, which when aggregated with Z does not exceed the specified amount; and

Z is the whole or any part of the sum of W and X which the person has elected for inclusion in the computation of the deduction under this paragraph, which when aggregated with Y does not exceed the specified amount.

[22/2011; 29/2012]

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

(2A) The amount of any of the payments in the definitions of V and X in subsections (1) and (2) is —

(*a*) if more than 60% of all the payments made during the basis period to the research and development organisation or under the cost-sharing agreement to which the definition applies are qualifying expenditure, the actual amount of the qualifying expenditure; or

(*b*) in all other cases, 60% of all such payments,

and where there is more than one research and development organisation or cost-sharing agreement, the aggregate of all the

amounts computed in this manner of the payments to every organisation or under every agreement.

[29/2012]

(2B) In subsections (1) and (2) —

"foreign research and development" means research and development that is undertaken outside Singapore, and that is related to the trade or business of the first-mentioned person in subsection (1);

"local research and development" means research and development that is undertaken in Singapore;

"mixed research and development" means research and development that is undertaken partly in Singapore and partly outside Singapore, and that is related to the trade or business of the first-mentioned person in subsection (1) or (2), as the case may be.

[29/2012]

(3) The election under subsection (2)(*b*) shall be made at the time of lodgment of the return of income for the year of assessment or within such further time as the Comptroller may, in his discretion, allow.

[22/2011]

(4) The specified amount referred to in subsection (2)(*b*) is —

(*a*) for the year of assessment 2011, $800,000;

(*b*) for the year of assessment 2012, the balance after deducting from $800,000 the subsection (2) amount for the year of assessment 2011;

(*c*) for the year of assessment 2013, $1,200,000;

(*d*) for the year of assessment 2014, the balance after deducting from $1,200,000 the subsection (2) amount for the year of assessment 2013;

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(*e*) for the year of assessment 2015, the balance after deducting from $1,200,000 the subsection (2) amount for

the year of assessment 2013 and the subsection (2) amount for the year of assessment 2014;

[22/2011]

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(*f*) for the year of assessment 2016, $1,200,000;

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(*g*) for the year of assessment 2017, the balance after deducting from $1,200,000 the subsection (2) amount for the year of assessment 2016; or

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(*h*) for the year of assessment 2018, the balance after deducting from $1,200,000 the subsection (2) amount for the year of assessment 2016 and the subsection (2) amount for the year of assessment 2017.

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

(5) In subsection (4) —

(*a*) the amount under paragraph (*a*) of that subsection shall be substituted with "$400,000" if the person does not carry on any trade or business during the basis period for the year of assessment 2012;

(*b*) the balance under paragraph (*b*) of that subsection shall be substituted with "$400,000" if the person does not carry on any trade or business during the basis period for the year of assessment 2011;

(*c*) if the person does not carry on any trade or business during the basis period for any one year of assessment between the year of assessment 2013 and the year of assessment 2015 (both years inclusive), the references to "$1,200,000" in the paragraphs of that subsection applicable to the other 2 years of assessment shall be substituted with "$800,000";

(*d*) if the person does not carry on any trade or business during the basis periods for any 2 years of assessment between the year of assessment 2013 and the year of assessment 2015 (both years inclusive), the reference to "$1,200,000" in the

paragraph of that subsection applicable to the remaining year of assessment shall be substituted with "$400,000";

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(*da*) if the person does not carry on any trade or business during the basis period for any one year of assessment between the years of assessment 2016 and 2018 (both years inclusive), the references to "$1,200,000" in the paragraphs of that subsection applicable to the other 2 years of assessment shall be substituted with "$800,000";

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(*db*) if the person does not carry on any trade or business during the basis periods for any 2 years of assessment between the years of assessment 2016 and 2018 (both years inclusive), the reference to "$1,200,000" in the paragraph of that subsection applicable to the remaining year of assessment shall be substituted with "$400,000";

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(*e*) for the avoidance of doubt, no deduction shall be made from the substituted amount in subsection (4)(*d*) or (*e*) of the subsection (2) amount for the year of assessment 2013 if the person does not carry on any trade or business during the basis period for that year of assessment, and no deduction shall be made from the substituted amount in subsection (4)(*e*) of the subsection (2) amount for the year of assessment 2014 if the person does not carry on any trade or business during the basis period for that year of assessment; and

[22/2011]

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(*f*) for the avoidance of doubt, no deduction shall be made from the substituted amount in subsection (4)(*g*) or (*h*) of the subsection (2) amount for the year of assessment 2016 if the person does not carry on any trade or business during the basis period for that year of assessment, and no deduction shall be made from the substituted amount in subsection (4)(*h*) of the subsection (2) amount for the year of assessment 2017 if the person does not carry on any

trade or business during the basis period for that year of assessment.

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(6) For the purposes of subsections (4) and (5), "subsection (2) amount", in relation to a year of assessment, means —

(*a*) if the deduction allowed under subsection (2) for that year of assessment is the amount referred to in subsection (2)(*a*), the aggregate of U, V, W and X referred to in that subsection; or

(*b*) if the deduction allowed under subsection (2) for that year of assessment is the amount referred to in subsection (2)(*b*), the aggregate of Y and Z referred to in that subsection.

[22/2011]

(7) For the purpose of subsection (2)(*b*), where an individual carrying on a trade or business through 2 or more firms (excluding partnerships) has, during the basis period for any year of assessment between the year of assessment 2011 and the year of assessment 2018 (both years inclusive), incurred qualifying expenditure or made payments in respect of such firms entitling him to a deduction under subsection (2), the deduction that may be allowed to him for those expenditure or payments in respect of all his trades and businesses shall not exceed the amount computed in accordance with subsection (2)(*b*) for that year of assessment.

[22/2011]

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

(8) For the purpose of subsection (2)(*b*), where a partnership carrying on a trade or business has, during the basis period for any year of assessment between the year of assessment 2011 and the year of assessment 2018 (both years inclusive), incurred qualifying expenditure or made payments entitling the partners of the partnership to a deduction under subsection (2), the aggregate of the deductions that may be allowed to all the partners of the partnership for the expenditure or payments in respect of all the trades and businesses of the partnership shall not exceed the amount

computed in accordance with subsection (2)(*b*) for that year of assessment.

[22/2011]

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(9) Section 14D(4) and (5) shall apply in relation to the deduction for expenditure and payments for which a deduction is allowed under subsection (1) or (2) for research and development that is not related to the trade or business carried on by the person, as they apply in relation to the deduction for the expenditure and payments referred to in section 14D(1)(*aa*), (*c*) and (*f*), subject to the following modifications:

(*a*) a reference to the amount of the expenditure or payments (after deducting any amount in respect of which an election for a cash payout has been made under section 37I) in section 14D(4) is a reference to the remaining amount of the deduction under subsection (1) or (2) (as the case may be) after deducting the amount of the deduction under that subsection that corresponds to the qualifying expenditure or payments in respect of which an election for a cash payout has been made under section 37I;

(*b*) a reference to the specified amount of the expenditure or payments is a reference to an amount computed in accordance with the formula

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

where A is the remaining amount of the deduction under subsection (1) or (2) (as the case may be) after deducting the amount of the deduction under that subsection that corresponds to the qualifying expenditure or payments in respect of which an election for a cash payout has been made under section 37I;

B is the rate of tax specified in section 43(1)(*a*); and

C is —

(i) in a case where the concessionary income derived by the person from the trade or business carried on by him is subject to tax at a single concessionary rate of tax, that rate; or

(ii) in a case where the concessionary income derived by the person from the trade or business carried on by him is subject to tax at 2 or more concessionary rates of tax, the higher or highest of those rates.

[22/2011; 29/2012]

(10) No deduction shall be allowed to a company under subsection (2) for any year of assessment if a deduction for any expenditure has been allowed under section 37G for that year of assessment.

[22/2011]

(11) In this section —

"consumables" means any materials or items used in the research and development which, upon such use, are consumed or transformed in such a manner that they are no longer useable in their original form, but does not include utilities;

"cost-sharing agreement" means any agreement or arrangement made by 2 or more persons to share the expenditure of research and development activities to be carried out under the agreement or arrangement;

"qualifying expenditure" means any expenditure attributable to the research and development that is incurred on —

(*a*) staff costs;

(*b*) consumables; or

(*c*) such other matter as the Minister may prescribe by regulations;

"staff costs" means any salary, wages and other benefits paid or granted in respect of employment (excluding director's fees), whether in money or otherwise, to any employee for carrying out the research and development, and includes —

(*a*) expenses incurred for training or certifying the employee for the purpose of carrying out the research and development; and

(*b*) such other expenses as may be prescribed.

[22/2011; 29/2012]

(12) In this section —

(*a*) a reference to a person undertaking research and development includes —

(i) a reference to a research and development organisation undertaking research and development on his behalf; and

(ii) for any year of assessment between the year of assessment 2012 and the year of assessment 2025 (both years inclusive), a reference to any person undertaking research and development under a cost-sharing agreement of which the first-mentioned person is a party, so long as the research and development is undertaken wholly or partly for the first-mentioned person or on his behalf; and

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(*b*) a reference to any expenditure or payment excludes any such expenditure or payment to the extent that it is or is to be subsidised by grants or subsidies from the Government or a statutory board.

[29/2012]

Further deduction for expenditure on research and development project

14E.—(1) Subject to this section, where the Comptroller is satisfied that —

(*a*) a person carrying on any trade or business has incurred expenditure in undertaking directly by himself, or in paying a research and development organisation to undertake on his behalf, an approved research and development project in Singapore which is related to that trade or business;

(*aa*) a person carrying on any trade or business has incurred during the basis period for any year of assessment between the year of assessment 2009 and the year of assessment 2020 (both years inclusive) expenditure in undertaking directly by himself, or in paying a research and development organisation to undertake on his behalf, an approved research and development project in Singapore which is not related to that trade or business; or

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

(*b*) a research and development organisation has incurred expenditure in undertaking an approved research and development project in Singapore and no deduction under this section has been allowed to another person in respect of any expenditure for that project or for another project of which that project forms a part,

there shall be allowed to that person or research and development organisation a further deduction of the amount of such expenditure in addition to the deduction allowed under section 14, 14D or 14DA, as the case may be.

[28/80; 3/89; 37/2002; 34/2008; 29/2010]

(2) The Minister or such person as he may appoint may —

(*a*) specify the maximum amount of the expenditure (or any item thereof) incurred to be allowed under subsection (1);

(*b*) impose such conditions as he thinks fit when approving the research and development project; and

(*c*) specify the period or periods for which deduction is to be allowed under this section.

[7/2007]

(3) No deduction shall be allowed under this section in respect of any expenditure which is not allowed under section 14 or 14D.

(3A) The total amount of deduction allowed under this section and sections 14, 14D and 14DA in respect of any expenditure incurred by a person for an approved research and development project in Singapore shall not exceed 200% of such expenditure incurred.

[34/2008]

(3AA) No deduction shall be allowed to any person under this section in respect of any expenditure for which a deduction has been allowed under section 14DA(2).

[29/2010; 22/2011]

(3B) Section 14D(4) and (5) shall apply in relation to the deduction of the expenditure and payments referred to in subsection (1)(*aa*), as they apply in relation to the deduction of the expenditure and payments referred to in section 14D(1)(*aa*), (*c*) and (*f*), subject to the following modifications:

(*a*) a reference to the amount of the expenditure or payments is a reference to the amount of deduction that would have been allowed under this section for the expenditure or payments referred to in subsection (1)(*aa*) but for this subsection;

(*b*) a reference to a specified amount of the expenditure or payments is a reference to an amount computed in accordance with the following formula:

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

where A is the amount of the deduction referred to in paragraph (*a*);

B is the rate of tax specified in section 43(1)(*a*); and

C is —

(i) in a case where the concessionary income (as defined in section 14D(5)) derived by the person from the trade or business carried on by him is subject to tax at a single concessionary rate of tax, that rate; or

(ii) in a case where the concessionary income derived by the person from the trade or business carried on by him is subject to tax at 2 or more concessionary rates of tax, the higher or highest of those rates.

[34/2008; 29/2012]

(3C) No research and development project may be approved under this section after 31st March 2020.

[29/2012]

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

(4) In this section, "approved" means approved by the Minister or such person as he may appoint.

[3/89; 37/2002]

Management expenses of investment companies

14F.—(1) Subject to this section, for the purpose of ascertaining the income for the basis period for any year of assessment of an approved investment company, there shall be allowed as a deduction any expenses for the management of its investments paid to any person who is a resident of or has a permanent establishment in Singapore and the amount of the deduction shall be ascertained by the formula

$$\frac{A \times B}{2C},$$

where A is the total expenses for the management of its investments paid for that basis period;

B is the total interest and dividends chargeable to tax in that basis period; and

C is the total investment income (whether chargeable to tax or not) for that basis period.

[1/82]

(2) The deduction allowed under this section for any year of assessment shall not exceed the total interest and dividends

chargeable to tax of the approved investment company in the basis period for that year of assessment.

(3) This section shall not apply to any investment company which has been approved under section 10A or any unit trust which has been approved under section 10B or any designated unit trust within the meaning of section 35(14).

[3/89; 23/90; 32/95]

[Act 37 of 2014 wef 01/09/2014]

(4) In this section —

"approved" means approved by the Minister or such person as he may appoint;

"investment company" means any company whose business consists wholly or mainly in the making of investments and the principal part of whose income is derived therefrom, and includes any unit trust.

14G. [*Repealed by Act 21 of 2003*]

Expenditure on building modifications for benefit of disabled employees

14H.—(1) Subject to subsections (2) and (3), where any person being the owner or lessee of any premises and carrying on a trade, business or profession at those premises has incurred approved expenditure on any addition or alteration to those premises for the purpose of facilitating the mobility or work of any disabled employee, there shall, in ascertaining the income of that person for the basis period during which the expenditure was incurred, be allowed as a deduction an amount equal to that expenditure.

[1/90]

(2) Where any person has been allowed a deduction under subsection (1), no deduction shall be allowed under any other provision of this Act in respect of the expenditure for which the deduction was allowed.

(3) Where a person has been allowed a deduction or deductions under this section amounting to $100,000, whether for one or more years of assessment, no further deduction shall be allowed to that person under this section.

(4) In this section, "approved" means approved by the Minister or such person as he may appoint.

Provisions by banks and qualifying finance companies for doubtful debts and diminution in value of investments

14I.—(1) Subject to this section, for the purpose of ascertaining the income for the basis period for any year of assessment of a bank or qualifying finance company, there shall be allowed as a deduction an amount in respect of the provision for doubtful debts arising from its loans and the provision for diminution in the value of its investments in securities, made in that basis period.

[2/92; 28/96]

(2) Where in the basis period for any year of assessment —

(*a*) any amount of the provisions is written back, that amount shall be treated as having been allowed as a deduction under this section and shall be deemed to be a trading receipt of the bank or qualifying finance company for that basis period;

(*b*) the bank or qualifying finance company permanently ceases to carry on business in Singapore, any provisions in the account of the bank or qualifying finance company as at the date of the cessation shall be deemed to be a trading receipt of the bank or qualifying finance company for that basis period.

[28/96]

(3) The total amount deemed as trading receipts under subsection (2) shall not exceed the total amount of all deductions previously allowed under this section.

(4) Where in a scheme of amalgamation involving 2 or more banks or finance companies whereby the whole or substantially the whole of the undertaking of any bank or finance company is transferred to another bank or finance company, the Minister may, if he thinks fit and on such conditions as he may impose, by order declare that any provisions in the account of the transferor bank or transferor finance company which have been transferred to the transferee bank or transferee finance company shall not be deemed under

subsection (2)(*b*) to be a trading receipt of the transferor bank or transferor finance company; and the provisions so declared shall for the purposes of this section be treated as having been allowed to the transferee bank or transferee finance company as a deduction under this section.

[28/96]

(5) Subject to subsection (6), the total amount of the provisions to be allowed as a deduction under this section for any year of assessment shall not exceed the lowest of —

(*a*) 25% of the qualifying profits for the basis period for that year of assessment;

(*b*) $^{1}/_{2}$% of the prescribed value of the loans and investments in securities in the basis period for that year of assessment; and

(*c*) 3% of the prescribed value of the loans and investments in securities in the basis period for that year of assessment, less the total amount of all deductions previously allowed under this section which have not been deemed to be trading receipts under subsections (2) and (3).

[32/95; 1/98; 32/99]

(6) No deduction shall be allowed for any year of assessment —

(*a*) where there are no qualifying profits in the basis period for that year of assessment; or

(*b*) where the total amount of all deductions previously allowed under this section, which have not been deemed to be trading receipts under subsections (2) and (3), is in excess of 3% of the prescribed value of the loans and investments in securities for the relevant basis period for that year of assessment.

[1/98; 32/99]

(7) In this section —

"bank" means a bank licensed under the Banking Act (Cap. 19) or a merchant bank approved by the Monetary Authority of Singapore;

"capital funds" has the same meaning as in the Finance Companies Act (Cap. 108);

"loan" means any loan, advance or credit facility made or granted by a bank or qualifying finance company, including an overdraft except for —

(*a*) loans to and placements with financial institutions in Singapore or any other country;

(*b*) loans to the Government of Singapore or the government of any other country;

(*c*) loans to and placements with the Monetary Authority of Singapore or the central bank or other monetary authority of any other country;

(*d*) loans to statutory bodies or corporations guaranteed by the Government of Singapore or the government of any other country; and

(*e*) such other loans or advances as may be prescribed;

"prescribed value of loans and investments in securities", in relation to the basis period for any year of assessment, means the value (ascertained in such manner as the Comptroller may determine) of the loans and investments in securities (excluding any loan or investment in respect of which any deduction has been allowed under any other section of this Act) as at the last day of each month in that basis period added together and divided by the number of months in that basis period;

"provisions" means the provision for doubtful debts arising from the loans of a bank or qualifying finance company and the provision for diminution in the value of its investments in securities;

"qualifying finance company" means a company licensed under the Finance Companies Act to carry on financing business which has, in the basis period for any year of assessment for which the deduction under this section is first allowed, capital

funds of not less than $50 million and a capital adequacy ratio of not less than 12% as determined under that Act;

"qualifying profit" means the net profit (excluding any extraordinary gain which is not subject to tax) as shown in the audited accounts of the bank or qualifying finance company before deducting provision for taxation, tax paid, any extraordinary loss not allowed as a deduction, provision for doubtful debts arising from loans and provision for diminution in value of investments in securities;

"securities" means —

(*a*) debentures, stocks, shares, bonds or notes excluding —

(i) those issued or guaranteed by the Government of Singapore or the government of any other country; and

(ii) stocks and shares held by a bank or qualifying finance company and issued by any company in which 5% or more of the total number of its issued shares are beneficially owned, directly or indirectly, by the bank or qualifying finance company at any time during the basis period for the relevant year of assessment;

(*b*) any right or option in respect of any debentures, stocks, shares, bonds or notes referred to in paragraph (*a*);

(*c*) units in any unit trust within the meaning of section 10B;

(*d*) units in a registered business trust within the meaning of section 36B;

(*e*) any right or option in respect of any unit in a registered business trust within the meaning of section 36B; or

(*f*) units in a real estate investment trust within the meaning of section 43(10).

[28/96; 34/2005; 29/2010]

14J. [*Repealed by Act 19 of 2013*]

Further or double deduction for overseas investment development expenditure

14K.—(1) Where the Comptroller is satisfied that any investment development expenditure for the carrying out of an approved investment project overseas has been incurred by an approved firm or company resident in Singapore and carrying on business in Singapore, there shall be allowed —

(*a*) where such expenditure is allowable as a deduction under section 14, a further deduction of the amount of such expenditure in addition to the deduction allowed under that section; and

(*b*) where such expenditure is not allowable as a deduction under section 14, a deduction equal to twice the amount of such expenditure.

[26/93; 22/2011]

(1A) For the purposes of subsection (1) —

(*a*) the firm or company need not be an approved firm or approved company to be allowed a deduction under that subsection in respect of expenditure incurred at any time from 1st April 2012 to 31st March 2020 (both dates inclusive) that is directly attributable to the carrying out of any study to identify investment overseas; and

[Act 34 of 2016 wef 01/04/2016]

(*b*) the firm or company need not seek approval for the investment project to which the expenditure relates,

provided that the aggregate of —

(i) the expenditure for which the deduction is so allowed; and

(ii) the expenses for which a deduction is allowed to the firm or company under section 14B(2A),

does not exceed $100,000 for each year of assessment.

[29/2012]

(2) The Minister or such person as he may appoint may —

(*a*) specify the maximum amount of investment development expenditure for the carrying out of an approved investment project overseas (or any item thereof) to be allowed under subsection (1), other than expenditure that is the subject of a claim for deduction under subsection (1A); and

(*b*) impose such conditions as he thinks fit when approving the investment project for which the deduction is to be allowed under this section.

[22/2011; 29/2012]

(2A) The sum of —

(*a*) the amount of expenditure allowed as a deduction or a further deduction to a firm or company under subsection (1); and

(*b*) any amount of expenditure allowed as a deduction or a further deduction to the firm or company under section 14KA(1),

must not exceed $1 million for each year of assessment.

[Act 2 of 2016 wef 01/07/2015]

(3) No deduction shall be allowed under this section in respect of —

(*a*) travelling, accommodation and subsistence expenses or allowances for —

(i) more than 2 employees taking part in any study to identify investment overseas; or

(ii) more than the approved number of employees taking part in any feasibility or due diligence study on any approved investment overseas;

(*b*) any expenditure incurred during the basis period for a year of assessment by a firm or company if —

(i) any part of its income for that year of assessment is exempt or partly exempt from tax under section 13A, 13F, 13S or 13V;

(ii) any part of its income for that year of assessment is subject to tax at a concessionary rate of tax under section 43C, 43E, 43G, 43J, 43P, 43Q, 43W, 43ZA, 43ZB, 43ZC, 43ZF or 43ZG or the regulations made thereunder; or

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

(iii) it is given tax relief under Part II, III or IIIB of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86) for that year of assessment, or is given an investment allowance under Part X of that Act for that year of assessment; or

(*c*) any expenditure to the extent it is or is to be subsidised by a grant or subsidy from the Government or a statutory board.

[29/2012]

(4) Despite subsection (3), the Minister or such person as the Minister may appoint may, in any particular case, and subject to such conditions precedent and conditions subsequent as the Minister or appointed person may impose, allow a deduction of any expenditure referred to in subsection (3)(*b*).

[Act 2 of 2016 wef 01/07/2015]

(5) If the firm or company fails to comply with a condition subsequent imposed under subsection (4), the deduction allowed to the firm or company under that subsection is treated as the firm's or company's income for the year of assessment in which the Comptroller discovers the non-compliance.

[Act 2 of 2016 wef 01/07/2015]

(5A) In relation to a deduction under this section, a condition is a condition subsequent if or to the extent that it can only be satisfied after the deduction is allowed, and a condition is a condition precedent if or to the extent that it is not a condition subsequent; and accordingly a condition may, depending on the circumstances, be either a condition precedent or a condition subsequent.

[Act 2 of 2016 wef 01/07/2015]

(6) Section 14B(10) shall apply, with the necessary modifications, to any firm or company to which a deduction is allowed under subsection (1).

[19/2013]

(7) In this section —

"approved" means approved by the Minister or such person as he may appoint;

"investment development expenditure" means expenses directly attributable to the carrying out of —

(*a*) any study to identify investment overseas; and

(*b*) any feasibility or due diligence study on any approved investment overseas.

[22/2011]

(8) No approval shall be granted under this section after 31st March 2020.

[22/2011]

[Act 34 of 2016 wef 01/04/2016]

Further or double deduction for salary expenditure for employees posted overseas

14KA.—(1) Where the Comptroller is satisfied that —

(*a*) an approved firm or company resident and carrying on business in Singapore has incurred, at any time between 1 July 2015 and 31 March 2020 (both dates inclusive), salary expenditure specified for it under subsection (7) for its employees posted to an overseas establishment of the firm or company; and

(*b*) the firm or company has satisfied the conditions precedent imposed under subsection (6) for a deduction under this section,

then there is to be allowed to the firm or company —

(i) where such expenditure is allowable as a deduction under section 14, a further deduction of the amount of such expenditure in addition to the deduction allowed under that section; or

(ii) where such expenditure is not allowable as a deduction under section 14, a deduction equal to twice the amount of such expenditure.

(2) No deduction is to be allowed under subsection (1) for salary expenditure that is incurred more than 3 years after either of the following dates:

(*a*) the date the overseas establishment is incorporated, established or formed;

(*b*) if the overseas establishment (being a company) is an overseas establishment of the approved firm or company as a result of any shareholding of the approved firm or company in the establishment, but the firm or company did not hold any shares in the overseas establishment on the date of the establishment's incorporation, the earliest date on which the firm or company acquires any shares in the overseas establishment.

(3) Subject to subsection (4), the amount of salary expenditure allowed as a deduction for a year of assessment under subsection (1) must not exceed the amount specified for the firm or company under subsection (8).

(4) The sum of —

(*a*) the amount of expenditure allowed as a deduction or a further deduction to a firm or company under subsection (1); and

(*b*) any amount of expenditure allowed as a deduction or a further deduction to the firm or company under section 14K(1),

must not exceed $1 million for each year of assessment.

(5) The Minister or such person as the Minister may appoint may approve a firm or company for the purposes of claiming a deduction under subsection (1).

(6) When approving a firm or company under subsection (5), the Minister or appointed person may impose conditions precedent and conditions subsequent for a deduction under this section.

(7) When approving a firm or company under subsection (5), the Minister or appointed person must specify the salary expenditure for

which the firm or company may be allowed the deduction by reference to —

(*a*) the employees for whom the expenditure is incurred;

(*b*) the overseas establishment in which they work;

(*c*) the work which they carry out in the overseas establishment; and

(*d*) the period in which the expenditure is incurred.

(8) When approving a firm or company under subsection (5), the Minister or appointed person may also specify the maximum amount of expenditure for which the deduction is allowed.

(9) No approval may be granted under subsection (5) after 31 March 2020.

(10) No deduction may be allowed under subsection (1) in respect of —

(*a*) any expenditure incurred during the basis period for a year of assessment by a firm or company if —

(i) any part of its income for that year of assessment is exempt or partly exempt from tax under section 13A, 13F, 13S or 13V;

(ii) any part of its income for that year of assessment is subject to tax at a concessionary rate of tax under section 43C, 43E, 43G, 43J, 43P, 43Q, 43W, 43ZA, 43ZB, 43ZC, 43ZF or 43ZG or the regulations made under any of those sections; or

(iii) it is given tax relief under Part II, III or IIIB of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86) for that year of assessment, or is given an investment allowance under Part X of that Act for that year of assessment; or

(*b*) any expenditure to the extent it is or is to be subsidised by a grant or subsidy from the Government or a statutory board.

(11) Despite subsection (10), the Minister or such person as the Minister may appoint may, in any particular case, subject to such conditions precedent and conditions subsequent as the Minister or appointed person may impose, allow a deduction of any expenditure referred to in subsection (10)(*a*).

(12) A firm or company is not entitled to a deduction under subsection (1) for any salary expenditure if and to the extent that an overseas establishment of the firm or company has been allowed at any time a deduction for it under any law relating to income tax or tax of a similar character of a country outside Singapore.

(13) Despite anything in this section, where it appears to the Comptroller that in any year of assessment any deduction which has been allowed under this section ought not to have been allowed, the Comptroller may, within the year of assessment or within 4 years after the expiry of that year of assessment, make such assessment or additional assessment upon the firm or company as may be necessary to make good any loss of tax.

(14) If a condition subsequent imposed under subsection (6) is not complied with in respect of any deduction allowed to a firm or company under subsection (1) or part of such deduction, the deduction or part of the deduction is treated as the firm's or company's income for the year of assessment in which the Comptroller discovers the non-compliance.

(15) If a condition subsequent imposed under subsection (11) is not complied with, the deduction allowed to the firm or company under that subsection is treated as the firm's or company's income for the year of assessment in which the Comptroller discovers the non-compliance.

(16) Where a firm or company has been allowed a deduction under subsection (1) even though it is not entitled to it or a part of it by reason of subsection (12), the deduction or part of the deduction is treated as the firm's or company's income for the year of assessment in which the Comptroller discovers the facts by reason of which the firm or company is not entitled to the deduction or part of it.

(17) If, at any time after a firm or company has been allowed a deduction under subsection (1) for any salary expenditure, the firm or

company is reimbursed for any amount of the expenditure, the amount of the deduction that corresponds to the expenditure reimbursed is treated as the firm's or company's income for the year of assessment in which the Comptroller discovers the reimbursement.

(18) In this section —

"overseas establishment", in relation to an approved firm or company, means any of the following:

(*a*) a branch, representative office, or subsidiary of the firm or company that is established, formed or incorporated in a country outside Singapore;

(*b*) a partnership of which the firm or company is a partner, that is established or formed in a country outside Singapore;

(*c*) such other entity as the Minister or appointed person approves as an overseas establishment of the firm or company at the time of the approval of the firm or company under subsection (5);

"salary expenditure", in relation to an employee of a firm or company, means expenditure comprising wages and salary for the employee, but excludes any bonus, commission, gratuity, leave pay, perquisite, allowance, or any other payment (whether in cash or kind) prescribed under section 7.

(19) In this section, a firm or company is treated as having incurred salary expenditure for its employees posted to an overseas establishment of the firm or company, if —

(*a*) it directly incurs that amount of expenditure for which it is not reimbursed; or

(*b*) the overseas establishment directly incurs that amount of expenditure and the firm or company is liable to reimburse the overseas establishment for it, and the incurring of the expenditure and of the liability both occur —

(i) when the firm or company is an approved firm or company resident and carrying on business in Singapore; and

(ii) in the period between 1 July 2015 and 31 March 2020 (both dates inclusive).

(20) In a case referred to in subsection (19)(*b*), the date on which salary expenditure is treated as incurred for the purposes of subsection (2) is the later of the date it is incurred by the overseas establishment and the date the firm or company incurs the liability to reimburse the overseas establishment.

(21) In relation to a deduction under this section, a condition is a condition subsequent if or to the extent that it can only be satisfied after the deduction is allowed, and a condition is a condition precedent if or to the extent that it is not a condition subsequent; and accordingly a condition may, depending on the circumstances, be either a condition precedent or a condition subsequent.

[Act 2 of 2016 wef 01/07/2015]

Further deduction for expenses incurred in relocation or recruitment of overseas talent

14L. The Minister may by regulations provide that, for the purpose of ascertaining the income of any person or class of persons carrying on a trade, profession or business, there shall be allowed to such person or class of persons a further deduction, in addition to the deduction allowed under section 14, of any prescribed expenses incurred in relocating or recruiting any prescribed employee from outside Singapore to be employed in Singapore by the person or class of persons.

[31/98]

Deduction for hotel refurbishment expenditure

14M.—(1) Where any person carrying on a hotel trade or business at any hotel premises proposes to carry out a project for any refurbishment of the hotel premises, he may apply to the Minister, or such person as he may appoint, on or before 30th June 2003 for that project (which shall be completed on or before 30th June 2006) to be approved for the purposes of claiming a deduction under this section

in respect of expenditure incurred by him on the refurbishment project.

[21/2003]

(2) Where the Minister, or such person as he may appoint, considers it expedient in the public interest to do so, he may approve the refurbishment project subject to such terms and conditions as he may impose.

[32/99]

(3) Every approval given under this section shall specify —

(*a*) the qualifying period during which the approved refurbishment project is to be carried out;

(*b*) the qualifying expenditure and the maximum amount thereof to be allowed as a deduction under this section; and

(*c*) a percentage, exceeding 100% but not exceeding 150%, of the qualifying expenditure to be allowed as a deduction under this section.

[32/99]

(4) Where in the basis period for any year of assessment the person has incurred any qualifying expenditure on the approved refurbishment project, he shall be allowed, on due claim, for a period of 5 years (consecutive or otherwise) a deduction against the income from his hotel trade or business computed in accordance with subsection (5).

[32/99]

(5) The amount of deduction under subsection (4) for any year of assessment shall be ascertained by the formula

$$\frac{A \times B}{5},$$

where A is the percentage referred to in subsection (3)(*c*); and

B is the amount of qualifying expenditure incurred.

(6) No deduction shall be allowed under this section in respect of —

(*a*) any expenditure which is not incurred during the qualifying period referred to in subsection (3)(*a*);

(*b*) any expenditure which was incurred before 1st July 1998; or

(*c*) any year of assessment relating to any basis period during which the hotel premises are not used for the purposes of a hotel trade or business of the person who incurs the qualifying expenditure.

[32/99]

(7) Where any person has been allowed a deduction under this section in respect of any qualifying expenditure, no deduction shall be allowed under any other provision of this Act in respect of the expenditure for which the deduction was allowed.

[32/99]

(8) [*Deleted by Act 19 of 2013*]

(9) [*Deleted by Act 19 of 2013*]

(10) [*Deleted by Act 19 of 2013*]

(11) [*Deleted by Act 19 of 2013*]

(12) [*Deleted by Act 19 of 2013*]

(13) [*Deleted by Act 19 of 2013*]

(14) [*Deleted by Act 19 of 2013*]

(15) [*Deleted by Act 19 of 2013*]

(16) [*Deleted by Act 19 of 2013*]

(17) [*Deleted by Act 19 of 2013*]

(18) During the qualifying period referred to in subsection (3)(*a*) or within 5 years after the date of completion of the approved refurbishment project, a person who has been allowed any deduction under this section shall not, without the written approval of the Minister or such person as he may appoint —

(*a*) sell, lease out or otherwise dispose of any asset in respect of which a deduction has been allowed under this section;

(*b*) cease to use the hotel premises or any part thereof for his hotel trade or business; or

(*c*) sell, lease out or otherwise dispose of the hotel premises or any part thereof.

[32/99]

(19) Where any of the events referred to in subsection (18) occurs in the basis period for any year of assessment, the person shall be deemed to have derived an amount of income for that year of assessment equal to the total amount of deduction which has been allowed under this section in respect of the assets or any part of the hotel premises to which the event relates.

[32/99]

(20) Notwithstanding subsection (19), the Minister or such person as he may appoint may, subject to such terms and conditions as he may impose and upon any application by the person deemed to have derived income under that subsection, reduce the amount of income so deemed.

[32/99]

(21) Where any deduction allowed under this section is in respect of any capital expenditure incurred by a person on any machinery or plant and where at any time after 5 years from the date of completion of the approved refurbishment project any of the events referred to in section 20(1) occurs in respect of that machinery or plant, section 20(1) to (3) shall apply, with the necessary modifications, and a balancing allowance or a balancing charge shall be made to or, as the case may be, on that person for the year of assessment in the basis period for which that event occurs.

[32/99]

(22) For the purposes of subsection (21) —

(*a*) any reference in section 20(1) to allowances made under section 19 or 19A shall be read as a reference to a deduction allowed under this section;

(*b*) the amount of the capital expenditure on the provision of the machinery or plant still unallowed as at the time of the occurrence of the event shall be ascertained by the formula

$$C - \frac{C \times D}{5},$$

where C is the amount of capital expenditure incurred on the provision of the machinery or plant; and

D is the number of years of assessment for which any deduction has been allowed under this section in respect of that capital expenditure; and

(*c*) notwithstanding anything in section 20(3), in no case shall the amount on which a balancing charge is made on a person exceed an amount computed in accordance with the formula

$$\frac{C \times D}{5},$$

where C and D have the same meanings as in paragraph (*b*).

[32/99]

(23) Notwithstanding anything in this section, where it appears to the Comptroller that in any year of assessment any deduction allowed under this section ought not to have been so allowed, the Comptroller may, in the year of assessment or within 4 years after the expiration thereof, make such assessment or additional assessment upon the person as may be necessary in order to make good any loss of tax.

[19/2013]

Deduction for upfront land premium

14N.—(1) Where the Comptroller is satisfied that an upfront land premium has been paid by a lessee to a relevant body in respect of a designated lease for the construction or use of a building or structure for the purposes of carrying on any qualifying activity in that building or structure, there shall, subject to this section, be allowed to the lessee, for each year of assessment in the basis period for which the qualifying activity is carried on, a deduction of an amount of such expenditure ascertained by the formula

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

where A is the amount of upfront land premium paid; and

B is the number of years of the term of the designated lease for which the upfront land premium was paid.

[32/99]

(2) Where an assignee has incurred any expenditure in acquiring the remaining term of a designated lease for the construction or use of a building or structure for the purposes of carrying on any qualifying activity, there shall, subject to this section, be allowed to the assignee, for each year of assessment in the basis period for which the qualifying activity is carried on, a deduction of an amount of such expenditure ascertained by the formula

$$\frac{C}{D},$$

where C is —

(*a*) the residual expenditure immediately after the assignment; or

(*b*) the upfront land premium at the time of the assignment as determined by the relevant body for the remaining term of the designated lease,

whichever is the lower; and

D is the remaining number of years (excluding any part of a year) of the term of the designated lease for which the upfront land premium was paid.

[32/99]

(3) Subsection (2) shall apply, with the necessary modifications, to any subsequent assignment of the remaining term of the designated lease.

[32/99]

(4) The total amount of deductions to be allowed —

(*a*) to a lessee under subsection (1), shall not exceed the amount of the upfront land premium paid by him to the relevant body in respect of the designated lease; and

(*b*) to an assignee under subsection (2) or (3), as the case may be, shall not exceed the amount of C as ascertained in the formula in subsection (2).

[32/99]

(5) Where more than $^{1}/_{10}$ of the total built-up area of a building or structure constructed on any industrial land under a designated lease is not in use for any qualifying activity, no deduction under subsection (1), (2) or (3) shall be allowed in respect of such part of the building or structure which is not in use for any qualifying activity.

[32/99]

(6) No deduction shall be allowed under this section to any person for any year of assessment if the building or structure constructed on any industrial land under a designated lease is not in use for any qualifying activity at the end of the basis period for that year of assessment.

[32/99]

(7) The following provisions shall apply where a designated lease is assigned:

(*a*) where the consideration received by the assignor for the remaining term of the designated lease is less than the residual expenditure immediately before the assignment, the difference shall be allowed as a deduction to the assignor for the year of assessment in the basis period in which he assigns the remaining term of the designated lease;

(*b*) where the consideration received by the assignor for the remaining term of the designated lease is more than the residual expenditure immediately before the assignment, the difference shall be deemed to be income subject to tax under section 10(1)(*g*) and shall be included as income of the assignor for the year of assessment in the basis period in which he assigns the remaining term of the designated lease.

[32/99]

(8) The amount deemed to be income of an assignor for the purposes of subsection (7)(*b*) shall not exceed the total amount of

deduction allowed to the assignor under subsection (1), (2) or (3), as the case may be.

(9) In this section —

"designated lease" means any lease in respect of any industrial land granted to a lessee by a relevant body —

(*a*) for a period of 30 years or less during the period from 1st January 1998 to the last day of the basis period for the year of assessment 2003 of the lessee (both dates inclusive); or

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

(*b*) for a period of 60 years or less on or after the first day of the basis period for the year of assessment 2004 of the lessee and before 28th February 2013,

and includes an assignment of such a lease;

"industrial land" means any land permitted to be used for industrial purposes under the Planning Act (Cap. 232);

"qualifying activity" means —

(*a*) any activity in respect of any of the purposes referred to in section 18(1) other than the activities for purposes referred to in section 18(1)(*h*) and (*i*);

(*b*) any activity in respect of any prescribed purposes under section 18(1)(*j*) other than any activity relating to postal services or to the organisation or management of exhibitions and conferences; and

(*c*) any activity relating to the examination of motor vehicles for the purposes of section 90 of the Road Traffic Act (Cap. 276) and the rules made thereunder;

"relevant body" means —

(*a*) the Housing and Development Board constituted under the Housing and Development Act (Cap. 129); or

(*b*) the Jurong Town Corporation constituted under the Jurong Town Corporation Act (Cap. 150);

"residual expenditure", in relation to an assignment of a designated lease, shall be the amount of expenditure available for deduction to the assignor reduced by —

(*a*) the amount of any deduction allowed to the assignor under this section; and

(*b*) the amount of any deduction not allowed to the assignor under subsection (5) or (6),

and increased by any amount deemed to be income of the assignor under subsection (7)(*b*);

"upfront land premium", in relation to a designated lease, means the lump sum payment paid by a lessee to a relevant body at the commencement of the term of the designated lease.

[32/99; 21/2003]

Deduction for special reserve of approved general insurer

14O.—(1) The Minister may by regulations provide that, for the purpose of ascertaining the income of a general insurer approved by the Minister or such person as he may appoint from carrying on the business of insuring and reinsuring offshore risks, there shall be allowed for a period of 10 years a deduction for the prescribed amount of special reserves set aside by the approved general insurer for prescribed offshore risks.

[37/2002; 34/2005]

(2) Regulations made under subsection (1) may provide for —

(*a*) any amount transferred to the special reserve on an earlier date to be deemed to have been transferred out of the special reserve first;

(*b*) the circumstances in which any amount which has been allowed as deduction under this section may be deemed as trading receipt for any basis period;

(*c*) the adjustment of any amount deemed as trading receipt for any basis period in respect of any amount which has been allowed as deduction under this section; and

(*d*) generally for giving full effect to or for carrying out the purposes of this section.

[37/2002]

(3) In this section —

"insurer" has the same meaning as in section 43C;

"offshore risk" has the same meaning as in section 26.

[34/2005]

Deduction for treasury shares transferred under employee equity-based remuneration scheme

14P.—(1) Where a company transfers, in the basis period for the year of assessment 2007 or any subsequent year of assessment, treasury shares held by it to any person under a stock option scheme or a share award scheme by reason of any office or employment held in Singapore by that person, there shall be allowed a deduction to that company for that year of assessment.

[7/2007]

(2) Subject to subsection (8), the amount of deduction to be allowed to a company under subsection (1) shall be the cost to the company of acquiring the treasury shares transferred to the person less any amount payable by that person for the treasury shares.

[7/2007]

(3) For the purpose of subsection (2), the cost to the company of acquiring the treasury shares shall be determined by any of the methods referred to in subsection (4), being (if the company has previously been allowed a deduction under this section) the method consistently adopted by it when ascertaining its cost of acquiring shares under this section.

[22/2011]

(4) The methods referred to in subsection (3) are as follows:

(*a*) on the basis that the treasury shares acquired by the company at an earlier point in time are deemed to be transferred first;

(*b*) on the basis of the formula

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

where A is the number of the treasury shares transferred;

B is the total number of treasury shares held by the company immediately before the transfer; and

C is the total cost to the company of acquiring the treasury shares held by it immediately before the transfer;

(*c*) on the basis of the aggregate cost of all treasury shares transferred under subsection (1) within every regular interval in the basis period during which the transfer in question occurred, where the cost of all treasury shares so transferred within a regular interval is ascertained by the formula

$$\frac{D}{(E + F)} \times (G + H),$$

where D is the total number of treasury shares transferred under subsection (1) within that interval;

E is the total number of treasury shares held by the company at the end of the period equal in length to the regular interval immediately preceding that interval;

F is the total number of treasury shares acquired by the company within that interval;

G is the total cost to the company of acquiring the treasury shares held by it at the end of the period equal in length to the regular interval immediately preceding that interval; and

H is the total cost to the company of acquiring treasury shares within that interval.

[22/2011]

(5) Where any amount payable by a person for any treasury shares transferred to him exceeds the cost to the company of acquiring the treasury shares transferred as determined under subsection (3), the amount of the excess shall be credited to an account to be kept by the company for the purpose of this section.

[7/2007]

(6) Where there is any balance in the account kept by the company under subsection (5) and any treasury shares are subsequently transferred by the company to any person under subsection (1), the cost to the company of acquiring the treasury shares as determined under subsection (3) shall be reduced —

(*a*) where the amount of the balance is equal to or exceeds the amount of the cost, to zero; or

(*b*) where the amount of the balance is less than the amount of the cost, by the amount of the balance,

and the amount of the reduction shall be debited to the account.

[7/2007]

(7) For the purpose of this section, a company transfers treasury shares held by it to a person when the person acquires the legal and beneficial interest in the treasury shares.

[7/2007]

(8) Where a holding company transfers treasury shares held by it to any person employed at any time by a subsidiary company of the holding company under a stock option scheme or a share award scheme —

(*a*) no deduction shall be allowed to the holding company under subsection (1);

(*b*) if any amount is paid or payable by the subsidiary company to the holding company for the transfer of the treasury shares, there shall be allowed to the subsidiary company for the year of assessment which relates to the basis period in which the shares are transferred or in which the payment to the holding company for the shares becomes due and payable (whichever is the later), a deduction under subsection (1) of the lower of —

(i) the amount, less any amount paid or payable by the person for the treasury shares, to the extent the amount so paid or payable has not been deducted from the first-mentioned amount; and

(ii) an amount equal to the cost to the holding company of acquiring the treasury shares transferred to that person as determined under subsection (8A) less any amount paid or payable by the person for the treasury shares; and

(*c*) subsections (5) and (6) shall not apply to a company to which this subsection applies.

[7/2007; 22/2011]

(8A) For the purpose of subsection (8)(*b*), the amount equal to the cost to the holding company of acquiring the treasury shares transferred to a person shall be determined —

(*a*) in accordance with subsection (3); or

(*b*) where the holding company is incorporated outside Singapore and the following conditions are satisfied, on the basis that the treasury shares acquired by the holding company at the latest point in time are deemed to be transferred first:

(i) the basis is in accordance with the accounting policy of the group of companies of which the holding company is a member;

(ii) if there are applicable accounting principles which are generally accepted in the country in which the holding company is incorporated, the basis is in accordance with those principles;

(iii) the basis is consistently adopted by the holding company unless otherwise allowed by the Comptroller; and

(iv) the Comptroller is satisfied that the basis is not adopted for the purposes of deriving any tax benefit or obtaining any tax advantage.

[34/2008]

(9) In this section —

"holding company" and "subsidiary company" have the same meanings as in section 5 of the Companies Act (Cap. 50);

"regular interval", in relation to a basis period, means one of a number of equal periods within the basis period —

(*a*) where the aggregate of all of those equal periods is equal to the basis period; and

(*b*) where the duration of each equal period —

(i) in a case where the company has previously been allowed a deduction under this section, is the one previously adopted by the company for the purpose of this section; or

(ii) in any other case, is any duration adopted by the company for the purpose of this section.

[7/2007; 22/2011]

Deduction for shares transferred by special purpose vehicle under employee equity-based remuneration scheme

14PA.—(1) Where —

(*a*) a special purpose vehicle has acquired treasury shares or previously issued shares in a company and, in the basis period for the year of assessment 2012 or any subsequent year of assessment, transfers those shares to any person under a stock option scheme or a share award scheme by reason of any office or employment held in Singapore by that person in the company; and

(*b*) payment by the company for the shares transferred to the person has become due and payable,

then the company shall be allowed a deduction for the relevant year of assessment of an amount referred to in subsection (2).

[22/2011]

(2) The amount of deduction under subsection (1) is —

(*a*) where the transferred shares are previously issued shares, the lower of the following:

(i) the amount paid or payable by the company for the shares, less any amount paid or payable by the person for the shares, to the extent the amount so paid or payable has not been deducted from the first-mentioned amount;

(ii) the cost to the special purpose vehicle of acquiring the shares, less any amount paid or payable by the person for the shares; or

(*b*) where the transferred shares are treasury shares, either —

(i) the lowest of the following:

(A) the amount paid or payable by the company to the special purpose vehicle for the shares, less any amount paid or payable by the person for the shares, to the extent the amount so paid or payable has not been deducted from the first-mentioned amount;

(B) the cost to the special purpose vehicle of acquiring the shares, less any amount paid or payable by the person for the shares to the extent the amount so paid or payable has not been deducted from the amount paid or payable by the special purpose vehicle to the company for those shares;

(C) the cost to the company of acquiring the shares, less any amount paid or payable by the person for the shares; or

(ii) where the amounts referred to in sub-paragraph (i)(A) and (B) are both nil, the cost to the company of acquiring the shares less any amount paid or payable by the person for the shares.

[22/2011]

(3) For the purposes of subsection (2)(*a*)(ii) and (*b*)(i)(B), the cost to the special purpose vehicle of acquiring the transferred shares shall be determined by any of the methods referred to in subsection (4), being (if the company has previously been allowed a deduction under

this section for a transfer of shares by the special purpose vehicle) the method that is consistently adopted by the special purpose vehicle when ascertaining its cost of acquiring transferred shares under this section.

[22/2011]

(4) The methods referred to in subsection (3) are as follows:

(*a*) on the basis that the company's shares acquired by the special purpose vehicle at an earlier point in time are deemed to be transferred first;

(*b*) on the basis of the formula

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

where A is the number of the transferred shares;

B is the total number of the company's shares held by the special purpose vehicle immediately before the transfer; and

C is the total cost to the special purpose vehicle of acquiring the company's shares held by it immediately before the transfer;

(*c*) on the basis of the aggregate cost of all of the company's shares transferred by the special purpose vehicle under subsection (1) within every regular interval in the basis period during which the transfer in question occurred, where the cost of all shares so transferred within a regular interval is ascertained by the formula

$$\frac{D}{(E + F)} \times (G + H),$$

where D is the total number of the company's shares transferred by the special purpose vehicle under subsection (1) within that interval;

E is the total number of the company's shares held by the special purpose vehicle at the end of the

period equal in length to the regular interval immediately preceding that interval;

F is the total number of the company's shares acquired by the special purpose vehicle within that interval;

G is the total cost to the special purpose vehicle of acquiring the company's shares held by it at the end of the period equal in length to the regular interval immediately preceding that interval; and

H is the total cost to the special purpose vehicle of acquiring the company's shares within that interval.

[22/2011]

(5) For the purpose of subsection (2)(*b*)(i)(C) and (ii), the cost to the company of acquiring the transferred shares shall be determined by any of the methods referred to in section 14P(4) as modified in accordance with subsection (6), being (if the company has previously been allowed a deduction under this section) the method that is consistently adopted by the company when ascertaining its cost of acquiring transferred shares under this section.

[22/2011]

(6) The methods referred to in section 14P(4) shall apply for the purposes of subsection (5) as if a reference to the transfer under section 14P were a reference to the transfer of the treasury shares by the company to the special purpose vehicle.

[22/2011]

(7) Where —

(*a*) a special purpose vehicle has acquired treasury shares or previously issued shares in the holding company of another company (referred to in this section as the subsidiary company) and, in the basis period for the year of assessment 2012 or any subsequent year of assessment, transfers those shares to a person under a stock option scheme or a share award scheme by reason of any office or

employment held in Singapore by that person in the subsidiary company; and

(*b*) payment by the subsidiary company for the shares transferred to the person has become due and payable,

then the subsidiary company shall be allowed a deduction for the relevant year of assessment of an amount referred to in subsection (8).

[22/2011]

(8) The amount of deduction under subsection (7) is —

(*a*) where the transferred shares are previously issued shares, the lower of the following:

(i) the amount paid or payable by the subsidiary company for the shares, less any amount paid or payable by the person for the shares, to the extent the amount so paid or payable has not been deducted from the first-mentioned amount;

(ii) the cost to the special purpose vehicle of acquiring the shares, less any amount paid or payable by the person for the shares; or

(*b*) where the transferred shares are treasury shares, either —

(i) the lowest of the following:

(A) the amount paid or payable by the subsidiary company for the shares, less any amount paid or payable by the person for the shares, to the extent the amount so paid or payable has not been deducted from the first-mentioned amount;

(B) the cost to the special purpose vehicle of acquiring the shares, less any amount paid or payable by the person for the shares to the extent the amount so paid or payable has not been deducted from the amount paid or payable by the special purpose vehicle to the holding company for those shares;

(C) the cost to the holding company of acquiring the shares, as determined in accordance with section 14P(8A), less any amount paid or payable by the person for the shares; or

(ii) where the amount referred to in sub-paragraph (i)(B) is nil, the lower of the amounts referred to in sub-paragraph (i)(A) and (C).

[22/2011]

(9) For the purpose of subsection (8), the cost to the special purpose vehicle of acquiring the transferred shares shall be determined by any of the methods referred to in subsection (4) as modified in accordance with subsection (10), being (if the subsidiary company has previously been allowed a deduction under this section for a transfer of shares by the special purpose vehicle) the method that is consistently adopted by the special purpose vehicle when ascertaining its cost of acquiring shares under this section.

[22/2011]

(10) The methods referred to in subsection (4) shall apply for the purposes of subsection (9) as if —

(*a*) a reference to the company is a reference to the holding company; and

(*b*) a reference to subsection (1) is a reference to subsection (7).

[22/2011]

(11) For the purposes of this section, shares are transferred to a person when both the legal and beneficial interests in the shares are so transferred.

[22/2011]

(12) No deduction shall be allowed to a company under this section if a deduction has already been allowed to the company under any other provision of this Act in respect of the transferred shares.

[22/2011]

(13) In this section —

"group of companies" means 2 or more companies each of which is either a holding company or subsidiary of the other or any of the others;

"holding company" and "subsidiary" have the same meanings as in section 5 of the Companies Act (Cap. 50);

"previously issued shares", in relation to a company, means shares previously issued by the company and acquired by the special purpose vehicle —

(*a*) on a stock exchange in Singapore or elsewhere; or

(*b*) from a person other than the company which issued the shares;

"regular interval", in relation to a basis period, means one of a number of equal periods within the basis period —

(*a*) where the aggregate of all of those equal periods is equal to the basis period; and

(*b*) where the duration of each equal period —

(i) in a case where the company or subsidiary company has previously been allowed a deduction under this section for a transfer of shares by the special purpose vehicle, is the one previously adopted by the special purpose vehicle for the purpose of this section; or

(ii) in any other case, is any duration adopted by the special purpose vehicle for the purpose of this section;

"relevant year of assessment" means the year of assessment which relates to the basis period in which the later of the following occurs:

(*a*) the transfer of the shares under subsection (1) or (7) (as the case may be) to the person under a stock option scheme or a share award scheme by reason of any office or employment held in Singapore by that person in the company or subsidiary company (as the case may be);

(*b*) the payment by the company or subsidiary company (as the case may be) for the shares so transferred becomes due and payable;

"special purpose vehicle" means a trustee of a trust (when acting in such capacity) that is set up solely for the administration of a stock option scheme or share award scheme under which —

(*a*) in the case of subsection (1), either —

(i) shares in the company referred to in that subsection are to be used for the remuneration of a person by reason of any office or employment held by that person in the company; or

(ii) shares in one company within a group of companies to which the company referred to in that subsection belongs, are to be used for the remuneration of a person by reason of any office or employment held by that person in a company within the same group of companies; or

(*b*) in the case of subsection (7), shares in one company within a group of companies to which both the holding company and subsidiary company referred to in that subsection belong, are to be used for the remuneration of a person by reason of any office or employment held by that person in a company within the same group of companies.

[22/2011]

Deduction for renovation or refurbishment expenditure

14Q.—(1) Subject to this section, where any person carrying on a trade, profession or business has incurred on or after 16th February 2008 expenditure on any renovation or refurbishment works for the purposes of that trade, profession or business (referred to in this section as renovation or refurbishment expenditure), he may claim a deduction in respect of the renovation or refurbishment expenditure in accordance with this section.

[34/2008; 29/2012]

(2) Any claim for renovation or refurbishment expenditure under this section shall be made at the time of lodgment of the return of

income for the year of assessment relating to the basis period in which the expenditure is incurred or within such further time as the Comptroller may, in his discretion, allow.

[34/2008]

(3) For the purposes of subsection (1) and subject to subsections (7), (8), (8A) and (9), a deduction is allowed for one-third of the renovation or refurbishment expenditure for the basis period in which the expenditure was incurred and the balance is to be allowed by 2 equal deductions, one for each of the basis periods for the next 2 succeeding years of assessment.

[34/2008; 29/2012]

(3A) Notwithstanding subsection (3), for the purposes of subsection (1) and subject to subsections (7), (8), (8A) and (9), where the renovation or refurbishment expenditure is incurred during the basis period relating to the year of assessment 2010 or 2011, a deduction is allowed for the year of assessment 2010 or 2011, as the case may be, for the full amount of the renovation or refurbishment expenditure so incurred, unless a person elects for the deduction to be allowed in accordance with subsection (3).

[27/2009; 29/2012]

(3B) An election made by a person under subsection (3A) shall be irrevocable.

[27/2009]

(4) For the purposes of this section, any renovation or refurbishment expenditure incurred by any person prior to the commencement of his trade, profession or business shall be deemed to have been incurred by that person on the first day he carries on that trade, profession or business but the deduction for this is subject to section 14Z.

[34/2008]

[Act 34 of 2016 wef 25/03/2016]

(5) Where it appears to the Comptroller that a deduction under this section which has been allowed to any person in any year of assessment ought not to have been allowed by virtue of subsection (9)(*a*), there shall be deemed to be income of the person chargeable to tax, for the year of assessment in which the Comptroller discovers the incorrect claim, an amount equal to such deduction.

[34/2008]

(6) For the years of assessment 2009 to 2012, a deduction under this section shall be made against income from the trade, profession or business for which the renovation or refurbishment expenditure was incurred after all other deductions under this Part have been allowed.

[34/2008; 29/2012]

(7) A person shall not be entitled to —

(*a*) a deduction for renovation or refurbishment expenditure under this section where a deduction or an allowance for that expenditure is allowed under any other provision of this Act;

(*b*) a deduction for renovation or refurbishment expenditure under this section in any basis period subsequent to the basis period in which the person permanently ceases the trade, profession or business for which purpose the expenditure was incurred;

(*c*) a deduction for any amount of renovation or refurbishment expenditure incurred by a person during a specified period that begins with the basis period for the year of assessment 2009 or 2010 that is in excess of $150,000 of such expenditure;

(*d*) a deduction for any amount of renovation or refurbishment expenditure incurred by a person during a basis period within a specified period that begins with the basis period for the year of assessment 2011 that is in excess of —

(i) in the case of the basis period for the year of assessment 2011, $150,000 of such expenditure;

(ii) in the case of the basis period for the year of assessment 2012, the amount of such expenditure derived from the formula

$$\$150,000 - A,$$

where A is the lower of —

(A) the renovation or refurbishment expenditure incurred by him during the basis period for the

year of assessment 2011 which qualifies for the deduction; and

(B) $150,000; and

(iii) in the case of the basis period for the year of assessment 2013, the amount of such expenditure derived from the formula

$$\$300,000 - A - B,$$

where A has the same meaning as in sub-paragraph (ii); and

B is the lower of —

(A) the renovation or refurbishment expenditure incurred by him during the basis period for the year of assessment 2012 which qualifies for the deduction; and

(B) $150,000 – A;

(*e*) a deduction for any amount of renovation or refurbishment expenditure incurred by a person during a basis period within a specified period that begins with the basis period for the year of assessment 2012 that is in excess of —

(i) in the case of the basis period for the year of assessment 2012, $150,000 of such expenditure;

(ii) in the case of the basis period for the year of assessment 2013, the amount of such expenditure derived from the formula

$$\$300,000 - A,$$

where A is the lower of —

(A) the renovation or refurbishment expenditure incurred by him during the basis period for the year of assessment 2012 which qualifies for the deduction; and

(B) $150,000; and

(iii) in the case of the basis period for the year of assessment 2014, the amount of such expenditure derived from the formula

$$\$300,000 - A - B,$$

where A has the same meaning as in sub-paragraph (ii); and

B is the lower of —

(A) the renovation or refurbishment expenditure incurred by him during the basis period for the year of assessment 2013 which qualifies for the deduction; and

(B) $300,000 – A; or

(*f*) a deduction for any amount of renovation or refurbishment expenditure incurred by a person during a specified period that begins with the basis period for the year of assessment 2013 or any subsequent year of assessment that is in excess of $300,000 of such expenditure.

[34/2008; 29/2012; 19/2013]

(8) In subsection (7)(*c*) to (*f*), "specified period" means a period of 3 consecutive basis periods beginning with the basis period for the year of assessment in which a deduction is first allowed to the person under this section, or any successive period of 3 consecutive basis periods.

[29/2012]

(8A) Subsection (7)(*c*) to (*f*) shall apply for the purpose of determining the total amount of the deductions to be allowed to all the partners of a partnership carrying on a trade, profession or business, for the renovation or refurbishment expenditure incurred by the partnership, as if —

(*a*) references in those provisions to an amount of renovation or refurbishment expenditure incurred by a person were

references to an amount of such expenditure incurred by the partnership; and

(*b*) references in those provisions to a specified period were references to a period of 3 consecutive basis periods beginning with the basis period for the year of assessment in which a deduction is first allowed to any partner of the partnership under this section for the renovation or refurbishment expenditure incurred by the partnership, or any successive period of 3 consecutive basis periods.

[29/2012]

(9) No deduction shall be allowed to a person under this section for any renovation or refurbishment expenditure relating to —

(*a*) unless otherwise approved by the Minister or such person as he may appoint, any renovation or refurbishment works, the plans of which require the approval of the Commissioner of Building Control under the Building Control Act (Cap. 29);

(*b*) any designer or professional fees;

(*c*) any antique;

(*d*) any type of fine art, including any painting, drawing, print, calligraphy, mosaic, sculpture, pottery or art installation;

(*da*) any works carried out in relation to a place of residence provided or to be provided by the person to his employees, where the expenditure is incurred on or after 18th December 2012; or

(*e*) such other item as may be prescribed by the Minister by regulations.

[34/2008; 29/2012]

Deduction for qualifying training expenditure

14R.—(1) Subject to this section, for the purpose of ascertaining the income of a person carrying on a trade or business during the basis period for the year of assessment 2011 or the year of assessment 2012, there shall be allowed in respect of all his trades and businesses, in addition to the deduction under section 14, a deduction for

qualifying training expenditure incurred for the purposes of those trades and businesses computed in accordance with the following formula:

$$A \times 300\%,$$

where A is —

(*a*) for the year of assessment 2011, the lower of the following:

(i) such expenditure incurred during the basis period for that year of assessment;

(ii) $800,000; and

(*b*) for the year of assessment 2012, the lower of the following:

(i) such expenditure incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $800,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii).

[22/2011]

(2) Subject to this section and section 37IC, for the purpose of ascertaining the income of a person carrying on a trade or business during the basis period for the year of assessment 2013, the year of assessment 2014 or the year of assessment 2015, there shall be allowed in respect of all his trades and businesses, in addition to the deduction allowed under section 14, a deduction for qualifying training expenditure incurred for the purposes of those trades and businesses computed in accordance with the following formula:

$$A \times 300\%,$$

where A is —

(*a*) for the year of assessment 2013, the lower of the following:

(i) such expenditure incurred during the basis period for that year of assessment;

(ii) $1,200,000;

(*b*) for the year of assessment 2014, the lower of the following:

(i) such expenditure incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii); and

(*c*) for the year of assessment 2015, the lower of the following:

(i) such expenditure incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii), and the lower of the amounts specified in paragraph (*b*)(i) and (ii).

[22/2011]

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

(2A) Subject to this section and section 37IC, for the purpose of ascertaining the income of a person carrying on a trade or business during the basis period for the year of assessment 2016, 2017 or 2018, there shall be allowed in respect of all his trades and businesses, in addition to the deduction allowed under section 14, a deduction for qualifying training expenditure incurred for the purposes of those trades and businesses computed in accordance with the following formula:

$$A \times 300\%,$$

where A is —

(*a*) for the year of assessment 2016, the lower of the following:

(i) such expenditure incurred during the basis period for that year of assessment;

(ii) $1,200,000;

(*b*) for the year of assessment 2017, the lower of the following:

(i) such expenditure incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii); and

(*c*) for the year of assessment 2018, the lower of the following:

(i) such expenditure incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii), and the lower of the amounts specified in paragraph (*b*)(i) and (ii).

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

(3) No deduction shall be allowed to a person under this section in respect of any expenditure which is not allowed as a deduction under section 14.

[22/2011]

(4) In subsection (1), the amount under paragraph (*a*)(ii) shall be substituted with "$400,000" if the person does not carry on any trade or business during the basis period for the year of assessment 2012, and the balance under paragraph (*b*)(ii) shall be substituted with "$400,000" if the person does not carry on any trade or business during the basis period for the year of assessment 2011.

[22/2011]

(5) In subsection (2) —

(*a*) if the person does not carry on any trade or business during the basis period for any one year of assessment between the year of assessment 2013 and the year of assessment 2015 (both years inclusive), the references to "$1,200,000" in the paragraphs of that subsection applicable to the other 2 years of assessment shall be substituted with "$800,000";

(*b*) if the person does not carry on any trade or business during the basis periods for any 2 years of assessment between the year of assessment 2013 and the year of assessment 2015 (both years inclusive), the reference to "$1,200,000" in the paragraph of that subsection applicable to the remaining year of assessment shall be substituted with "$400,000"; and

(*c*) for the avoidance of doubt, no deduction shall be made from the substituted amount in subsection (2)(*b*)(ii) or (*c*)(ii) of the lower of the amounts specified in subsection (2)(*a*)(i) and (ii) if the person does not carry on any trade or business during the basis period for the year of assessment 2013, and no deduction shall be made from the substituted amount in subsection (2)(*c*)(ii) of the lower of the amounts specified in subsection (2)(*b*)(i) and (ii) if the person does not carry on any trade or business during the basis period for the year of assessment 2014.

[22/2011]

(5AA) In subsection (2A) —

(*a*) if the person does not carry on any trade or business during the basis period for any one year of assessment between the years of assessment 2016 and 2018 (both years inclusive), the references to "$1,200,000" in the paragraphs of that subsection applicable to the other 2 years of assessment shall be substituted with "$800,000";

(*b*) if the person does not carry on any trade or business during the basis periods for any 2 years of assessment between the years of assessment 2016 and 2018 (both years inclusive), the reference to "$1,200,000" in the paragraphs of that subsection applicable to the remaining year of assessment shall be substituted with "$400,000"; and

(*c*) to avoid doubt, no deduction shall be made from the substituted amount in subsection (2A)(*b*)(ii) or (*c*)(ii) of the lower of the amounts specified in subsection (2A)(*a*)(i) and (ii) if the person does not carry on any trade or business during the basis period for the year of assessment 2016, and no deduction shall be made from the substituted amount in subsection (2A)(*c*)(ii) of the lower of the amounts specified in subsection (2A)(*b*)(i) and (ii) if the person does not carry on any trade or business during the basis period for the year of assessment 2017.

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

(5A) For the purposes of subsections (1), (2) and (2A), where an individual carrying on a trade or business through 2 or more firms

(excluding partnerships) has, during the basis period for any year of assessment between the year of assessment 2011 and the year of assessment 2018 (both years inclusive), incurred qualifying training expenditure in respect of such firms for the purposes of his trade or business, the deduction that may be allowed to him for that expenditure in respect of all his trades and businesses shall not exceed the amount computed in accordance with subsection (1), (2) or (2A) (as the case may be) for that year of assessment.

[22/2011]

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

(5B) For the purposes of subsections (1), (2) and (2A), where a partnership carrying on a trade or business has, during the basis period for any year of assessment between the year of assessment 2011 and the year of assessment 2018 (both years inclusive), incurred qualifying training expenditure for the purposes of its trade or business, the aggregate of the deductions that may be allowed to all the partners of the partnership for that expenditure in respect of all the trades and businesses of the partnership shall not exceed the amount computed in accordance with subsection (1), (2) or (2A) (as the case may be) for that year of assessment.

[22/2011]

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

(6) In this section —

"accredited", in relation to a course, means accredited —

(*a*) by the Singapore Workforce Development Agency before the date of commencement of section 9 of the Singapore Workforce Development Agency (Amendment) Act 2016; or

(*b*) by the SkillsFuture Singapore Agency on or after that date;

[Act 24 of 2016 wef 03/10/2016]

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

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

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

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

"employee", for the purposes of the year of assessment 2012 and subsequent years of assessment, and in relation to a person carrying on a trade or business (referred to in this definition as the first person), includes an individual within such class of individuals as may be prescribed —

(*a*) who is either —

(i) engaged by the first person (whether as agent, independent contractor or otherwise) to carry on that trade or business; or

(ii) engaged by another person (whether as agent, independent contractor or otherwise) to carry on that trade or business, where that other person also engages the first person (whether as agent, independent contractor or otherwise) both to carry on that trade or business and to oversee the individual in carrying on that trade or business; or

(*b*) to whom the first person leases property, in the course of such trade or business, to enable the individual to provide a service to any person;

"employee", for the purposes of the year of assessment 2014 and subsequent years of assessment, and in relation to a person carrying on a trade or business (referred to in this definition as the first person), includes —

(*a*) an individual —

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

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

(*b*) an individual —

(i) being an employee of another person, who is seconded to the first person under a bona fide commercial arrangement to work solely for the first person; and

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

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

"qualifying training expenditure" means —

(*a*) any training expenditure incurred directly in providing for employees —

(i) a Workforce Skills Qualification (WSQ) training course which is accredited and conducted by a WSQ in-house training provider;

[Act 24 of 2016 wef 03/10/2016]

(ii) a course approved by the Institute of Technical Education (ITE) under the ITE Approved Training Centre scheme;

(iii) on-the-job training by an on-the-job training centre which is certified by the ITE; or

(iv) for the purposes of the year of assessment 2012 and subsequent years of assessment, any other in-house training course,

and includes any salary and other remuneration paid to in-house trainers for conducting such courses and training (based on the hours spent in conducting the courses and training), but excludes salaries and other remuneration or payments of any employee attending or providing administrative support for the courses and imputed overheads like rental and the cost of utilities;

(*b*) course fees for employees paid (whether directly or in the form of reimbursement) to an external training provider, including —

(i) registration or enrolment fees;

(ii) examination fees;

(iii) tuition fees; and

(iv) aptitude test fees; and

(*c*) rental of training facilities for any course or training referred to in paragraph (*a*) or (*b*), expenditure for meals and refreshments provided during any such course or training, and expenditure for training materials and stationery used for any such course or training,

but excludes any accommodation, travelling or transportation expenditure incurred in respect of employees attending or conducting the course or training, or, for the purposes of the year of assessment 2012 and subsequent years of assessment, any expenditure to the extent that it is recovered or recoverable from the employee;

[29/2012]

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

"related parties" has the same meaning as in section 13(16).

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

(7) Any expenditure incurred during any basis period for a training course referred to in paragraph (*a*)(iv) of the definition of "qualifying training expenditure" in subsection (6), including the rental of training facilities for the course, expenditure for meals and

refreshments provided during the course, and expenditure for training materials and stationery used for the course, that is in excess of $10,000 shall be disregarded for the purposes of the computation of a deduction under subsection (1), (2) or (2A).

[29/2012]

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

(8) For the purposes of the year of assessment 2011 and subsequent years of assessment, a reference in this section to qualifying training expenditure excludes any expenditure to the extent that it is or is to be subsidised by grants or subsidies from the Government or a statutory board.

[29/2012]

Deduction for qualifying design expenditure

14S.—(1) Subject to this section, for the purpose of ascertaining the income of a person carrying on a trade or business during the basis period for the year of assessment 2011 or the year of assessment 2012, there shall be allowed, in respect of all his trades and businesses, the following deductions for qualifying design expenditure incurred for the purposes of those trades and businesses during each basis period:

(*a*) where such expenditure is allowable as a deduction under section 14, a deduction of 300% of A, in addition to the deduction allowed under that section; and

(*b*) where such expenditure is not allowable as a deduction under section 14, a deduction of 400% of A,

where A is —

(i) for the year of assessment 2011, the lower of the following:

(A) such expenditure incurred during the basis period for that year of assessment;

(B) $800,000; and

(ii) for the year of assessment 2012, the lower of the following:

(A) such expenditure incurred during the basis period for that year of assessment;

(B) the balance after deducting from $800,000 the lower of the amounts specified in paragraph (i)(A) and (B).

[22/2011]

(2) Subject to this section and section 37IC, for the purpose of ascertaining the income of a person carrying on a trade or business during the basis period for the year of assessment 2013, the year of assessment 2014 or the year of assessment 2015, there shall be allowed, in respect of all his trades and businesses, the following deductions for qualifying design expenditure incurred for the purposes of those trades and businesses during the basis period:

(*a*) where such expenditure is allowable as a deduction under section 14, a deduction of 300% of A, in addition to the deduction allowed under that section; and

(*b*) where such expenditure is not allowable as a deduction under section 14, a deduction of 400% of A,

where A is —

(i) for the year of assessment 2013, the lower of the following:

(A) such expenditure incurred during the basis period for that year of assessment;

(B) $1,200,000;

(ii) for the year of assessment 2014, the lower of the following:

(A) such expenditure incurred during the basis period for that year of assessment;

(B) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (i)(A) and (B); and

(iii) for the year of assessment 2015, the lower of the following:

(A) such expenditure incurred during the basis period for that year of assessment;

(B) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (i)(A)

and (B), and the lower of the amounts specified in paragraph (ii)(A) and (B).

[22/2011]

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

(2AA) Subject to this section and section 37IC, for the purpose of ascertaining the income of a person carrying on a trade or business during the basis period for the year of assessment 2016, 2017 or 2018, there shall be allowed, in respect of all his trades and businesses, the following deductions for qualifying design expenditure incurred for the purposes of those trades and businesses during the basis period:

(*a*) where such expenditure is allowable as a deduction under section 14, a deduction of 300% of A, in addition to the deduction allowed under that section; and

(*b*) where such expenditure is not allowable as a deduction under section 14, a deduction of 400% of A,

where A is —

(i) for the year of assessment 2016, the lower of the following:

(A) such expenditure incurred during the basis period for that year of assessment;

(B) $1,200,000;

(ii) for the year of assessment 2017, the lower of the following:

(A) such expenditure incurred during the basis period for that year of assessment;

(B) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (i)(A) and (B); and

(iii) for the year of assessment 2018, the lower of the following:

(A) such expenditure incurred during the basis period for that year of assessment;

(B) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (i)(A)

and (B), and the lower of the amounts specified in paragraph (ii)(A) and (B).

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

(2A) In subsection (1), the amount under paragraph (i)(B) shall be substituted with "$400,000" if the person does not carry on any trade or business during the basis period for the year of assessment 2012, and the balance under paragraph (ii)(B) shall be substituted with "$400,000" if the person does not carry on any trade or business during the basis period for the year of assessment 2011.

[22/2011]

(2B) In subsection (2) —

(*a*) if the person does not carry on any trade or business during the basis period for any one year of assessment between the year of assessment 2013 and the year of assessment 2015 (both years inclusive), the references to "$1,200,000" in the paragraphs of that subsection applicable to the other 2 years of assessment shall be substituted with "$800,000";

(*b*) if the person does not carry on any trade or business during the basis periods for any 2 years of assessment between the year of assessment 2013 and the year of assessment 2015 (both years inclusive), the reference to "$1,200,000" in the paragraph of that subsection applicable to the remaining year of assessment shall be substituted with "$400,000"; and

(*c*) for the avoidance of doubt, no deduction shall be made from the substituted amount in subsection (2)(ii)(B) or (iii)(B) of the lower of the amounts specified in subsection (2)(i)(A) and (B) if the person does not carry on any trade or business during the basis period for the year of assessment 2013, and no deduction shall be made from the substituted amount in subsection (2)(iii)(B) of the lower of the amounts specified in subsection (2)(ii)(A) and (B) if the person does not carry on any trade or business during the basis period for the year of assessment 2014.

[22/2011]

(2C) In subsection (2AA) —

(*a*) if the person does not carry on any trade or business during the basis period for any one year of assessment between the years of assessment 2016 and 2018 (both years inclusive), the references to "$1,200,000" in the paragraphs of that subsection applicable to the other 2 years of assessment shall be substituted with "$800,000";

(*b*) if the person does not carry on any trade or business during the basis periods for any 2 years of assessment between the years of assessment 2016 and 2018 (both years inclusive), the reference to "$1,200,000" in the paragraphs of that subsection applicable to the remaining year of assessment shall be substituted with "$400,000"; and

(*c*) to avoid doubt, no deduction shall be made from the substituted amount in subsection (2AA)(ii)(B) and (iii)(B) of the lower of the amounts specified in subsection (2AA)(i)(A) and (B) if the person does not carry on any trade or business during the basis period for the year of assessment 2016, and no deduction shall be made from the substituted amount in subsection (2AA)(iii)(B) of the lower of the amounts specified in subsection (2AA)(ii)(A) and (B) if the person does not carry on any trade or business during the basis period for the year of assessment 2017.

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

(3) For the purposes of subsections (1), (2) and (2AA), where an individual carrying on a trade or business through 2 or more firms (excluding partnerships) has incurred qualifying design expenditure during the basis period for any year of assessment between the year of assessment 2011 and the year of assessment 2018 (both years inclusive) in respect of such firms for the purposes of his trade or business, the deduction that may be allowed to him for that expenditure in respect of all his trades and businesses shall not exceed the amount computed in accordance with subsection (1), (2) or (2AA) (as the case may be) for that year of assessment.

[29/2010; 22/2011]

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

(4) For the purposes of subsections (1), (2) and (2AA), where a partnership carrying on a trade or business has incurred qualifying design expenditure during the basis period for any year of assessment between the year of assessment 2011 and the year of assessment 2018 (both years inclusive) for the purposes of its trade or business, the aggregate of the deductions that may be allowed to all the partners of the partnership for that expenditure in respect of all the trades and businesses of the partnership shall not exceed the amount computed in accordance with subsection (1), (2) or (2AA) (as the case may be) for that year of assessment.

[29/2010; 22/2011]

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

(5) For the purpose of this section, any expenditure incurred by a person prior to the commencement of his trade or business shall be deemed to have been incurred by that person on the first day on which he carries on that trade or business but a deduction for this is subject to section 14Z.

[29/2010]

[Act 34 of 2016 wef 25/03/2016]

(6) In this section —

"approved design service provider" means any person who provides design consultancy services for any trade or business, and who is approved by the Minister or such person as he may appoint;

"industrial or product design" means the professional specifications of creating and developing concepts or specifications that improve or enhance the functions, value or appearance of physical products, taking into account users' needs, marketability and production;

"qualified designer" means an individual with a design-related tertiary academic qualification of at least a diploma that is approved by such person as the Minister may appoint;

"qualifying design expenditure" means —

(*a*) expenditure incurred by the person on the staff costs of in-house qualified designers which are attributable to an industrial or product design project approved

under subsection (7) and undertaken primarily in Singapore and directly by that person; and

(*b*) where an approved design service provider has been engaged by the person to undertake primarily in Singapore for the trade or business in question an industrial or product design project approved under subsection (7) —

(i) where more than 60% of all payments made by the person to the approved design service provider for the project are staff costs, the actual amount of staff costs; or

(ii) in all other cases, 60% of those payments,

but does not include any expenditure or payment to the extent that it is or is to be subsidised by grants or subsidies from the Government or a statutory board;

"staff costs" means any salary, wages and other benefits whether in the form of money or otherwise (but excluding directors' fees), paid or granted in respect of the employment of any qualified designer which are attributable to the industrial or product design project.

[29/2010; 22/2011; 29/2012]

(7) The Minister or such person as he may appoint may approve an industrial or product design project for the purposes of the definition of "qualifying design expenditure" under subsection (6), and may in granting the approval impose such conditions as he thinks fit.

[29/2010]

(7A) For the purpose of the definition of "qualifying design expenditure" in subsection (6), an industrial or product design project is undertaken primarily in Singapore if at least 3 of the following 5 design phases of the project are carried out wholly in Singapore:

(*a*) design research;

(*b*) idea generation;

(*c*) concept development;

(*d*) technical development;

(*e*) communication.

[22/2011]

(8) Where a person fails to comply with any condition imposed under subsection (7), the aggregate of deductions allowed to him under this section shall be deemed to be his income for the year of assessment in which the Comptroller discovers such non-compliance.

[29/2010]

Deduction for expenditure on leasing of PIC automation equipment under qualifying lease

14T.—(1) Subject to this section, for the purpose of ascertaining the income of a person carrying on a trade or business during the basis period for the year of assessment 2011 or the year of assessment 2012, there shall be allowed in respect of all his trades and businesses, in addition to the deduction under section 14, a deduction for the expenditure incurred for the purposes of those trades and businesses on the leasing of one or more PIC automation equipment under a qualifying lease or leases, computed in accordance with the following formula:

$$A \times 300\%,$$

where A is —

(*a*) for the year of assessment 2011, the lower of the following:

(i) such expenditure incurred during the basis period for that year of assessment;

(ii) $800,000; and

(*b*) for the year of assessment 2012, the lower of the following:

(i) such expenditure incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $800,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii).

[22/2011]

(2) Subject to this section and section 37IC, for the purpose of ascertaining the income of a person carrying on a trade or business

during the basis period for the year of assessment 2013, the year of assessment 2014 or the year of assessment 2015, there shall be allowed in respect of all his trades and businesses, in addition to the deduction allowed under section 14, a deduction for the expenditure incurred for the purposes of those trades and businesses on the leasing of one or more PIC automation equipment under a qualifying lease or leases, computed in accordance with the following formula:

$$A \times 300\%,$$

where A is —

(*a*) for the year of assessment 2013, the lower of the following:

(i) such expenditure incurred during the basis period for that year of assessment;

(ii) $1,200,000;

(*b*) for the year of assessment 2014, the lower of the following:

(i) such expenditure incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii); and

(*c*) for the year of assessment 2015, the lower of the following:

(i) such expenditure incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii), and the lower of the amounts specified in paragraph (*b*)(i) and (ii).

[22/2011]

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

(2A) Subject to this section and section 37IC, for the purpose of ascertaining the income of a person carrying on a trade or business during the basis period for the year of assessment 2016, 2017 or 2018, there shall be allowed in respect of all his trades and businesses, in addition to the deduction allowed under section 14, a deduction for

the expenditure incurred for the purposes of those trades or businesses on the leasing of one or more PIC automation equipment under a qualifying lease or leases, computed in accordance with the following formula:

$$A \times 300\%,$$

where A is —

(*a*) for the year of assessment 2016, the lower of the following:

(i) such expenditure incurred during the basis period for that year of assessment;

(ii) $1,200,000;

(*b*) for the year of assessment 2017, the lower of the following:

(i) such expenditure incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii); and

(*c*) for the year of assessment 2018, the lower of the following:

(i) such expenditure incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii), and the lower of the amounts specified in paragraph (*b*)(i) and (ii).

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

(3) No deduction shall be allowed to a person under this section in respect of —

(*a*) any expenditure which is not allowed as a deduction under section 14; or

(*b*) any expenditure incurred during the basis period for a year of assessment on the leasing of any PIC automation equipment under a qualifying lease where —

(i) the equipment is sub-leased to another person during that basis period; or

(ii) an allowance has been previously made to that person under section 19 or 19A in respect of the equipment.

[22/2011]

(4) Where a person has incurred expenditure on both the leasing under a qualifying lease and the provision of one or more PIC automation equipment during the basis period for any year of assessment between the year of assessment 2011 and the year of assessment 2015 (both years inclusive), the aggregate of the deduction under subsection (1) or (2) and the allowance under section 19A(2A) or (2B) in respect of all such expenditure shall not exceed —

(*a*) in the case of the year of assessment 2011, 300% of the lower of the following:

(i) the aggregate of all such expenditure;

(ii) $800,000;

(*b*) in the case of the year of assessment 2012, 300% of the lower of the following:

(i) the aggregate of all such expenditure;

(ii) the balance after deducting from $800,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii);

(*c*) in the case of the year of assessment 2013, 300% of the lower of the following:

(i) the aggregate of all such expenditure;

(ii) $1,200,000;

(*d*) in the case of the year of assessment 2014, 300% of the lower of the following:

(i) the aggregate of all such expenditure;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*c*)(i) and (ii); and

(*e*) in the case of the year of assessment 2015, 300% of the lower of the following:

(i) the aggregate of all such expenditure;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*c*)(i) and (ii), and the lower of the amounts specified in paragraph (*d*)(i) and (ii).

[22/2011]

(4A) Where a person has incurred expenditure on both the leasing under a qualifying lease and the provision of one or more PIC automation equipment during the basis period for any year of assessment between the years of assessment 2016 and 2018 (both years inclusive), the aggregate of the deduction under subsection (2A) and the allowance under section 19A(2BAA) in respect of all such expenditure shall not exceed —

(*a*) in the case of the year of assessment 2016, 300% of the lower of the following:

(i) the aggregate of all such expenditure;

(ii) $1,200,000;

(*b*) in the case of the year of assessment 2017, 300% of the lower of the following:

(i) the aggregate of all such expenditure;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii); and

(*c*) in the case of the year of assessment 2018, 300% of the lower of the following:

(i) the aggregate of all such expenditure;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii), and the lower of the amounts specified in paragraph (*b*)(i) and (ii).

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

(5) In subsections (1) and (4), the amounts under subsections (1)(*a*)(ii) and (4)(*a*)(ii) shall be substituted with "$400,000" if the person does not carry on any trade or business during the basis period for the year of assessment 2012, and the balances under subsections (1)(*b*)(ii) and (4)(*b*)(ii) shall be substituted with "$400,000" if the person does not carry on any trade or business during the basis period for the year of assessment 2011.

[22/2011]

(6) In subsections (2) and (4) —

(*a*) if the person does not carry on any trade or business during the basis period for any one year of assessment between the year of assessment 2013 and the year of assessment 2015 (both years inclusive), the references to "$1,200,000" in the paragraphs of those subsections applicable to the other 2 years of assessment shall be substituted with "$800,000";

(*b*) if the person does not carry on any trade or business during the basis periods for any 2 years of assessment between the year of assessment 2013 and the year of assessment 2015 (both years inclusive), the reference to "$1,200,000" in the paragraphs of those subsections applicable to the remaining year of assessment shall be substituted with "$400,000"; and

(*c*) for the avoidance of doubt —

(i) if the person does not carry on any trade or business during the basis period for the year of assessment 2013, no deduction shall be made from the substituted amount in subsection (2)(*b*)(ii) or (*c*)(ii) of the lower of the amounts specified in subsection (2)(*a*)(i) and (ii), or from the substituted amount in subsection (4)(*d*)(ii) or (*e*)(ii) of the lower of the amounts specified in subsection (4)(*c*)(i) and (ii); and

(ii) if the person does not carry on any trade or business during the basis period for the year of assessment 2014, no deduction shall be made from the

substituted amount in subsection (2)(*c*)(ii) of the lower of the amounts specified in subsection (2)(*b*)(i) and (ii), or from the substituted amount in subsection (4)(*e*)(ii) of the lower of the amounts specified in subsection (4)(*d*)(i) and (ii).

[22/2011]

(6AA) In subsections (2A) and (4A) —

(*a*) if the person does not carry on any trade or business during the basis period for any one year of assessment between the years of assessment 2016 and 2018 (both years inclusive), the references to "$1,200,000" in the paragraphs of those subsections applicable to the other 2 years of assessment shall be substituted with "$800,000";

(*b*) if the person does not carry on any trade or business during the basis periods for any 2 years of assessment between the years of assessment 2016 and 2018 (both years inclusive), the references to "$1,200,000" in the paragraphs of those subsections applicable to the remaining year of assessment shall be substituted with "$400,000"; and

(*c*) to avoid doubt —

(i) if the person does not carry on any trade or business during the basis period for the year of assessment 2016, no deduction shall be made from the substituted amount in subsection (2A)(*b*)(ii) or (*c*)(ii) of the lower of the amounts specified in subsection (2A)(*a*)(i) and (ii), or from the substituted amount in subsection (4A)(*b*)(ii) or (*c*)(ii) of the lower of the amounts specified in subsection (4A)(*a*)(i) and (ii); and

(ii) if the person does not carry on any trade or business during the basis period for the year of assessment 2017, no deduction shall be made from the substituted amount in subsection (2A)(*c*)(ii) of the lower of the amounts specified in subsection (2A)(*b*)(i) and (ii), or from the substituted amount in subsection (4A)(*c*)(ii) of the

lower of the amounts specified in subsection (4A)(*b*)(i) and (ii).

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

(6A) For the purposes of subsections (1), (2), (2A), (4) and (4A), where an individual carrying on a trade or business through 2 or more firms (excluding partnerships) has, during the basis period for any year of assessment between the year of assessment 2011 and the year of assessment 2018 (both years inclusive), incurred expenditure on the leasing of one or more PIC automation equipment under a qualifying lease or leases and (if applicable) the provision of one or more PIC automation equipment, in respect of such firms for the purposes of his trade or business, the deductions and allowances that may be allowed to him for that expenditure in respect of all his trades and businesses shall not exceed the amount computed in accordance with subsection (1), (2), (2A), (4) or (4A) (as the case may be) for that year of assessment.

[22/2011]

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

(6B) For the purposes of subsections (1), (2), (2A), (4) and (4A), where a partnership carrying on a trade or business has, during the basis period for any year of assessment between the year of assessment 2011 and the year of assessment 2018 (both years inclusive), incurred expenditure on the leasing of one or more PIC automation equipment under a qualifying lease or leases and (if applicable) the provision of one or more PIC automation equipment, for the purposes of its trade or business, the aggregate of the deductions and allowances that may be allowed to all the partners of the partnership for that expenditure in respect of all the trades and businesses of the partnership shall not exceed the amount computed in accordance with subsection (1), (2), (2A), (4) or (4A) (as the case may be) for that year of assessment.

[22/2011]

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

(6C) This section applies to expenditure incurred on procuring cloud computing services as it applies to expenditure incurred on the leasing of PIC automation equipment under a qualifying lease and, accordingly, a reference in this section (other than subsection (3)(*b*))

to the leasing of any PIC automation equipment under a qualifying lease includes a reference to procuring cloud computing services.

[22/2011]

(7) In this section —

"cloud computing" means a model for delivering information technology services under which shared resources or software, or both, are provided to computers and other devices over a network such as the Internet;

"cloud computing service" means any information technology service delivered by means of cloud computing;

"finance lease" has the same meaning as in section 10D;

"operating lease" means a lease of any machinery or plant, other than a finance lease;

"PIC automation equipment" has the same meaning as in section 19A(15);

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

"qualifying lease" means —

(*a*) any operating lease; or

(*b*) any finance lease other than a lease of PIC automation equipment which has been treated as though it had been sold pursuant to regulations made under section 10D(1).

[29/2010; 22/2011]

(8) In this section, a reference to expenditure incurred on the leasing of PIC automation equipment under a qualifying lease or the provision of PIC automation equipment 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.

[29/2010; 22/2011; 29/2012]

Deduction for expenses incurred before first dollar of income from trade, business, profession or vocation

14U.—(1) Subject to section 14Z, a person who —

(*a*) derives the first dollar of income from a trade, business, profession or vocation in an applicable basis period; and

(*b*) incurs a previous expense for which he would have been allowed a deduction or further deduction under a provision of this Part if he had commenced the trade, business, profession or vocation by the time it is incurred,

shall be allowed the deduction or further deduction for the previous expense under and in accordance with that provision.

[22/2011]

[Act 34 of 2016 wef 25/03/2016]

(2) For the purposes of subsection (1) —

(*a*) a previous expense is any outgoing or expense incurred for the purpose of that trade, business, profession or vocation at any time before the date the person derives that first dollar of income, but no earlier than 12 months before the first day of the applicable basis period (referred to in this section as the first day);

(*b*) the person shall be deemed to have commenced his trade, business, profession or vocation on the first day; and

(*c*) any previous expense incurred by the person before the first day but no earlier than 12 months before that day shall be deemed to have been incurred by him on that day.

[22/2011]

(3) For the avoidance of doubt —

(*a*) subsection (1) is subject to any other requirement to be satisfied under the relevant provision of this Part before the deduction or further deduction may be allowed; and

(*b*) a deduction or further deduction that may be or has been allowed by virtue of subsection (1) is considered for the

purposes of this Act as one that may be or has been allowed under the relevant provision of this Part.

[22/2011]

(4) Subsection (1) does not apply to the business of making investments carried out by a company or trustee of a property trust, to which section 10E applies.

[22/2011]

(5) Subsection (1) is without prejudice to any provision of this Part allowing the deduction or further deduction of any expense or outgoing incurred at an earlier point in time.

[22/2011]

(6) In this section —

(*a*) a reference to an applicable basis period is a reference to the basis period for the year of assessment 2012 or a subsequent year of assessment; and

(*b*) a reference to a provision of this Part includes a reference to regulations made under a provision of this Part, but excludes this section.

[22/2011]

Deduction for amortisation of intangible asset created under public-private partnership arrangement

14V.—(1) Where —

(*a*) a person provides services under a public-private partnership arrangement —

(i) that is the subject of a contract entered into between the Government or any approved statutory body and any person; and

(ii) to which INT FRS 112 applies;

(*b*) section 10F(1A) or (1C) applies to him in respect of those services;

(*c*) the person recognises in his financial statements, prepared in accordance with INT FRS 112, an intangible asset as having been created in the course of providing the services; and

(*d*) in accordance with FRS 38, amortisation of the asset is recognised in the person's financial statements for the basis period for the year of assessment 2012 or any subsequent year of assessment,

then the amount of the amortisation that is recognised in the person's financial statements as an expense in accordance with FRS 38, shall be allowed to the person as a deduction against an amount that is deemed as income derived by that person for that basis period under section 10F(1A) or (1C).

[19/2013]

(2) In this section —

"FRS 38" means the financial reporting standard known as Financial Reporting Standard 38 (Intangible Assets) issued by the Accounting Standards Council under the Accounting Standards Act (Cap. 2B);

"INT FRS 112" has the same meaning as in section 10F.

[19/2013]

Deduction for expenditure on licensing intellectual property rights

14W.—(1) Subject to this section and section 37IC, for the purpose of ascertaining the income of a person carrying on a trade or business during the basis period for the year of assessment 2013, 2014 or 2015, there shall be allowed, in respect of all his trades and businesses and in addition to the deduction allowed under section 14 or 14D (as the case may be), a deduction for expenditure incurred during the basis period for the purposes of those trades and businesses on the licensing from another person of any qualifying intellectual property rights that is computed in accordance with the following formula:

$$A \times 300\%,$$

where A is —

(*a*) for the year of assessment 2013, the lower of the following:

(i) such expenditure incurred during the basis period for that year of assessment;

(ii) $1,200,000;

(*b*) for the year of assessment 2014, the lower of the following:

(i) such expenditure incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii); and

(*c*) for the year of assessment 2015, the lower of the following:

(i) such expenditure incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii), and the lower of the amounts specified in paragraph (*b*)(i) and (ii).

[19/2013]

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

(2) Notwithstanding anything in this section or section 19B, where a person has, during the basis period for any year of assessment between the years of assessment 2013 and 2015 (both years inclusive), incurred both expenditure on the licensing from another person of any qualifying intellectual property rights and expenditure on the acquisition of any intellectual property rights, the aggregate of the expenditure which may be given a deduction under subsection (1) and the expenditure which may be given an allowance under section 19B(1B) shall not exceed —

(*a*) in the case of the year of assessment 2013, the lower of the following:

(i) the aggregate of all such expenditure;

(ii) $1,200,000;

(*b*) in the case of the year of assessment 2014, the lower of the following:

(i) the aggregate of all such expenditure;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii); and

(*c*) in the case of the year of assessment 2015, the lower of the following:

(i) the aggregate of all such expenditure;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii), and the lower of the amounts specified in paragraph (*b*)(i) and (ii).

[19/2013]

(3) In subsections (1) and (2) —

(*a*) if the person does not carry on any trade or business during the basis period for any one year of assessment between the years of assessment 2013 and 2015 (both years inclusive), the references to "$1,200,000" in the paragraphs of those subsections applicable to the other 2 years of assessment shall be substituted with "$800,000";

(*b*) if the person does not carry on any trade or business during the basis periods for any 2 years of assessment between the years of assessment 2013 and 2015 (both years inclusive), the references to "$1,200,000" in the paragraphs of those subsections applicable to the remaining year of assessment shall be substituted with "$400,000"; and

(*c*) for the avoidance of doubt —

(i) if the person does not carry on any trade or business during the basis period for the year of assessment 2013, no deduction shall be made from the substituted amount in subsection (1)(*b*)(ii) or (*c*)(ii) of the lower of the amounts specified in subsection (1)(*a*)(i) and (ii), or from the substituted amount in subsection (2)(*b*)(ii) or (*c*)(ii) of the lower of the amounts specified in subsection (2)(*a*)(i) and (ii); and

(ii) if the person does not carry on any trade or business during the basis period for the year of assessment 2014, no deduction shall be made from the substituted amount in subsection (1)(*c*)(ii) of the lower of the amounts specified in subsection (1)(*b*)(i) and (ii), or from the substituted amount in subsection (2)(*c*)(ii) of the lower of the amounts specified in subsection (2)(*b*)(i) and (ii).

[19/2013]

(4) Subject to this section and section 37IC, for the purpose of ascertaining the income of a person carrying on a trade or business during the basis period for the year of assessment 2016, 2017 or 2018, there shall be allowed in respect of all his trades and businesses, in addition to the deduction allowed under section 14 or 14D (as the case may be), a deduction for expenditure incurred during the basis period for the purposes of those trades and businesses on the licensing from another person of any qualifying intellectual property rights that is computed in accordance with the following formula:

$$A \times 300\%,$$

where A is —

(*a*) for the year of assessment 2016, the lower of the following:

(i) such expenditure incurred during the basis period for that year of assessment;

(ii) $1,200,000;

(*b*) for the year of assessment 2017, the lower of the following:

(i) such expenditure incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii); and

(*c*) for the year of assessment 2018, the lower of the following:

(i) such expenditure incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii), and the lower of the amounts specified in paragraph (*b*)(i) and (ii).

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

(4A) Notwithstanding anything in this section or section 19B, where a person has, during the basis period for any year of assessment between the years of assessment 2016 and 2018 (both years inclusive), incurred both expenditure on the licensing from another person of any qualifying intellectual property rights and expenditure on the acquisition of any intellectual property rights, the aggregate of the expenditure which may be given a deduction under subsection (4) and the expenditure which may be given an allowance under section 19B(1BAA) shall not exceed —

(*a*) in the case of the year of assessment 2016, the lower of the following:

(i) the aggregate of all such expenditure;

(ii) $1,200,000;

(*b*) in the case of the year of assessment 2017, the lower of the following:

(i) the aggregate of all such expenditure;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii); and

(*c*) in the case of the year of assessment 2018, the lower of the following:

(i) the aggregate of all such expenditure;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii), and the lower of the amounts specified in paragraph (*b*)(i) and (ii).

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

(4B) In subsections (4) and (4A) —

(*a*) if the person does not carry on any trade or business during the basis period for any one year of assessment between the years of assessment 2016 and 2018 (both years inclusive), the references to "$1,200,000" in the paragraphs of those subsections applicable to the other 2 years of assessment shall be substituted with "$800,000";

(*b*) if the person does not carry on any trade or business during the basis periods for any 2 years of assessment between the years of assessment 2016 and 2018 (both years inclusive), the references to "$1,200,000" in the paragraphs of those subsections applicable to the remaining year of assessment shall be substituted with "$400,000"; and

(*c*) to avoid doubt —

(i) if the person does not carry on any trade or business during the basis period for the year of assessment 2016, no deduction shall be made from the substituted amount in subsection (4)(*b*)(ii) or (*c*)(ii) of the lower of the amounts specified in subsection (4)(*a*)(i) and (ii), or from the substituted amount in subsection (4A)(*b*)(ii) or (*c*)(ii) of the lower of the amounts specified in subsection (4A)(*a*)(i) and (ii); and

(ii) if the person does not carry on any trade or business during the basis period for the year of assessment 2017, no deduction shall be made from the substituted amount in subsection (4)(*c*)(ii) of the lower of the amounts specified in subsection (4)(*b*)(i) and (ii), or from the substituted amount in subsection (4A)(*c*)(ii) of the lower of the amounts specified in subsection (4A)(*b*)(i) and (ii).

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

(4C) For the purposes of subsections (1) and (4), where an individual carrying on a trade or business through 2 or more firms (excluding partnerships) has, during the basis period for any year of assessment between the years of assessment 2013 and 2018 (both

years inclusive), incurred expenditure on the licensing from another person of any qualifying intellectual property rights in respect of such firms for the purposes of his trade or business, the deductions that may be allowed to him for that expenditure in respect of all his trades and businesses shall not exceed the amount computed in accordance with subsection (1) or (4) (as the case may be) for that year of assessment.

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

(5) For the purposes of subsections (1), (2), (4) and (4A), where a partnership carrying on a trade or business has, during the basis period for any year of assessment between the years of assessment 2013 and 2018 (both years inclusive), incurred expenditure on the licensing from another person of any qualifying intellectual property rights and (if applicable) the acquisition of any intellectual property rights, for the purposes of its trade or business, the aggregate of the deductions and allowances that may be allowed to all the partners of the partnership for that expenditure in respect of all the trades and businesses of the partnership shall not exceed the amount computed in accordance with subsection (1), (2), (4) or (4A) (as the case may be) for that year of assessment.

[19/2013]

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

(6) No deduction shall be allowed under this section in respect of —

(*a*) any expenditure which is not allowed as a deduction under section 14 or 14D (as the case may be);

(*b*) any expenditure incurred by a person on licensing from its related party carrying on any trade or business in Singapore, of any qualifying intellectual property rights, where such rights were acquired or developed (in whole or in part) by the related party during the basis period relating to the year of assessment 2011 or any subsequent year of assessment; or

(*c*) any qualifying intellectual property rights for which a writing-down allowance has been previously made to that person under section 19B.

[19/2013]

(7) The Minister may by order exempt a person from subsection (6)(*b*) in respect of such transaction as may be specified in the order.

[19/2013]

(8) In this section —

"intellectual property rights" has the same meaning as in section 19B(11);

"qualifying intellectual property rights" means intellectual property rights but excludes the right to do or authorise the doing of anything which would, but for that right, be an infringement of —

(*a*) any trade mark; or

(*b*) any rights to the use of software;

"related party" has the same meaning as in section 13(16).

[19/2013]

(9) In this section, a reference to expenditure incurred on the licensing from another person of qualifying intellectual property rights or the acquisition of intellectual property rights 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.

[19/2013]

(10) In this section, a reference to expenditure incurred on the licensing from another person of qualifying intellectual property rights means the licence fees and excludes —

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

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

[19/2013]

Deduction for expenditure incurred to comply with statutory and regulatory requirements

14X.—(1) For the purpose of ascertaining the income of any person for the basis period for the year of assessment 2014 or any subsequent year of assessment, the following expenditure, not being capital

expenditure, incurred during the basis period by that person shall be allowed as a deduction for that year of assessment, if the Comptroller is satisfied that the expenditure is incurred for the purpose of the business that is carried on in the production of the income:

(*a*) expenditure incurred for the purpose of compliance by that person with any written law of Singapore or another country;

(*b*) expenditure incurred for the purpose of compliance by that person with any code, standard, rule, requirement or other document issued by the Government, a public authority established by or under any public Act, or by the government or a public authority of another country, or by a securities exchange;

(*c*) expenditure incurred —

(i) to study the impact of any proposed law referred to in paragraph (*a*) or proposed document referred to in paragraph (*b*);

(ii) to prevent or to detect any non-compliance with any law referred to in paragraph (*a*) or document referred to in paragraph (*b*);

(iii) to voluntarily comply with a requirement of any law referred to in paragraph (*a*) or document referred to in paragraph (*b*), even though the person does not need to comply with the requirement.

(2) No deduction shall be allowed under this section for —

(*a*) any expenditure which is deductible under any other provision of this Act; or

(*b*) any fine or penalty imposed or security deposit forfeited for a breach of a requirement of any law referred to in subsection (1)(*a*) or document referred to in subsection (1)(*b*), including any sum paid to compound any offence.

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

Deduction for expenditure incurred by individual in deriving passive rental income in Singapore

14Y.—(1) This section applies for the purpose of ascertaining an individual's income for the basis period for the year of assessment 2016 or a subsequent year of assessment from the letting of a residential property or a part of a residential property in Singapore (not being an excluded property for that basis period), that is chargeable to tax under section 10(1)(*f*) (called in this section rental income).

(2) Despite any other provisions in this Part, if there are any outgoings or expenses deductible against the rental income under any provision of this Part apart from section 14(1)(*a*), then there is to be deducted, in lieu of those outgoings or expenses, an amount of expenses computed in accordance with the following formula:

$$A \times B,$$

where A is 15% or such other percentage as may be prescribed under section 7; and

B is the gross amount of the rental income from the residential property derived in the basis period for that year of assessment.

(3) This section does not apply to —

(*a*) an individual who has made an election under subsection (4) for this section not to apply to the individual's rental income derived in the basis period for the year of assessment in question;

(*b*) any rental income derived by an individual through a partnership; and

(*c*) any rental income derived by an individual acting in the capacity of a trustee of a trust.

(4) An individual may, in such form and manner and within such time as the Comptroller may determine, make an election to the Comptroller for this section not to apply to all of the individual's

rental income derived in the basis period for a particular year of assessment.

(5) If an individual derives rental income, other than income referred to in subsection (3)(*b*) or (*c*), from more than one residential property (not being excluded properties for the basis period) in a basis period, the individual may not make an election under subsection (4) in respect of only one or some of those properties.

(6) In this section —

"excluded property", in relation to a basis period, means a residential property which, at any time during the period rental income is derived from the property by the individual in question, is permitted under the Planning Act (Cap. 232) to be used whether wholly or in part for any purpose that is not a residential purpose;

"residential property" means —

(*a*) any detached house, semi-detached house or terrace house; or

(*b*) any part of a building (such as a flat or a condominium unit) constructed or adapted for human habitation,

that has a single annual value ascribed to it in the Valuation List prepared under section 10 of the Property Tax Act (Cap. 254), and is permitted under the Planning Act to be used for a residential purpose, and includes such other premises as may be prescribed as residential property, but (to avoid doubt) excludes premises that are so permitted for use as a dormitory.

(7) In this section, a property or part of a property is permitted under the Planning Act to be used for a particular purpose if —

(*a*) it is permitted by a written permission granted under section 14 of that Act to be used for that purpose;

(*b*) it is authorised by a notification under section 21(6) of that Act to be used for that purpose; or

(*c*) such use (being an existing use of the property or part and not being the subject of a written permission granted under section 14 of that Act or a notification under section 21(6) of that Act) was a use to which the building or part was put on 1 February 1960, and the building or part has not been put to any other use since that date.

[Act 2 of 2016 wef 11/04/2016]

Attribution of deductible expenses incurred before commencement of trade, etc.

14Z.—(1) This section applies where —

(*a*) a person derives the first dollar of income from a trade, business, profession or vocation in a basis period;

(*b*) the person incurs an expense —

(i) before the date the person derives the first dollar of income mentioned in paragraph (*a*); but

(ii) on or after 25 March 2016; and

(*c*) for the purpose of ascertaining the person's income from that trade, business, profession or vocation in that basis period, a deduction may be allowed under a provision of this Part for that expense by reason of section 14U.

(2) This section also applies where —

(*a*) a person commences a trade, business or profession in a basis period;

(*b*) the person incurs an expense —

(i) before the date the person commences the trade, business or profession; but

(ii) on or after 25 March 2016; and

(*c*) for the purpose of ascertaining the person's income from that trade, business or profession in that basis period, a deduction may be allowed under section 14A, 14D, 14Q or 14S by reason of section 14A(3), 14D(2), 14Q(4) or 14S(5), as the case may be.

(3) Where the person's income from that trade, business, profession or vocation (as the case may be) in that basis period comprises any 2 or all of the following:

(*a*) normal income;

(*b*) concessionary income;

(*c*) exempt income,

the deduction for the expense is to be allowed in the following manner:

(i) where the Comptroller is of the opinion that —

(A) where the expense is one mentioned in subsection (1) — it is incurred in the production of the normal income only; or

(B) where the expense is one mentioned in subsection (1) or (2) and is incurred before the commencement of the trade, business, profession or vocation — it would have been incurred in the production of the normal income had it been incurred after such commencement,

the expense is to be deducted against the normal income;

(ii) where the Comptroller is of the opinion that —

(A) where the expense is one mentioned in subsection (1) — it is incurred in the production of the concessionary income only; or

(B) where the expense is one mentioned in subsection (1) or (2) and is incurred before the commencement of the trade, business, profession or vocation — it would have been incurred in the production of the concessionary income had it been incurred after such commencement,

the expense is to be deducted against the concessionary income;

(iii) where the Comptroller is of the opinion that —

(A) where the expense is one mentioned in subsection (1) — it is incurred in the production of the exempt income only; or

(B) where the expense is one mentioned in subsection (1) or (2) and is incurred before the commencement of the trade, business, profession or vocation — it would have been incurred in the production of the exempt income had it been incurred after such commencement,

the expense is to be deducted against the exempt income;

(iv) in any other case, the expense is to be deducted against the normal income, concessionary income and exempt income (whichever is applicable), in the respective proportions that such part of the normal income, concessionary income and exempt income bear to such part of the total income from that trade, business, profession or vocation in the same basis period, as the Comptroller considers reasonable.

(4) Where the person's income from that trade, business, profession or vocation in that basis period comprises only concessionary income or only exempt income, the expense is to be deducted against that income.

(5) In this section —

"concessionary income" means income that is subject to a concessionary rate of tax as defined in section 14D(5);

"exempt income" means income that is exempt from tax under this Act or the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86);

"normal income" means income that is subject to tax at the rate of tax in section 42(1) or 43(1), as the case may be.

[Act 34 of 2016 wef 25/03/2016]

Further or double deduction for qualifying expenditure on issue of debentures and making available debentures for secondary trading

14ZA.—(1) Where the Comptroller is satisfied that qualifying expenditure in connection with —

(*a*) an issue of qualifying debentures; or

(*b*) making available potential seasoned debentures for secondary trading within 5 years starting from the date of their issue,

has been incurred on or after 19 May 2016 by a person carrying on a trade or business in Singapore, that person is to be allowed —

(i) where the expenditure is allowable as a deduction under section 14, a further deduction of the amount of such expenditure; or

(ii) where the expenditure is not allowable as a deduction under section 14, a deduction equal to twice the amount of such expenditure.

(2) The maximum amount of qualifying expenditure that may be allowed a deduction under this section is —

(*a*) subject to paragraphs (*b*) and (*c*), $500,000 for each issue of qualifying debentures or making available of potential seasoned debentures for secondary trading;

(*b*) subject to paragraph (*c*), $500,000 for both the issue of potential seasoned debentures and the making available of the same debentures for secondary trading; and

(*c*) $1,000,000 per person, irrespective of the number of times the person issues qualifying debentures or makes available potential seasoned debentures for secondary trading.

(3) It is a condition for allowing a deduction to a person under this section in respect of an issue of potential seasoned debentures, that they are made available for secondary trading within a period of one year starting from the date of their issue (called in this section the window period).

(4) If the condition in subsection (3) is not satisfied, the total deductions under this section already allowed to the person in respect of that issue are treated as the person's income for the year of assessment relating to the basis period in which the first day after the end of the window period falls.

(5) Subsections (3) and (4) do not affect the right of the person to be allowed a deduction under this section in relation to making available the potential seasoned debentures for secondary trading after the window period, except that the deduction may only be allowed in the year of assessment relating to the basis period in which those debentures are so made available.

(6) In this section —

"offering document" means a prospectus, an offer circular, an information memorandum, a pricing supplement or any other document issued to investors in connection with an offer of debentures;

"post-seasoning debenture", "retail investor" and "seasoned debenture" have the meanings given to those expressions in the Post-seasoning Debentures Regulations;

"Post-seasoning Debentures Regulations" means the Securities and Futures (Offers of Investments) (Exemption for Offers of Post-seasoning Debentures) Regulations 2016 (G.N. No. S 224/2016);

"potential seasoned debentures" means debentures the offering documents for the offer of which include a statement to the effect that the debentures are intended to be made available on a securities exchange for trading by retail investors;

"product highlights sheet" —

(*a*) in relation to an offer of straight debentures, has the meaning given to it in the Straight Debentures Regulations; or

(*b*) in relation to an offer of post-seasoning debentures, has the meaning given to it in the Post-seasoning Debentures Regulations;

"qualifying debentures" means any of the following debentures:

(*a*) potential seasoned debentures issued during the period between 19 May 2016 and 18 May 2021 (both dates inclusive);

(*b*) post-seasoning debentures offered in reliance on an exemption under the Post-seasoning Debentures Regulations and issued within 5 years starting from the date of issue of the corresponding seasoned debentures, being a date falling within the period between 19 May 2016 and 18 May 2021 (both dates inclusive);

(*c*) straight debentures offered in reliance on an exemption under the Straight Debentures Regulations and issued during the period between 19 May 2016 and 18 May 2021 (both dates inclusive);

"qualifying expenditure" means —

(*a*) in relation to an issue of potential seasoned debentures, any of the following that are incurred in connection with the issue, and for the purpose of allowing the debentures to be made available for secondary trading, or for the purpose of the subsequent issue of post-seasoning debentures:

(i) professional fees for conducting due diligence;

(ii) origination, underwriting and distribution fees;

(iii) advertising and marketing expenses;

(*b*) in relation to the making available of potential seasoned debentures for secondary trading, any of the expenditure mentioned in paragraph (*a*)(i), (ii) and (iii) that are incurred in connection with making available the debentures for secondary trading; or

(*c*) in relation to an issue of post-seasoning debentures or straight debentures, any of the following that are incurred in connection with the issue:

(i) professional fees for conducting due diligence;

(ii) professional fees for the drafting and preparation of, and the printing costs of —

(A) the product highlights sheet for the offer pertaining to the issue, in the case of an issue of post-seasoning debentures; or

(B) the product highlights sheet and simplified disclosure document for the offer pertaining to the issue, in the case of an issue of straight debentures;

(iii) origination, underwriting and distribution fees;

(iv) advertising and marketing expenses,

but excludes trustee fees, agency fees and Central Depository fees;

"securities exchange" has the same meaning as in section 2(1) of the Securities and Futures Act (Cap. 289);

"simplified disclosure document" and "straight debenture" have the meanings given to those expressions in the Straight Debentures Regulations;

"Straight Debentures Regulations" means the Securities and Futures (Offers of Investments) (Exemption for Offers of Straight Debentures) Regulations 2016 (G.N. No. S 225/2016).

(7) In this section, a person makes available potential seasoned debentures for secondary trading if the person makes them available on a securities exchange for trading by retail investors.

[Act 34 of 2016 wef 19/05/2016]

Deduction for expenditure for services or secondment to institutions of a public character

14ZB.—(1) Subject to this section, where the Comptroller is satisfied that a qualifying person has incurred, during the period between 1 July 2016 and 31 December 2018 (both dates inclusive), qualifying expenditure in respect of —

(*a*) the provision during that period by a qualifying employee of the qualifying person, of services that satisfy subsection (2) to an IPC; or

(*b*) the secondment during that period of a qualifying employee of the qualifying person to an IPC,

then there is to be allowed to the qualifying person —

(i) where the expenditure is allowable as a deduction under section 14, a further deduction equal to 150% of the endorsed amount of the expenditure in addition to the deduction allowed under that section; or

(ii) where such expenditure is not allowable as a deduction under section 14, a deduction equal to 250% of the endorsed amount of the expenditure.

(2) The services mentioned in subsection (1)(*a*) must be —

(*a*) the subject of an arrangement between the qualifying person and the IPC; and

(*b*) provided on the instruction or request of the qualifying person.

(3) The maximum amount of qualifying expenditure for which a qualifying person may be allowed the deduction under subsection (1) is $250,000 for each year of assessment.

(4) The maximum amount of qualifying expenditure for which deductions may be allowed under subsection (1) in relation to each IPC is $25,000 for the period between 1 July 2016 and 31 December 2016 (both dates inclusive) and $50,000 for each of the calendar years 2017 and 2018, and this is irrespective of the number of qualifying persons claiming the deduction.

(5) Where 2 or more qualifying persons —

(*a*) incur qualifying expenditure in relation to one IPC in a period or calendar year which in total exceeds the maximum amount for that period or calendar year under subsection (4); and

(*b*) claim a deduction under subsection (1) for such expenditure,

the deduction is to be allowed for such part or parts of the expenditure incurred by such person or persons that the IPC specifies to the Comptroller.

(6) A deduction under subsection (1) may only be allowed for any qualifying expenditure if —

(*a*) before the date the services are first provided to the IPC in the basis period or the date of commencement of the secondment (as the case may be), the qualifying person makes a declaration, duly endorsed by the IPC and in a form determined by the Minister, regarding —

(i) the nature of the services which the person has arranged with the IPC to be provided to the IPC, or the nature of the secondment (as the case may be); and

(ii) the expected expenditure;

(*b*) within such time as the Comptroller may specify, the IPC submits to the Comptroller a declaration by the qualifying person, in a form determined by the Minister, regarding —

(i) the services provided to the IPC or the secondment to the IPC (as the case may be); and

(ii) the amount of the actual qualifying expenditure incurred, as well as the part of that amount (which may be the full amount or a part of it) endorsed by the IPC for the deduction under subsection (1); and

(*c*) the claim for the deduction is made in the manner determined by the Comptroller.

(7) A deduction is not allowed under subsection (1) for any expenditure to the extent that it is or is to be subsidised by a grant or subsidy from the Government or a statutory board.

(8) A deduction is not allowed under subsection (1) in relation to the provision of any service or any secondment if there is any agreement or understanding (whether oral or in writing and whether

express or implied) that the IPC will confer a benefit of any kind on the qualifying person in return for the provision of the service or the secondment.

(9) A deduction is not allowed under subsection (1) for any expenditure incurred on any activity that is or is to be subsidised, fully or partially, by a matching grant under the Share as One Programme administered by the National Council of Social Services.

(10) The Comptroller may disallow in whole or in part a claim for a deduction under subsection (1) if the Comptroller is not satisfied that the endorsed amount of the expenditure is reasonable having regard to the period and nature of the services provided or the period and nature of the secondment (as the case may be), and other relevant circumstances.

(11) If, at any time after a qualifying person has been allowed a deduction under subsection (1) for any qualifying expenditure, the person is reimbursed for any amount of the expenditure, the amount of the deduction that corresponds to the expenditure reimbursed is treated as the person's income for the year of assessment in which the Comptroller discovers the reimbursement.

(12) In this section —

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

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

"employee", in relation to a qualifying person, includes an individual —

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

(*b*) whose salary and other remuneration is borne, directly or indirectly, by the qualifying person and not claimed by the central hirer as a deduction against the central hirer's own income;

"endorsed amount", in relation to any expenditure, means the amount of the expenditure endorsed by an IPC under subsection (6)(*b*);

"IPC" means an institution of a public character as defined in section 2(1);

"qualifying employee", in relation to a qualifying person, means an employee who, at the time of provision of the services or during the secondment (as the case may be), is under a contract of service with the qualifying person or (if the employee is engaged under a central hiring arrangement) the central hirer, under which the employee is required to work for at least 35 hours each week, but excludes —

(*a*) where the qualifying person is a partnership, a partner of the partnership; and

(*b*) where the qualifying person is a company, a shareholder of the company who is also a director of the company;

"qualifying expenditure" —

(*a*) in relation to the provision of services by a qualifying employee of a qualifying person to an IPC, means the sum of —

(i) the amount of the salary expenditure incurred by the qualifying person for —

(A) the period during which the employee provided those services that falls within the employee's working hours; or

(B) if the period during which the employee provided those services does not fall within the employee's working hours,

the period of the time off in lieu given to the employee; and

(ii) the amount of the expenditure (not being capital expenditure) incurred by the qualifying person that was necessary for the provision of the services, excluding any private or domestic expense; and

(*b*) in relation to the secondment of a qualifying employee of the qualifying person to an IPC, means the sum of —

(i) the amount of the salary expenditure incurred by the qualifying person for the period of the secondment; and

(ii) the amount of the expenditure (not being capital expenditure) incurred by the qualifying person that was necessary for the provision of services by the qualifying employee to the IPC during the period of the secondment, excluding any private or domestic expense;

"qualifying person" means —

(*a*) any company or firm (including a partnership) that carries on a trade, profession or business in Singapore;

(*b*) a body of persons (whether corporate or unincorporate) that carries on a club or a similar institution and receives from its members (within the meaning of section 11) less than half of its gross receipts on revenue account (including entrance fees and subscriptions); or

(*c*) a body of persons (whether corporate or unincorporate) that carries on a trade or professional association in such circumstances that more than half its receipts by way of entrance fees and subscriptions are from Singapore members

(within the meaning of section 11) who claim or would be entitled to claim such sums as allowable deductions for the purposes of section 14;

"related party" has the same meaning as in section 13(16);

"salary expenditure", in relation to an employee, means expenditure comprising wages and salary for the employee, but excludes any sum contributed to the Central Provident Fund in respect of the employee, or any bonus, commission, gratuity, leave pay, perquisite, allowance, or any other payment (whether in cash or kind) prescribed by rules made under section 7.

(13) In this section, a qualifying person is treated as having incurred any expenditure, if —

(*a*) it directly incurs that expenditure for which it is not reimbursed; or

(*b*) another person directly incurs that expenditure and the qualifying person is liable to reimburse the other person for it, and the incurring of the expenditure and of the liability both occur in the period between 1 July 2016 and 31 December 2018 (both dates inclusive).

[Act 34 of 2016 wef 01/07/2016]

Deductions not allowed

15.—(1) Notwithstanding the provisions of this Act, for the purpose of ascertaining the income of any person, no deduction shall be allowed in respect of —

(*a*) domestic or private expenses except as provided in section 14(1)(*g*);

(*b*) any disbursements or expenses not being money wholly and exclusively laid out or expended for the purpose of acquiring the income;

(*c*) any capital withdrawn or any sum employed or intended to be employed as capital except as provided in section 14(1)(*h*);

(*d*) any capital employed in improvements other than improvements effected in the replanting of a plantation;

(*e*) any sum recoverable under an insurance or contract of indemnity;

(*f*) rent or cost of repairs to any premises or part of premises not paid or incurred for the purpose of producing the income;

(*g*) any amount paid or payable in respect of income tax in Singapore, or in respect of any tax on income (by whatever name called) in any country outside Singapore;

(*h*) any amount paid or payable in respect of goods and services tax by the person if he, being required to be registered under the Goods and Services Tax Act (Cap. 117A), has failed to do so, or if he is entitled under that Act to credit that amount of tax as an input tax;

(*i*) any payment to any provident, savings, widows' and orphans' or other society or fund, including the Supplementary Retirement Scheme, except —

(i) such payment made by an employer on his employee's behalf to the Central Provident Fund that are obligatory under the Central Provident Fund Act (Cap. 36);

(ii) such payment made by an employer on his employee's behalf to the retirement account or special account of that employee in accordance with section 18 of the Central Provident Fund Act;

(iii) such payment made by an employer on his employee's behalf to the SRS account of that employee up to the amount of the SRS contribution cap applicable to that employee as determined in accordance with regulations made under section 10L(11); and

(iv) such payments as are allowed under section 14(1)(*e*), (*f*), (*fa*), (*fb*) and (*fc*);

(*j*) any sum referred to in section 12(6) payable by any person outside Singapore to another person outside Singapore except where the sum is exempt from tax, or tax has been deducted and accounted for under section 45;

(*k*) any outgoings and expenses, whether directly or in the form of reimbursements, and any claim for the cost of renewal incurred on or after 1st April 1998 in respect of a motor car (whether owned by him or any other person) which is constructed or adapted for the carriage of not more than 7 passengers (exclusive of the driver) and the weight of which unladen does not exceed 3,000 kilograms except —

(i) a taxi;

(ii) a motor car registered outside Singapore and used exclusively outside Singapore;

(iii) a private hire car if the person is carrying on the business of hiring out cars and the private hire car is used by the person principally for hiring;

(iv) a motor car which was registered before 1st April 1998 as a business service passenger vehicle for the purposes of the Road Traffic Act (Cap. 276); and

(v) a motor car registered on or after 1st April 1998 which is used principally for instructional purposes if the person is carrying on the business of providing driving instruction and holds a driving school licence or driving instructor's licence issued under the Road Traffic Act;

(*l*) any outgoings and expenses incurred in respect of any designated unit trust within the meaning of section 35(14) if the person is a unit holder of such trust;

[Act 37 of 2014 wef 01/09/2014]

(*m*) any amount of output tax paid or payable under the Goods and Services Tax Act which is borne by the person if he is registered as a taxable person under that Act;

(*n*) [*Deleted by Act 37 of 2014 wef 01/09/2014*]

(*o*) [*Deleted by Act 19 of 2013*]

(*p*) any outgoings and expenses, whether directly or in the form of reimbursements, incurred in respect of any right or benefit granted to any person to acquire shares on or after 1st January 2002 in any company, if the right or benefit is not granted by reason of any office or employment held in Singapore by the person; or

(*q*) any outgoings and expenses, whether directly or in the form of reimbursements, incurred by any company in respect of any right or benefit granted to any person, by reason of any office or employment held in Singapore by that person, to acquire shares (other than treasury shares, or shares in respect of which the company is allowed a deduction under section 14PA(7)) of a holding company of that company.

[7/79; 9/80; 15/83; 11/94; 32/95; 31/98; 32/99; 24/2001; 37/2002; 7/2007; 53/2007; 34/2008; 22/2011; 19/2013]

(2) Subsection (1)(*b*) and (*d*) shall not apply to any expenditure which qualifies for deduction under section 14A, 14D, 14DA, 14E, 14F, 14H, 14I, 14K, 14KA, 14M, 14N, 14O, 14P, 14PA, 14Q, 14S, 14V or 14W.

[9/80; 28/80; 1/82; 20/91; 2/92; 26/93; 32/99; 21/2003; 34/2008; 29/2010; 22/2011; 19/2013]

[Act 2 of 2016 wef 01/07/2015]

(2A) Subsection (1)(*b*) shall not apply to any expenditure which qualifies for deduction under section 14X or 14ZB.

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

[Act 34 of 2016 wef 01/07/2016]

(2B) Subsection (1)(*b*) and (*c*) does not apply to any expenditure which qualifies for deduction under section 14ZA.

[Act 34 of 2016 wef 19/05/2016]

(3) In this section, "holding company" has the same meaning as in section 5 of the Companies Act (Cap. 50).

[7/2007]

PART VI

CAPITAL ALLOWANCES

Initial and annual allowances for industrial buildings and structures

16.—(1) Where, in or after the basis period for the first year of assessment under this Act, a person incurs capital expenditure on the construction of a building or structure which is to be an industrial building or structure occupied for the purposes of a trade, there shall be made to the person who incurred the expenditure for the year of assessment in the basis period for which the expenditure was incurred an allowance to be known as an "initial allowance" equal to 25% thereof.

[7/79]

(2) For the purposes of subsection (1) —

(*a*) where 2 basis periods overlap, the period common to both shall be deemed to fall in the first basis period only;

(*b*) where there is an interval between the end of the basis period for a year of assessment and the commencement of a basis period for the next succeeding year of assessment, then, unless the second-mentioned year of assessment is the year of the permanent discontinuance of the trade, the interval shall be deemed to be part of the second basis period; and

(*c*) where there is an interval between the end of the basis period for the year of assessment preceding that in which the trade is permanently discontinued and the commencement of the basis period for the year in which it is permanently discontinued, the interval shall be deemed to form part of the first basis period.

(3) Any capital expenditure incurred for the purposes of a trade by a person about to carry on that trade shall be treated for the purposes of subsection (1) as if it had been incurred by that person on the first day on which he does carry on that trade.

(4) Where any person is, at the end of the basis period for any year of assessment, entitled to an interest in a building or structure which is

an industrial building or structure and where that interest is the relevant interest in relation to the capital expenditure incurred before 1st January 2006 on the construction of that building or structure, an allowance, to be known as an "annual allowance", equal to 3% of the total capital expenditure incurred by that person on the construction of that building or structure shall be made to him for that year of assessment.

[7/79; 7/2007]

(5) Where at any time in or after the basis period for the first year of assessment under this Act and before 1st January 2006, the interest in a building or structure which is the relevant interest in relation to any capital expenditure incurred before that date on the construction of that building or structure is sold while the building or structure is an industrial building or structure or after it has ceased to be one, the annual allowance, in the years of assessment the basis periods for which end after the time of that sale, shall be computed by reference to the residue of that expenditure immediately after the sale and shall be —

(*a*) the fraction of that residue the numerator of which is one and the denominator of which is the number of years of assessment comprised in the period which begins with the first year of assessment for which the buyer is entitled to an annual allowance or would be so entitled if the building or structure had at all material times continued to be an industrial building or structure, and ends with the fiftieth year after that in which the building or structure was first used; or

(*b*) 3% of that residue,

whichever is the greater, and so on for any subsequent sales.

[7/79; 21/2003; 7/2007]

(6) In the case referred to in subsection (4), no annual allowance shall be made to any person for any year of assessment after the end of the fiftieth year after that in which the building or structure was first used.

[7/2007]

(6A) Where any person is, at the end of the basis period for any year of assessment, entitled to an interest in a building or structure which is

an industrial building or structure, and that interest is the relevant interest in relation to —

(*a*) any capital expenditure incurred by him on or after 1st January 2006 on the construction of that building or structure; or

(*b*) a sale or purchase agreement entered into for that building or structure on or after that date, whether or not the building or structure was previously used as an industrial building or structure,

an annual allowance determined under subsection (6B) shall be made to him for that year of assessment.

[7/2007]

(6B) The annual allowance under subsection (6A) shall be equal to —

(*a*) in the case referred to in subsection (6A)(*a*), 3% of the total capital expenditure incurred by the person on the construction of the building or structure; or

(*b*) in the case referred to in subsection (6A)(*b*), 3% of the capital expenditure incurred by the person on the purchase of the building or structure.

[7/2007]

(7) For the purposes of application to any industrial building or structure occupied for the purposes of a trade in intensive poultry production and approved by the Minister or such person as he may appoint under section 18(1), the reference to 3% in subsections (4), (5) and (6B) and in sections 17(3)(*a*) and 18(9) shall be read as a reference to 5%.

[7/79; 21/2003; 7/2007]

(8) For the purposes of application to any industrial building or structure occupied for the purposes of a hotel on the island of Sentosa and approved by the Minister or such person as he may appoint under section 18(1) —

(*a*) the reference to 25% in subsection (1) shall be read as a reference to 20%;

(*b*) the reference to 3% in subsections (4), (5) and (6B) and in sections 17(3)(*a*) and 18(9) shall be read as a reference to 2%; and

(*c*) the reference to capital expenditure in subsections (1) and (4) shall not include any capital expenditure incurred before 1st January 1982.

[1/82; 7/2007]

(9) For the purposes of application to any industrial building or structure used for the purposes of a project for the promotion of the tourist industry (other than a hotel) in Singapore and approved by the Minister or such person as he may appoint under section 18(1)(*i*) —

(*a*) the reference to 25% in subsection (1) shall be read as a reference to 20%;

(*b*) the reference to 3% in subsections (4), (5) and (6B) and in sections 17(3)(*a*) and 18(9) shall be read as a reference to 2%; and

(*c*) the reference to capital expenditure in subsections (1), (3) and (4) shall not include any capital expenditure incurred before 1st January 1986.

[1/88; 7/2007]

(10) Notwithstanding anything in this section and section 17, where a person carrying out a project for the promotion of the tourist industry approved by the Minister or such person as he may appoint under section 18(1)(*i*) fails to comply with any condition imposed by the Minister, the Minister may revoke the approval and thereupon the Comptroller may at any time within 6 years (if the year of assessment relating to the basis period in which the approval is revoked is 2007 or a preceding year of assessment) or 4 years (if the year of assessment relating to the basis period in which the approval is revoked is 2008 or a subsequent year of assessment) from the date of the revocation make such assessment or additional assessment upon the person as may appear necessary in order to recover any tax which ought to have been paid by that person if any allowances under those sections had not been made to him.

[1/88; 11/94; 7/2007; 53/2007]

(11) Notwithstanding anything in this section, in no case shall the amount of an annual allowance made to a person for any year of assessment in respect of any expenditure exceed what, apart from the writing off falling to be made by reason of the making of that allowance, would be the residue of that expenditure at the end of his basis period for that year of assessment.

(12) For the purposes of subsection (1), where a person has incurred capital expenditure before 1st January 2006 on the purchase of an industrial building or structure (including the purchase of a leasehold interest therein of not less than 25 years) which has not previously been used by any person, he shall be deemed to have incurred expenditure on the construction of that industrial building or structure equal to the cost of construction of that industrial building or structure or to the net price paid by him for that industrial building or structure or the interest therein, whichever is less, if —

(*a*) the person claiming the initial allowance by virtue of this subsection purchased the industrial building or structure or acquired the leasehold interest therein from the person who constructed that building or structure; and

(*b*) no initial allowance has been granted under subsection (1) in respect of that industrial building or structure to the person who constructed that building or structure.

[7/79; 7/2007]

(13) For the purposes of subsection (1), where a person has incurred capital expenditure on or after 1st January 2006 on the purchase of an industrial building or structure which has not previously been used by any person, he shall be deemed to have incurred expenditure on the construction of that industrial building or structure equal to the capital expenditure incurred by him on the purchase of that industrial building or structure if —

(*a*) the person claiming the initial allowance by virtue of this subsection purchased the industrial building or structure from the person who constructed that building or structure; and

(*b*) no initial allowance has been granted under subsection (1) in respect of that industrial building or structure to the person who constructed that building or structure.

[7/2007]

(14) Unless otherwise provided in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86), where, in the basis period for any year of assessment, the trade, for which purpose the industrial building is used, produces income that is exempt from tax as well as income chargeable with tax, the allowances for that year of assessment shall be made against each income for that year of assessment in such proportion as appears reasonable to the Comptroller in the circumstances.

[49/2004]

(15) Subject to section 18B, this section shall not apply to any capital expenditure incurred on or after 23rd February 2010 on the construction or purchase of an industrial building or structure.

[29/2010]

(16) Subject to subsection (18) and section 18B, no annual allowance shall be made under subsections (4), (5) and (6A) to a person who incurs capital expenditure on or before 22nd February 2010 on the construction or purchase of a building or structure which is not an industrial building or structure on 22nd February 2010 but is an industrial building or structure on or after 23rd February 2010.

[29/2010]

(17) Section 18(2) and (3) shall apply for the purpose of determining under subsection (16) whether a building or structure is an industrial building or structure on 22nd February 2010.

[29/2010]

(18) Notwithstanding subsection (16), annual allowances under subsection (6A)(*a*) shall be made to a person who incurs capital expenditure on or before 22nd February 2010 on a building or structure which is still under construction on 22nd February 2010 and which is to be an industrial building or structure upon completion of that construction, if the person —

(*a*) on or before 22nd February 2010 —

(i) has been granted the option to purchase the land or has entered into a sale and purchase agreement for

the land on which the industrial building or structure is to be constructed;

(ii) has entered into a lease agreement to lease the land on which the industrial building or structure is to be constructed; or

(iii) has submitted an application to the Government or any statutory board —

(A) to bid for the purchase therefrom of the land on which the industrial building or structure is to be constructed; or

(B) to lease therefrom the land on which the industrial building or structure is to be constructed; and

(*b*) on or before 31st December 2010, has made an application for planning permission or conservation permission to the competent authority in accordance with the Planning Act (Cap. 232) for the development of the land comprising the construction work.

[29/2010]

Balancing allowances and charges for industrial buildings and structures

17.—(1) Where any of the events referred to in subsection (1A) occurs while a building or structure is an industrial building or structure or after it has ceased to be one and —

(*a*) any capital expenditure has been incurred on the construction of the building or structure before 1st January 2006; or

(*b*) either —

(i) any capital expenditure has been incurred on the construction of the building or structure on or after 1st January 2006; or

(ii) a sale and purchase agreement for the building or structure was entered into on or after that date,

then an allowance or a charge, to be known as a "balancing allowance" or a "balancing charge" shall, in the circumstances mentioned in this section, be made to or, as the case may be, on the person entitled to the relevant interest immediately before that event occurs for the year of assessment in the basis period for which that event occurs.

[7/2007]

(1A) The events referred to in subsection (1) are —

(*a*) the relevant interest in the building or structure is sold;

(*b*) that interest, being a leasehold interest, comes to an end otherwise than on the person entitled thereto acquiring the interest which is reversionary thereon;

(*c*) the building or structure is demolished or destroyed or, without being demolished or destroyed, ceases altogether to be used.

[7/2007]

(2) In the case referred to in subsection (1)(*a*), no balancing allowance or balancing charge shall be made to or on any person for any year of assessment by reason of any event occurring after the end of the fiftieth year after that in which the building or structure was first used.

[7/2007]

(3) No balancing allowance shall be made to any person —

(*a*) on the sale of the relevant interest in the building or structure unless the person proves to the satisfaction of the Comptroller that the value of the building or structure to the person is less than —

(i) in the case referred to in subsection (1)(*a*), the amount of the capital expenditure incurred on the construction of the building or structure reduced by the amount of any initial and annual allowances made (including an amount of 3% of the capital expenditure for each year in which no initial or annual allowance was made); or

(ii) in the case referred to in subsection (1)(*b*), the amount of the capital expenditure incurred by him on the construction or purchase of the building or structure (as the case may be) reduced by the amount of any initial and annual allowances made (including an amount of 3% of the capital expenditure for each year in which no initial or annual allowance was made); or

(*b*) where the relevant interest in the building or structure is not sold but the building or structure is or would be redeveloped for any use other than as an industrial building or structure.

[21/2003; 7/2007]

(4) Where there are no sale, insurance, salvage or compensation moneys, or where the residue of the expenditure immediately before the event exceeds those moneys, a balancing allowance shall be made and the amount thereof shall be the amount of the residue or, as the case may be, of the excess thereof over the moneys.

(5) If the sale, insurance, salvage or compensation moneys exceed the residue, if any, of the expenditure immediately before the event, a balancing charge shall be made and the amount on which it is made shall be an amount equal to the excess or, where the residue is nil, to the moneys.

(6) Notwithstanding anything in subsection (5) but subject to subsection (7), in no case shall the amount on which a balancing charge is made on a person exceed the aggregate of the following amounts:

(*a*) the amount of the initial allowance, if any, made to him in respect of the expenditure in question; and

(*b*) the amount of the annual allowances, if any, made to him in respect of the expenditure in question.

[49/2004]

(7) Unless otherwise provided in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86), where, in the basis period for any year of assessment, the trade, for which purpose the industrial building is used, produces income that is

exempt from tax as well as income chargeable with tax, and any balancing allowance or balancing charge arises to be made —

(*a*) the balancing allowance shall be made against each income for that year of assessment in such proportion as appears reasonable to the Comptroller in the circumstances; and

(*b*) such proportion of the balancing charge shall be exempt from tax as appears reasonable to the Comptroller in the circumstances.

[49/2004]

(8) Where allowances have been made under both sections 16 and 18C in respect of any industrial building or structure, then, for the purposes of subsections (4) and (5), the sale, insurance, salvage or compensation moneys in respect of that building or structure shall be such amount of those moneys as the Comptroller determines to be reasonable in the circumstances.

[29/2010]

(9) Where the relevant interest in a building or structure in respect of which allowances have been made under section 16 is transferred at less than the open-market price, then for the purpose of determining the amount of any balancing charge under subsection (5), the relevant interest in the building or structure shall be treated as if it had been sold for an amount equal to the open-market price of the building or structure as at the date of transfer.

[29/2010]

Definitions for sections 16, 17 and 18B

18.—(1) Subject to this section, in sections 16, 17 and 18B, "industrial building or structure" means a building or structure in use —

(*a*) for the purposes of a trade carried on in a mill, factory or other similar premises;

(*b*) for the purposes of a transport, dock, water or electricity undertaking;

(*c*) for the purposes of a trade which consists in the manufacture of goods or materials or the subjection of goods or materials to any process;

(*d*) for the purposes of a trade which consists in the storage of goods or materials which are to be used in the manufacture of other goods or to be subjected, in the course of a trade, to any process;

(*e*) for the purposes of a trade which consists of the storage of goods or materials on their arrival in Singapore;

(*f*) for the purposes of a trade in intensive poultry production as may be approved on or before 22nd May 2010 by the Minister or such person as he may appoint;

(*g*) by a research and development organisation in carrying out research and development activities for any manufacturing trade or business;

(*h*) for the purposes of a hotel on the island of Sentosa and approved before 1st September 2007 by the Minister or such person as he may appoint (referred to in this section as a Sentosa hotel);

(*i*) for the purposes of a project for the promotion of the tourist industry (other than a hotel) in Singapore and approved on or before 22nd May 2010 by the Minister or such person as he may appoint subject to such conditions as he may impose; or

(*j*) for prescribed purposes and where such building or structure has been approved on or before 22nd May 2010 by the Minister or such person as he may appoint subject to such conditions as he may impose,

and includes any building or structure provided by the person carrying on such a trade or undertaking for the welfare of workers employed in that trade or undertaking and in use for that purpose, but does not include a building or structure in respect of which a deduction is prescribed under section 14(1)(*h*).

[26/73; 28/80; 1/82; 1/88; 3/89; 2/92; 21/2003; 53/2007; 27/2009; 29/2010]

(2) A building or structure shall not be deemed, by reason only of its falling or having fallen into temporary disuse, to have thereby ceased altogether to be used for one of the purposes specified in subsection (1) if, immediately prior to falling into such temporary disuse, it was in use for such a purpose and if, during the period of such temporary disuse, it is constantly maintained in readiness to be brought back into use for such a purpose.

(3) If, in the circumstances mentioned in subsection (2), the building or structure at any time during disuse ceases to be ready for use for any of the purposes mentioned in that subsection, or if at any time, for any reason, the disuse of the building or structure can no longer be reasonably regarded as temporary, then and in any such case, the building or structure shall be deemed to have ceased, on the commencement of the period of disuse, to be used for any of the purposes specified in subsection (1).

(4) Subsection (1) shall apply in relation to a part of a trade or undertaking as it applies to a trade or undertaking.

(5) Where part only of a trade or undertaking complies with the conditions set out in subsection (1), a building or structure shall not, by virtue of subsection (4), be an industrial building or structure unless it is in use for the purposes of that part of that trade or undertaking.

(6) Notwithstanding anything in subsection (1), (2), (3), (4) or (5), "industrial building or structure" does not include any building or structure in use as, or as part of, a dwelling-house, retail shop, showroom, hotel (other than a Sentosa hotel) or office or for any purpose ancillary to the purposes of a dwelling-house, retail shop, showroom, hotel (other than a Sentosa hotel) or office.

[1/82]

(7) Where part of a building or structure is, and part thereof is not, an industrial building or structure, and —

(*a*) in a case where capital expenditure is incurred on the construction of the building or structure before 1st January 2006, the capital expenditure incurred on the construction of the second-mentioned part is not more than one-tenth of

the total capital expenditure which has been incurred on the construction of the whole building or structure; or

(*b*) in a case where —

(i) capital expenditure is incurred on the construction of the building or structure on or after 1st January 2006; or

(ii) a sale and purchase agreement was entered into for the building or structure on or after that date,

the capital expenditure incurred on the construction or purchase (as the case may be) of the second-mentioned part is not more than one-tenth of the total capital expenditure which has been incurred on the construction or purchase of the whole building or structure,

then the whole building or structure and every part thereof shall be treated as an industrial building or structure.

[7/2007]

(7A) Where the Comptroller is satisfied that it is not reasonably practicable to determine the capital expenditure incurred on the second-mentioned part of the building or structure under subsection (7), the whole building or structure and every part thereof may be treated as an industrial building or structure if —

(*a*) the floor area of the part of the building or structure that is not an industrial building or structure is not more than one-tenth of the total floor area of the whole building or structure; or

(*b*) the Comptroller is otherwise satisfied that it is just and proper to do so.

[7/2007]

(8) In this section and sections 16, 17 and 18B —

"capital expenditure", in relation to the purchase of a building or structure, means the net price paid for the building or structure, but does not include the cost of land as determined to the satisfaction of the Comptroller;

"relevant interest" means —

(*a*) in relation to any capital expenditure incurred on the construction of a building or structure, the interest in that building or structure to which the person who incurred the expenditure was entitled when he incurred it; and

(*b*) in relation to a sale and purchase agreement for a building or structure, the interest in that building or structure to which the purchaser was entitled when he entered into the agreement;

"residue of expenditure" means —

(*a*) in relation to any capital expenditure incurred on the construction of a building or structure before 1st January 2006, the amount of the capital expenditure incurred on such construction reduced by —

(i) the amount of any initial allowance made;

(ii) any annual allowance made; and

(iii) any balancing allowances granted,

and increased by any balancing charges made; or

(*b*) in relation to any capital expenditure incurred on the construction or purchase of a building or structure on or after 1st January 2006, the amount of the capital expenditure incurred on such construction or purchase (as the case may be) reduced by —

(i) the amount of any initial allowance made; and

(ii) any annual allowance made.

[7/2007; 29/2010]

(9) For the purpose of computing the residue of expenditure, there shall be written off an amount of 3% of the expenditure in respect of any year in which no initial or annual allowance has been made.

[7/79]

18A. [*Repealed by Act 21 of 2003*]

Transitional provisions for capital expenditure incurred on industrial buildings or structures on or after 23rd February 2010

18B.—(1) Notwithstanding section 16(15) but subject to subsection (11), where a person incurs on or after 23rd February 2010 capital expenditure on the construction of a building or structure which is to be an industrial building or structure upon the completion of the construction works, other than one referred to in subsection (2), and the person —

(*a*) on or before 22nd February 2010 —

(i) has been granted the option to purchase the land or has entered into a sale and purchase agreement for the land on which the industrial building or structure is to be constructed;

(ii) has entered into a lease agreement to lease the land on which the industrial building or structure is to be constructed; or

(iii) has submitted an application to the Government or any statutory board —

(A) to bid for the purchase therefrom of the land on which the industrial building or structure is to be constructed; or

(B) to lease therefrom the land on which the industrial building or structure is to be constructed; and

(*b*) on or before 31st December 2010, has made an application for planning permission or conservation permission to the competent authority in accordance with the Planning Act (Cap. 232) for the development of the land comprising the construction work,

there shall be made to that person an initial allowance and annual allowances in respect of that capital expenditure computed in accordance with section 16.

[29/2010]

(2) Notwithstanding section 16(15) but subject to subsection (11), where a person incurs on or after 23rd February 2010 capital expenditure on the construction of a building or structure which is to be an industrial building or structure by virtue of paragraph (*f*), (*i*) or (*j*) of section 18(1) upon completion of the construction works, there shall be made to that person an initial allowance and annual allowances in respect of that capital expenditure computed in accordance with section 16.

[29/2010]

(3) Notwithstanding section 16(15), where a person —

(*a*) on or before 22nd February 2010 —

(i) has been granted an option to purchase, or has entered into a sale and purchase agreement for, a new building or structure which is to be an industrial building or structure upon the purchase other than one referred to in subsection (4); or

(ii) has been granted an option to acquire or has entered into an agreement to acquire the leasehold interest in such a building or structure; and

(*b*) on or after 23rd February 2010, incurs capital expenditure on the purchase of the building or structure or of the leasehold interest therein,

there shall be made to that person an initial allowance and annual allowances in respect of that capital expenditure computed in accordance with section 16.

[29/2010]

(4) Notwithstanding section 16(15) but subject to subsection (12), where a person incurs on or after 23rd February 2010 capital expenditure on the purchase of a new building or structure (including the purchase of a leasehold interest therein), and the building or structure is to be an industrial building or structure by virtue of paragraph (*f*), (*i*) or (*j*) of section 18(1) upon the purchase or the completion of any renovation or refurbishment works carried out on the building or structure upon the purchase, there shall be made to that person an initial allowance and annual allowances in respect of the capital expenditure, as well as the capital expenditure incurred on

such renovation or refurbishment works, both to be computed in accordance with section 16.

[29/2010]

(5) Notwithstanding section 16(15), where a person —

(*a*) on or before 22nd February 2010 —

(i) has been granted an option to purchase, or has entered into a sale and purchase agreement for, a building or structure (not being a new building or structure) which is to be an industrial building or structure upon the purchase other than one referred to in subsection (6); or

(ii) has been granted an option to acquire or has entered into an agreement to acquire the leasehold interest in such a building or structure; and

(*b*) on or after 23rd February 2010, incurs capital expenditure on the purchase of the building or structure or of the leasehold interest therein,

there shall be made to that person annual allowances in respect of that capital expenditure computed in accordance with section 16.

[29/2010]

(6) Notwithstanding section 16(15) but subject to subsection (12), where a person incurs on or after 23rd February 2010 capital expenditure on the purchase of a building or structure (not being a new building or structure), or of a leasehold interest therein, and the building or structure is to be an industrial building or structure by virtue of paragraph (*f*), (*i*) or (*j*) of section 18(1) upon the purchase or the completion of any renovation or refurbishment works carried out on the building or structure upon the purchase, there shall be made to that person, in accordance with section 16 —

(*a*) annual allowances in respect of the capital expenditure; and

(*b*) an initial allowance and annual allowances in respect of capital expenditure incurred on such renovation or refurbishment works.

[29/2010]

(7) Notwithstanding section 16(15) and (16) but subject to subsection (11), where a person —

(*a*) on or after 23rd February 2010, incurs capital expenditure on extension works carried out on an existing building or structure that (together with the extension thereto) is to be an industrial building or structure, other than one referred to in subsection (8), upon the completion of the extension works;

(*b*) on or before 22nd February 2010, enters into a written agreement for a qualified person to carry out the extension works; and

(*c*) on or before 31st December 2010, makes an application for planning permission or conservation permission to the competent authority in accordance with the Planning Act for the development of the land comprising the extension works,

there shall be made to that person, computed in accordance with section 16 —

(i) an initial allowance and annual allowances in respect of the capital expenditure incurred on the extension works; and

(ii) where the existing building or structure is not an industrial building or structure on 22nd February 2010, annual allowances in respect of any capital expenditure incurred before 23rd February 2010 on the construction or purchase or the residue of that expenditure, as the case may be, of that building or structure.

[29/2010]

(8) Notwithstanding section 16(15) and (16) but subject to subsection (11), where a person incurs on or after 23rd February 2010 capital expenditure on extension works to an existing building or structure, not being an industrial building or structure on or at any time before 22nd February 2010, that (together with the extension thereto) is to be an industrial building or structure by virtue of paragraph (*f*), (*i*) or (*j*) of section 18(1) upon the completion of the extension works, there shall be made to that person, computed in accordance with section 16 —

(*a*) an initial allowance and annual allowances in respect of the capital expenditure; and

(*b*) annual allowances in respect of any capital expenditure incurred before 23rd February 2010 on the construction or purchase or the residue of that expenditure, as the case may be, of the existing building or structure.

[29/2010]

(9) Notwithstanding section 16(15) and (16) but subject to subsection (12), where a person incurs on or after 23rd February 2010 capital expenditure on renovation or refurbishment works on an existing building or structure, and —

(*a*) the building or structure is to be an industrial building or structure, other than one referred to in subsection (10), upon the completion of the renovation or refurbishment works; and

(*b*) such renovation or refurbishment works are carried out pursuant to a written agreement entered into with a renovation contractor on or before 22nd February 2010,

there shall be made to that person, computed in accordance with section 16 —

(i) an initial allowance and annual allowances in respect of the capital expenditure incurred on the renovation or refurbishment works; and

(ii) where the existing building or structure is not an industrial building or structure on 22nd February 2010, annual allowances in respect of the capital expenditure incurred before 23rd February 2010 on the construction or purchase or the residue of that expenditure, as the case may be, of that building or structure.

[29/2010]

(10) Notwithstanding section 16(15) and (16) but subject to subsection (12), where a person incurs on or after 23rd February 2010 capital expenditure on renovation or refurbishment works on an existing building or structure, not being an industrial building or structure on or at any time before 22nd February 2010, that is to be an

industrial building or structure by virtue of paragraph (*f*), (*i*) or (*j*) of section 18(1) upon the completion of the renovation or refurbishment works, there shall be made to that person, computed in accordance with section 16 —

(*a*) an initial allowance and annual allowances in respect of the capital expenditure; and

(*b*) annual allowances in respect of any capital expenditure incurred before 23rd February 2010 on the construction or purchase or the residue of that expenditure, as the case may be, of the existing building or structure.

[29/2010]

(11) For the purposes of subsections (1), (2), (7) and (8), no allowance shall be made to a person in respect of any capital expenditure incurred on an industrial building or structure after the date of issuance of the temporary occupation permit for that building or structure or the end of the basis period for the year of assessment 2016, whichever is earlier.

[29/2010]

(12) For the purposes of subsections (4), (6), (9) and (10), no allowance shall be made to a person in respect of any capital expenditure incurred after the completion of the renovation or refurbishment works referred to in those subsections or the end of the basis period for the year of assessment 2016, whichever is the earlier.

[29/2010]

(13) No allowance shall be made under this section in respect of any capital expenditure incurred on the construction of a building or structure for which an allowance is made under section 18C.

[29/2010]

(14) In this section —

"new building or structure" means a building or structure which —

(*a*) has not previously been used by any person; and

(*b*) was purchased by a person from another person who —

(i) constructed that building or structure; and

(ii) was not granted an initial allowance in respect of that building or structure under section 16;

"qualified person" means —

(*a*) any person who is registered as an architect under the Architects Act (Cap. 12) and who has in force a practising certificate issued under that Act; or

(*b*) any person who is registered as a professional engineer under the Professional Engineers Act (Cap. 253) and who has in force a practising certificate issued under that Act.

[29/2010]

Initial and annual allowances for certain buildings and structures

18C.—(1) Where any person proposes to incur or has incurred on or after 23rd February 2010 qualifying capital expenditure on the construction or renovation of a building or structure on industrial land for which an application for planning permission or conservation permission is made to the competent authority in accordance with the Planning Act (Cap. 232) on or after 23rd February 2010, he may apply to the Minister or such person as he may appoint, between 1st July 2010 and 30th June 2020 (both dates inclusive) for such construction or renovation to be approved for the purposes of making an allowance under this section in respect of such expenditure incurred by him.

[29/2010]

[Act 37 of 2014 wef 22/02/2014]

(1A) Where any person proposes to incur or has incurred on or after 22nd February 2014 qualifying capital expenditure on the construction or renovation of a building or structure on port land or airport land, for which an application for planning permission or conservation permission is made on or after that date to the competent authority in accordance with the Planning Act (Cap. 232), the person may apply to the Minister or such person as the Minister may appoint, between 22nd February 2014 and 30th June 2020 (both dates inclusive) for such construction or renovation to be approved for the

purposes of making an allowance under this section in respect of such expenditure incurred by that person.

[Act 37 of 2014 wef 22/02/2014]

(2) Where the Minister or such person as he may appoint, on an application made to him under subsection (1) or (1A) that is a pre-25 March 2016 application, is satisfied that the construction or renovation of the building or structure on industrial land, port land or airport land (as the case may be) promotes the prescribed intensified use of the land for the purposes of a prescribed trade or business, he may, by notice in writing, approve the construction or renovation for the purposes of this section, which approval shall be subject to such conditions as he may impose, including the particular trade or business for which the building or structure is to be used upon completion of construction or renovation.

[29/2010; 22/2011]

[Act 37 of 2014 wef 22/02/2014]

[Act 34 of 2016 wef 25/03/2016]

(2A) The Minister or such person as he may appoint may, on application by a person who made an application under subsection (1) or (1A) pursuant to which a construction or renovation of a building or structure is approved under subsection (2), vary a condition of the approval as to the particular trade or business for which the building or structure may be used upon completion of the construction or renovation, if the Minister or the appointed person is satisfied that the ground mentioned in subsection (2) for approving an application under subsection (1) or (1A) continues to be met.

[Act 34 of 2016 wef 25/03/2016]

(2B) The Minister or such person as he may appoint may, by notice in writing, approve an application made under subsection (1) or (1A) that is a post-25 March 2016 application if, based on the information provided by the applicant, the Minister or the appointed person is satisfied that —

(*a*) on completion of the construction or renovation, at least 80% of the total floor area of the building or structure will be used —

(i) by —

(A) a single person who is either the applicant or a person related to the applicant; or

(B) 2 or more persons who satisfy the requirements of relatedness; and

(ii) for one or more prescribed trades or businesses; and

(*b*) the construction or renovation of the building or structure on the land promotes the prescribed intensified use of the land for the purposes of that trade or business or, if there is more than one trade or business, such of those trades or businesses as may be designated in the regulations.

[Act 34 of 2016 wef 25/03/2016]

(2C) An approval under subsection (2B) is subject to the condition that, upon completion of the construction or renovation, at least 80% of the total floor area of the building or structure will be used —

(*a*) by one or more persons specified in the notice mentioned in subsection (2B) who —

(i) if it will be used by a single person, is either the applicant of the application concerned under subsection (1) or (1A), or a person related to the applicant; or

(ii) if it will be used by 2 or more persons, satisfy the requirements of relatedness; and

(*b*) for one or more trades or businesses specified in the application.

[Act 34 of 2016 wef 25/03/2016]

(2D) An approval under subsection (2B) may be subject to such other conditions as the Minister or the person appointed under that subsection may impose.

[Act 34 of 2016 wef 25/03/2016]

(2E) The Minister or such person as he may appoint may, on application by a person who made an application under subsection (1) or (1A) pursuant to which a construction or renovation of a building or structure is approved under subsection (2B) —

(*a*) substitute any person or trade or business mentioned in subsection (2C) with any other person or trade or business; or

(*b*) add a person or trade or business to the person or trade or business mentioned in subsection (2C),

if the Minister or the person appointed is satisfied that the requirements in subsection (2B)(*a*) and (*b*) continue to be met.

[Act 34 of 2016 wef 25/03/2016]

(2F) Where a trade or business is prescribed by regulations under subsection (11A), then, unless otherwise provided in the regulations, the Minister or person appointed under subsection (2) or (2B), as the case may be, may only —

(*a*) approve an application under subsection (2) for a renovation or construction because it promotes the prescribed intensified use of the land for that trade or business; or

(*b*) approve an application under subsection (2B) because at least 80% of the total floor area of the building or structure will be used, on completion of the construction or renovation, by a person or persons mentioned in subsection (2B)(*a*)(i) for that trade or business or for trades or businesses which include that trade or business,

if —

(i) the application is made on or after a prescribed date; and

(ii) the application for planning permission or conservation permission for the construction or renovation is made on or after a prescribed date.

[Act 34 of 2016 wef 25/03/2016]

(2G) In relation to any construction or renovation that is approved pursuant to an application to which subsection (2F) applies, the qualifying capital expenditure for which an allowance may be made under subsections (3) and (4) excludes any expenditure incurred before a prescribed date, unless the regulations under subsection (11A) provide otherwise.

[Act 34 of 2016 wef 25/03/2016]

(2H) The prescribed date mentioned in subsection (2F)(i) or (ii) or (2G) is, unless otherwise specified in the regulations, the date the trade or business is prescribed by regulations under subsection (11A).

[Act 34 of 2016 wef 25/03/2016]

(2I) To avoid doubt, a reference in subsections (2F) and (2H) to the prescribing of a trade or business under subsection (11A) is, in the case of an application made under subsection (1) or (1A) before 25 March 2016, a reference to the prescribing of a trade or business under subsection (2) in force immediately before that date.

[Act 34 of 2016 wef 25/03/2016]

(2J) In relation to any construction or renovation that is approved pursuant to a post-25 March 2016 application (other than one with only a single specified user and a single specified trade or business), the qualifying capital expenditure for which an allowance may be made under subsections (3) and (4) excludes any expenditure incurred before 25 March 2016.

[Act 34 of 2016 wef 25/03/2016]

(3) Where in the basis period for any year of assessment the person has incurred any qualifying capital expenditure on the approved construction or approved renovation, as the case may be, there shall be made to the person for the year of assessment in the basis period for which the expenditure was incurred an allowance to be known as an "initial allowance" equal to 25% of the expenditure.

[29/2010]

(4) Subject to subsections (5), (5AA) and (6), where the person is, at the end of the basis period for any year of assessment, entitled to a relevant interest in the building or structure which is being used for the purposes of the specified trade or business or (as the case may be) trades or businesses, and in respect of which qualifying capital expenditure is incurred, there shall be made to the person for that year of assessment an allowance to be known as an "annual allowance" equal to 5% of the qualifying capital expenditure incurred by him.

[29/2010]

[Act 34 of 2016 wef 25/03/2016]

(5) Where the construction or renovation is approved pursuant to a pre-25 March 2016 application, no allowance is to be made under subsection (4) for any year of assessment unless —

(*a*) in a case where 2 or more temporary occupation permits are to be issued for the subject of the approved construction or renovation, and one or more of those temporary occupation permits have been issued but not all of them, at least 80% of the total floor area of the subject of each temporary occupation permit that has been issued; or

(*b*) in any other case, at least 80% of the total floor area of the subject of the approved construction or renovation,

is used, at the end of the basis period for that year of assessment, by any one person for the purposes of the specified trade or business, and, for the case in paragraph (*a*), that person is the same person for all the subjects of the temporary occupation permits that have been issued.

[Act 2 of 2016 wef 11/04/2016]

[Act 34 of 2016 wef 25/03/2016]

(5AA) Where the construction or renovation is approved pursuant to a post-25 March 2016 application, no allowance is to be made under subsection (4) for any year of assessment unless —

(*a*) in a case where 2 or more temporary occupation permits are to be issued for the subject of the approved construction or renovation, but not all of those temporary occupation permits have been issued, at least 80% of the total floor area of the subject of each temporary occupation permit that has been issued; or

(*b*) in any other case, at least 80% of the total floor area of the subject of the approved construction or renovation,

is used, at the end of the basis period for that year of assessment —

(i) for the purposes of the specified trade or business or one or more of the specified trades or businesses; and

(ii) by —

(A) one person who is a specified user and is either the applicant of the post-25 March 2016 application or related to the applicant; or

(B) 2 or more persons who are specified users and satisfy the requirements of relatedness.

[Act 34 of 2016 wef 25/03/2016]

(5A) In subsections (5) and (5AA), the subject of an approved construction or renovation, or of a temporary occupation permit, is the building or structure, all the buildings or structures, or the part or all the parts of a building or structure, as the case may be, that forms or form the subject matter of the approved construction or renovation, or the temporary occupation permit.

[Act 2 of 2016 wef 11/04/2016]

[Act 34 of 2016 wef 25/03/2016]

(6) Any annual allowance made to any person under subsection (4) in respect of an approved construction or approved renovation for any year of assessment shall not exceed the amount of qualifying capital expenditure remaining unallowed as at the beginning of the basis period for that year of assessment.

[29/2010]

(7) For the purposes of this section, qualifying capital expenditure incurred by any person on the approved construction or approved renovation, as the case may be, prior to the commencement of his trade or business shall be deemed to have been incurred by that person on the first day he carries on that trade or business.

[29/2010]

(8) Where the person fails to comply with the condition in subsection (2C), or any condition imposed under subsection (2) or (2D) in respect of the approved construction or approved renovation, the Minister or such person as he may appoint, may, by notice in writing, revoke the approval granted under that subsection.

[29/2010]

[Act 34 of 2016 wef 25/03/2016]

(9) Notwithstanding section 74(1) and (4), where an approval has been revoked under subsection (8), the Comptroller may, at any time, for the purpose of making good any loss of tax attributable to such revocation of approval, assess the person who has utilised the allowance made under this section at such amount or additional amount as according to his judgment ought to have been charged; and

this subsection shall also apply, with the necessary modifications, to any assessment which results in any unabsorbed allowances or losses.

[29/2010]

(10) Where, in the basis period for any year of assessment, the specified trade or business for which purpose the building or structure is used, produces income that is exempt from tax as well as income chargeable with tax, the allowance for that year of assessment shall be made against each income for that year of assessment in such proportion as appears reasonable to the Comptroller in the circumstances.

[29/2010]

(11) A person who has incurred qualifying capital expenditure on the approved construction or approved renovation shall maintain and deliver to the Minister or such person he may appoint or the Comptroller, in such form and manner and within such reasonable time as the Minister, the person or the Comptroller may determine, the relevant records of the approved construction or approved renovation, and such other particulars as may be required for the purposes of this section.

[29/2010]

(11A) The Minister may make regulations prescribing matters required or permitted by this section to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to this section.

[Act 34 of 2016 wef 25/03/2016]

(12) In this section —

"airport land" means any land zoned for use as an airport under the Master Plan;

[Act 37 of 2014 wef 22/02/2014]

"approved construction or approved renovation" means the construction or renovation, as the case may be, of a building or structure on industrial land, port land or airport land (as the case may be) approved under subsection (2) or (2B);

[Act 37 of 2014 wef 22/02/2014]

[Act 34 of 2016 wef 25/03/2016]

"industrial land" means any land zoned for the purpose of "Business 1" or "Business 2" (other than "Business 1 White" and "Business 2 White") under the Master Plan, and includes such other land as may be approved by the Minister;

"Master Plan" means the Master Plan as defined in the Planning Act which is effective on the date of the application for planning permission or conservation permission referred to in subsection (1) or (1A), as the case may be;

[Act 37 of 2014 wef 22/02/2014]

"port land" means any land zoned for use as a port under the Master Plan;

[Act 37 of 2014 wef 22/02/2014]

"post-25 March 2016 application" means an application under subsection (1) or (1A) —

(*a*) that is made on or after 25 March 2016; and

(*b*) that relates to the construction or renovation of a building or structure for which an application for planning permission or conservation permission is made on or after 25 March 2016;

[Act 34 of 2016 wef 25/03/2016]

"pre-25 March 2016 application" means an application under subsection (1) or (1A) that is not a post-25 March 2016 application;

[Act 34 of 2016 wef 25/03/2016]

"qualifying capital expenditure" means the following types of capital expenditure:

(*a*) costs of feasibility study on the layout of the building or structure;

(*b*) design fees of the building or structure;

(*c*) costs of preparing plans for obtaining approval for the building or structure;

(*d*) piling, construction and renovation costs;

(*e*) demolition costs of an existing building or structure for which an allowance was not made under section 16;

(*f*) legal and other professional fees in relation to the approved construction or approved renovation; and

(*g*) stamp duties payable in respect of title of the building or structure;

[Act 37 of 2014 wef 22/02/2014]

[Act 2 of 2016 wef 11/04/2016]

[Act 34 of 2016 wef 25/03/2016]

"relevant interest", in relation to any qualifying capital expenditure incurred on an approved construction or approved renovation of a building or structure, means the interest in that building or structure to which the person who incurred the expenditure was entitled when he incurred it;

"specified trade or business" means —

(*a*) the trade or business specified in a condition of approval under subsection (2) as one for which the building or structure may be used upon completion of the approved construction or renovation, including one substituted for that trade or business pursuant to a variation under subsection (2A); or

(*b*) the trade or business or any of the trades or businesses mentioned in subsection (2C)(*b*), including one substituted for that trade or business or added under subsection (2E),

as the case may be;

[Act 34 of 2016 wef 25/03/2016]

"specified user" means the person or any of the persons mentioned in subsection (2C), including one substituted for that person or added under subsection (2E);

[Act 34 of 2016 wef 25/03/2016]

"temporary occupation permit" means a temporary occupation permit granted under section 12(3) of the Building Control Act (Cap. 29).

[Act 2 of 2016 wef 11/04/2016]

(13) In this section, capital expenditure for the renovation or construction of a building or structure or of a part of a building or structure, that is incurred after the date a temporary occupation permit is issued for the building, structure or part of the building or structure (as the case may be) is not qualifying capital expenditure.

[Act 2 of 2016 wef 11/04/2016]

(14) In this section —

(*a*) a reference to a temporary occupation permit issued or to be issued for one or more buildings or structures or one or more parts of a building or structure (called in this paragraph the subject) is, if no temporary occupation permit is issued or to be issued for the subject, a reference to the certificate of statutory completion issued or to be issued under section 12(1) of the Building Control Act for —

(i) the subject; or

(ii) a building or structure that includes the subject; and

(*b*) a reference to the date of issue of a temporary occupation permit is to be construed accordingly.

[Act 2 of 2016 wef 11/04/2016]

(15) In this section —

(*a*) 2 or more persons satisfy the requirements of relatedness if —

(i) each of them is related to one or more of the others; and

(ii) either —

(A) one of them is the applicant of the application under subsection (1) or (1A) and the other or others is or are related to the applicant; or

(B) all of them are related to the applicant; and

(*b*) a person is related to another person if —

(i) one of those persons beneficially holds, directly or indirectly, at least 75% of the total number of issued ordinary shares of the other person (being a company);

(ii) one of those persons is entitled, directly or indirectly, to at least 75% of the income of the other person (being a partnership);

(iii) a third person beneficially holds, directly or indirectly, at least 75% of the total number of issued ordinary shares of each of those persons (being companies);

(iv) a third person is entitled, directly or indirectly, to at least 75% of the income of each of those persons (being partnerships); or

(v) a third person beneficially holds, directly or indirectly, at least 75% of the total number of issued ordinary shares of one of those persons (being a company), and is entitled, directly or indirectly, to at least 75% of the income of the other person (being a partnership).

[Act 34 of 2016 wef 25/03/2016]

(16) A reference to a person in subsections (2B)(*a*)(i), (2C)(*a*), (2E)(*a*) and (*b*), (5AA)(ii) and (15), and in the definition of "specified user" in subsection (12), includes a partnership.

[Act 34 of 2016 wef 25/03/2016]

Initial and annual allowances for machinery or plant

19.—(1) Where a person carrying on a trade, profession or business incurs capital expenditure on the provision of machinery or plant for the purposes of that trade, profession or business, there shall be made to him, on due claim for the year of assessment in the basis period for which the expenditure is incurred an allowance, to be known as an "initial allowance", equal to one-fifth of that expenditure or such other allowance as may be prescribed either generally or for any

person or class of persons in respect of any machinery or plant or class of machinery or plant.

[7/79]

(1A) For the purposes of subsection (1), in the case of any trade, profession or business —

(*a*) where 2 basis periods overlap, the period common to both shall be deemed to fall in the first basis period only;

(*b*) where there is an interval between the end of the basis period for a year of assessment and the commencement of a basis period for the next succeeding year of assessment, then, unless the second-mentioned year of assessment is the year of the permanent discontinuance of the trade, the interval shall be deemed to be part of the second basis period; and

(*c*) where there is an interval between the end of the basis period for the year of assessment preceding that in which the trade is permanently discontinued and the commencement of the basis period for the year in which it is permanently discontinued, the interval shall be deemed to form part of the first basis period.

(1B) Any capital expenditure incurred for the purposes of a trade by a person about to carry on that trade shall be treated for the purposes of subsection (1) as if it had been incurred by that person on the first day on which he does carry on that trade.

(2) Where at the end of the basis period for any year of assessment, a person has in use machinery or plant for the purpose of his trade, profession or business, there shall be made to him, on due claim, in respect of that year of assessment an allowance for depreciation by wear and tear of those assets (to be known as an annual allowance) which shall be calculated in accordance with the following provisions:

(*a*) the annual allowance in respect of any machinery or plant shall —

(i) in the case of an asset, other than an asset acquired under a hire-purchase agreement, be the amount

ascertained by dividing the excess of the original cost of the asset over any initial allowance granted under subsection (1) by the number of years of working life of the asset as specified in the Sixth Schedule unless otherwise provided under paragraph (*b*) or (*ba*);

(ii) in the case of an asset acquired under a hire-purchase agreement, be the amount ascertained by dividing the excess of the original cost of the asset over the total amount of initial allowance allowable in respect of the asset under subsection (1) by the number of years of working life of the asset as specified in the Sixth Schedule unless otherwise provided under paragraph (*b*) or (*ba*);

(*b*) for the purposes of paragraph (*a*), the number of years of working life of any aircraft acquired between 1st March 1995 and 29th February 2012 (both dates inclusive) shall, if it had been extended under section 19(2)(*b*) in force immediately before 1st March 2012, be the number of years of its working life as specified in the Sixth Schedule together with the extension;

(*ba*) for the purposes of paragraph (*a*), the number of years of working life of any aircraft acquired on or after 1st March 2012 by an approved aircraft leasing company within the meaning of section 43Y shall, if the company has made an election under subsection (2A), be the number of years of its working life as specified in the Sixth Schedule together with the extension specified by the company under subsection (2A) in accordance with subsection (2B);

(*c*) the annual allowance in respect of any asset for any year of assessment shall not exceed the amount of the capital expenditure of the asset still unallowed under this section as at the beginning of the basis period for that year of assessment;

(*d*) for the purposes of the Sixth Schedule, where any question arises as to the classification of an asset under any item of

that Schedule, the asset shall be treated as falling under such item as the Comptroller considers proper.

[28/80; 32/95; 53/2007; 29/2012]

(2A) An approved aircraft leasing company which acquired any aircraft on or after 1st March 2012 may, at the time of lodgment of its return of income for the year of assessment relating to the basis period in which the aircraft was acquired, make an irrevocable election to the Comptroller for the number of years of the working life of the aircraft as specified in the Sixth Schedule to be extended by a period specified by the company.

[29/2012]

(2B) The total of the number of years of the working life of the aircraft specified in the Sixth Schedule and the period specified by the company must not exceed 20 years.

[29/2012]

(3) Notwithstanding subsection (1) or (2) or section 19A(1) or (1B), in respect of a motor car to which this subsection applies —

(*a*) the initial allowance to be made under subsection (1) shall be calculated on an amount equal to the capital expenditure incurred in respect of that motor car or $35,000, whichever is less;

(*b*) the annual allowance to be made under subsection (2) or section 19A(1) or (1B) shall be calculated on the basis that the original cost of that motor car is the capital expenditure incurred or $35,000, whichever is less; and

(*c*) the aggregate of the initial and annual allowances to be made under this subsection for all relevant years of assessment shall not exceed $35,000.

[37/75; 5/83; 53/2007; 27/2009]

(4) Subsection (3) shall apply to a motor car which is constructed or adapted for the carriage of not more than 7 passengers (exclusive of the driver) and the weight of which unladen does not exceed 3,000 kilograms and which —

(*a*) was registered before 1st April 1998 as a business service passenger vehicle for the purposes of the Road Traffic Act (Cap. 276) but excludes such a motor car which is —

(i) used principally for instructional purposes; and

(ii) acquired by a person who carries on the business of providing driving instruction and who holds a driving school licence or driving instructor's licence issued under that Act; or

(*b*) was acquired in the basis period for the year of assessment 2013 or any preceding year of assessment, and is registered outside Singapore and used exclusively outside Singapore.

[32/99; 19/2013]

(5) No allowance under this section or section 19A shall be made in respect of a motor car which is constructed or adapted for the carriage of not more than 7 passengers (exclusive of the driver) and the weight of which unladen does not exceed 3,000 kilograms except —

(*a*) a taxi;

(*b*) a motor car registered outside Singapore and used exclusively outside Singapore;

(*c*) a private hire car acquired by a person who carries on the business of hiring out cars and which is used by the person principally for hiring;

(*d*) a motor car which was registered before 1st April 1998 as a business service passenger vehicle for the purposes of the Road Traffic Act; and

(*e*) a motor car registered on or after 1st April 1998 which is used principally for instructional purposes and acquired by a person who carries on the business of providing driving instruction and who holds a driving school licence or driving instructor's licence issued under the Road Traffic Act.

[32/99; 53/2007]

(5A) Unless otherwise provided in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86), where, in the basis period for any year of assessment, the trade, profession or business, for which purpose the machinery or plant is provided, produces income that is exempt from tax as well as income chargeable with tax, the allowances for that year of assessment shall

be made against each income for that year of assessment in such proportion as appears reasonable to the Comptroller in the circumstances.

[49/2004]

(5B) For the purposes of subsection (2), where, at the end of the basis period for the year of assessment 2009, a person has in use any of the following motor vehicles within the meaning of the Road Traffic Act:

(*a*) a motor car;

(*b*) a motor cycle;

(*c*) a goods vehicle the maximum weight of which laden does not exceed 3,000 kilograms,

in respect of which allowances have been made under this section, there shall be made to him, on due claim for that or any subsequent year of assessment and in lieu of any further annual allowance under this section, an annual allowance of $33^1/_3$% in respect of the capital expenditure remaining unallowed under this section in respect of the motor vehicle as at the beginning of the basis period for the year of assessment 2009.

[53/2007]

(6) In subsection (1), "prescribed" means prescribed by an order made by the Minister.

(7) Every order made under this section shall be presented to Parliament as soon as possible after publication in the *Gazette*.

(8) Subject to subsection (9), this section shall, with the necessary modifications, apply to a person carrying on any trade or business who incurs during the basis period for any year of assessment between the year of assessment 2009 and the year of assessment 2025 (both years inclusive) capital expenditure on the provision of machinery or plant for any research and development undertaken by him directly in Singapore or by a research and development organisation on his behalf in Singapore, even though the machinery or plant is not for the purposes of that trade or business.

[34/2008; 29/2010]

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

(9) Section 14D(4) and (5) shall apply in relation to the allowance for the capital expenditure referred to in subsection (8) as they apply in relation to the deduction of the expenditure and payments referred to in section 14D(1)(*aa*), (*c*) and (*f*), subject to the following modifications:

(*a*) a reference to the amount of the expenditure or payments (after deducting any amount in respect of which an election for a cash payout has been made under section 37I) in section 14D(4) is a reference to the remaining amount of the allowance after deducting the amount of the allowance that corresponds to the capital expenditure in respect of which an election for a cash payout has been made under section 37I;

(*b*) a reference to the specified amount of the expenditure or payments is a reference to an amount computed in accordance with the formula

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

where A is the remaining amount of the allowance after deducting the amount of the allowance that corresponds to the capital expenditure in respect of which an election for a cash payout has been made under section 37I;

B is the rate of tax specified in section 43(1)(*a*); and

C is —

(i) in a case where the concessionary income derived by the person from the trade or business carried on by him is subject to tax at a single concessionary rate of tax, that rate; or

(ii) in a case where the concessionary income derived by the person from the trade or business carried on by him is subject to tax

at 2 or more concessionary rates of tax, the higher or highest of those rates; and

(*c*) a reference to "unabsorbed losses" is a reference to "unabsorbed allowances".

[34/2008; 22/2011; 29/2012]

Allowances of 3 years or 2 years write off for machinery and plant, and 100% write off for computer, prescribed automation equipment and robot, etc.

19A.—(1) Notwithstanding section 19, where a person carrying on a trade, profession or business incurs capital expenditure on the provision of machinery or plant for the purposes of that trade, profession or business, there shall be made to him, on due claim for any year of assessment and in lieu of the allowances provided by section 19, an annual allowance of $33^1/_3$% in respect of the capital expenditure incurred.

[53/2007; 27/2009; 29/2010]

(1A) Any annual allowance under this section in respect of any asset for any year of assessment shall not exceed the amount of the capital expenditure of the asset remaining unallowed as at the beginning of the basis period for that year of assessment.

[53/2007]

(1B) Notwithstanding subsection (1), where a person carrying on a trade, profession or business incurs, during the basis period relating to the year of assessment 2010 or 2011, capital expenditure on the provision of machinery or plant for the purposes of that trade, profession or business, he may, in lieu of the allowances provided by subsection (1) or section 19, elect to be entitled for any 2 years of assessment to the following:

(*a*) for the year of assessment relating to the basis period in which the capital expenditure was incurred or any subsequent year of assessment (referred to in this subsection as the first year), an allowance of 75% in respect of the capital expenditure incurred; and

(*b*) for any year of assessment subsequent to the first year, an allowance of 25% in respect of the capital expenditure incurred.

[27/2009]

(1C) Where a person carrying on a trade, profession or business enters into a hire-purchase agreement during the basis period relating to the year of assessment 2010 or 2011 in respect of machinery or plant provided for the purposes of that trade, profession or business, subsection (1B) shall apply to each instalment paid by that person under that hire-purchase agreement, whether the instalment is paid during or after the basis period relating to the year of assessment 2010 or 2011.

[27/2009]

(1D) An election made by a person under subsection (1B) shall be irrevocable.

[27/2009]

(2) Notwithstanding section 19, where a person proves to the satisfaction of the Comptroller that he has installed a computer or other prescribed automation equipment for the purposes of a trade, business or profession carried on by him, he shall, in lieu of the allowances provided by subsection (1) or (1B) or section 19, be entitled, if he so elects, to an allowance of 100% in respect of the capital expenditure incurred on the provision of that computer or automation equipment.

[15/83; 13/84; 7/85; 27/2009]

(2A) Where a person proves to the satisfaction of the Comptroller that he has incurred capital expenditure during the basis period for the year of assessment 2011 or the year of assessment 2012 on the provision of one or more PIC automation equipment for the purposes of a trade, profession or business carried on by him, there shall be allowed on due claim, in respect of all his trades, professions and businesses, and in addition to the allowance under section 19 or subsection (1), (1B) or (2) (as the case may be), an allowance computed in accordance with the following formula:

$$A \times 300\%,$$

where A is —

(*a*) for the year of assessment 2011, the lower of the following:

(i) such capital expenditure incurred during the basis period for that year of assessment;

(ii) $800,000; and

(*b*) for the year of assessment 2012, the lower of the following:

(i) such capital expenditure incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $800,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii).

[22/2011]

(2B) Subject to section 37IC, where a person proves to the satisfaction of the Comptroller that he has incurred capital expenditure during the basis period for the year of assessment 2013, the year of assessment 2014 or the year of assessment 2015 on the provision of one or more PIC automation equipment for the purposes of a trade, profession or business carried on by him, there shall be allowed on due claim, in respect of all his trades, professions and businesses and in addition to the allowance under section 19 or subsection (1), (1B) or (2) (as the case may be), an allowance computed in accordance with the following formula:

$$A \times 300\%,$$

where A is —

(*a*) for the year of assessment 2013, the lower of the following:

(i) such capital expenditure incurred during the basis period for that year of assessment;

(ii) $1,200,000;

(*b*) for the year of assessment 2014, the lower of the following:

(i) such capital expenditure incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii); and

(*c*) for the year of assessment 2015, the lower of the following:

(i) such capital expenditure incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii), and the lower of the amounts specified in paragraph (*b*)(i) and (ii).

[22/2011]

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

(2BAA) Subject to section 37IC, where a person proves to the satisfaction of the Comptroller that he has incurred capital expenditure during the basis period for the year of assessment 2016, 2017 or 2018 on the provision of one or more PIC automation equipment for the purposes of a trade, profession or business carried on by him, there shall be allowed on due claim, in respect of all his trades, professions and businesses, and in addition to the allowance under section 19 or subsection (1), (1B) or (2) (as the case may be), an allowance computed in accordance with the following formula:

$$A \times 300\%,$$

where A is —

(*a*) for the year of assessment 2016, the lower of the following:

(i) such capital expenditure incurred during the basis period for that year of assessment;

(ii) $1,200,000;

(*b*) for the year of assessment 2017, the lower of the following:

(i) such capital expenditure incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii); and

(*c*) for the year of assessment 2018, the lower of the following:

(i) such capital expenditure incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii), and the lower of the amounts specified in paragraph (*b*)(i) and (ii).

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

(2BA) In subsection (2A), the amount under paragraph (*a*)(ii) shall be substituted with "$400,000" if the person does not carry on any trade, profession or business during the basis period for the year of assessment 2012, and the balance under paragraph (*b*)(ii) shall be substituted with "$400,000" if the person does not carry on any trade, profession or business during the basis period for the year of assessment 2011.

[22/2011]

(2BB) In subsection (2B) —

(*a*) if the person does not carry on any trade, profession or business during the basis period for any one year of assessment between the year of assessment 2013 and the year of assessment 2015 (both years inclusive), the references to "$1,200,000" in the paragraphs of that subsection applicable to the other 2 years of assessment shall be substituted with "$800,000";

(*b*) if the person does not carry on any trade, profession or business during the basis periods for any 2 years of assessment between the year of assessment 2013 and the year of assessment 2015 (both years inclusive), the reference to "$1,200,000" in the paragraph of that subsection applicable to the remaining year of assessment shall be substituted with "$400,000"; and

(*c*) for the avoidance of doubt, no deduction shall be made from the substituted amount in subsection (2B)(*b*)(ii) or (*c*)(ii) of the lower of the amounts specified in subsection (2B)(*a*)(i) and (ii) if the person does not carry on any trade, profession or business during the basis period for the year

of assessment 2013, and no deduction shall be made from the substituted amount in subsection (2B)(*c*)(ii) of the lower of the amounts specified in subsection (2B)(*b*)(i) and (ii) if the person does not carry on any trade, profession or business during the basis period for the year of assessment 2014.

[22/2011]

(2BC) In subsection (2BAA) —

(*a*) if the person does not carry on any trade, profession or business during the basis period for any one year of assessment between the years of assessment 2016 and 2018 (both years inclusive), the references to "$1,200,000" in the paragraphs of that subsection applicable to the other 2 years of assessment shall be substituted with "$800,000";

(*b*) if the person does not carry on any trade, profession or business during the basis periods for any 2 years of assessment between the years of assessment 2016 and 2018 (both years inclusive), the reference to "$1,200,000" in the paragraph of that subsection applicable to the remaining year of assessment shall be substituted with "$400,000"; and

(*c*) to avoid doubt, no deduction shall be made from the substituted amount in subsection (2BAA)(*b*)(ii) or (*c*)(ii) of the lower of the amounts specified in subsection (2BAA)(*a*)(i) and (ii) if the person does not carry on any trade, profession or business during the basis period for the year of assessment 2016, and no deduction shall be made from the substituted amount in subsection (2BAA)(*c*)(ii) of the lower of the amounts specified in subsection (2BAA)(*b*)(i) and (ii) if the person does not carry on any trade, profession or business during the basis period for the year of assessment 2017.

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

(2C) Where a person proves to the satisfaction of the Comptroller that he has during or after the basis period for the year of assessment 2011 incurred capital expenditure by way of making one or more instalment payments under a hire-purchase agreement or agreements

to acquire one or more PIC automation equipment for the purposes of a trade, business or profession carried on by him, that is or are signed during the basis period for any year of assessment between the year of assessment 2011 and the year of assessment 2018 (both years inclusive), and he makes a claim for an allowance under subsection (2A), (2B) or (2BAA), those subsections shall apply with the following modifications:

(*a*) a reference to the capital expenditure incurred on the provision of one or more PIC automation equipment during the basis period for a year of assessment, being the basis period in which the agreement or agreements is or are signed, is a reference to the aggregate of —

(i) the price or prices (including capital expenditure incurred on alterations to an existing building incidental to the installation of the equipment but excluding any finance charges) at which he might have purchased the equipment or all the equipment that is the subject of the hire-purchase agreement or agreements for cash at the time of the signing of the agreement or agreements; and

(ii) the capital expenditure incurred on the provision of any other PIC automation equipment for the purposes of his trade, profession or business during that basis period;

(*b*) a reference to the capital expenditure incurred on the provision of one or more PIC automation equipment during the basis period for a year of assessment excludes the amount of any instalment paid or deposit made by him under that agreement or any of those agreements during the basis period; and

(*c*) the allowance referred to in subsection (2A), (2B) or (2BAA) in respect of each equipment that is the subject of a hire-purchase agreement shall be made to the person for the year of assessment in respect of each basis period during which he paid an instalment or instalments or made a deposit or deposits under the agreement, in the proportion

which the total amount of the instalment or instalments paid, and deposit or deposits made, during that basis period for that equipment bears to the total amount of all instalments and deposits under the agreement for that equipment.

[29/2010; 22/2011]

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

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

(2D) For the purposes of subsections (2A), (2B) and (2BAA), where an individual carrying on a trade, profession or business through 2 or more firms (excluding partnerships) has incurred capital expenditure during the basis period for any year of assessment between the year of assessment 2011 and the year of assessment 2018 (both years inclusive) on the provision of one or more PIC automation equipment in respect of such firms for the purposes of his trade, profession or business, the allowance that may be allowed to him for that expenditure in respect of all his trades, professions and businesses shall not exceed the amount computed in accordance with subsection (2A), (2B) or (2BAA) (as the case may be) for that year of assessment.

[29/2010; 22/2011]

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

(2E) For the purposes of subsections (2A), (2B) and (2BAA), where a partnership carrying on a trade, profession or business has incurred capital expenditure during the basis period for any year of assessment between the year of assessment 2011 and the year of assessment 2018 (both years inclusive) on the provision of one or more PIC automation equipment for the purposes of its trade, profession or business, the aggregate of the allowances that may be allowed to all the partners of the partnership for that expenditure in respect of all the trades, professions and businesses of the partnership shall not exceed the amount computed in accordance with subsection (2A), (2B) or (2BAA) (as the case may be) for that year of assessment.

[29/2010; 22/2011]

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

(2F) Notwithstanding subsections (2A), (2B) and (2BAA), where a person has incurred capital expenditure on the provision of any PIC

automation equipment for the purpose of leasing such equipment, no allowance under those subsections shall be made to him in respect of such expenditure.

[29/2010; 22/2011]

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

(2FA) Notwithstanding subsections (2A), (2B) and (2BAA), where the PIC automation equipment in question is not prescribed automation equipment under subsection (2), then the allowances claimed under subsections (2A), (2B) and (2BAA) shall be written down in the following manner:

(*a*) where the person claiming the allowances elects to claim allowances in respect of such equipment under section 19 —

(i) one-fifth of the allowances under subsections (2A), (2B) and (2BAA) shall be allowed for the year of assessment for the basis period during which the expenditure is incurred; and

(ii) the balance of the allowances under subsections (2A), (2B) and (2BAA) shall be written down over the number of years of working life of the equipment as specified in the Sixth Schedule;

(*b*) where the person claiming the allowances elects to claim allowances in respect of such equipment under subsection (1) or (1B), the allowances under subsections (2A), (2B) and (2BAA) shall be written down over 3 years in the case of subsection (1), or over 2 years in the case of subsection (1B), in the same proportions as those in which the allowances under subsection (1) or (1B) (as the case may be) may be made to him over that period of years.

[22/2011]

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

(2FB) To avoid doubt, subsection (2FA) does not apply to a website provided for the purposes of a trade, profession or business.

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

(2G) Notwithstanding subsections (2A), (2B) and (2BAA) —

(*a*) where a person who has incurred capital expenditure on the provision of any PIC automation equipment (being also a prescribed automation equipment under subsection (2)) elects to claim allowances in respect of such equipment under section 19 —

(i) one-fifth of the allowances claimed under subsections (2A), (2B) and (2BAA) shall be allowed for the year of assessment for the basis period during which the expenditure is incurred; and

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(ii) the balance of the allowances claimed under subsections (2A), (2B) and (2BAA) shall be written down over the number of years of working life of the equipment as specified in the Sixth Schedule;

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(*aa*) where a person who has incurred capital expenditure on the provision of any PIC automation equipment (being also a prescribed automation equipment under subsection (2)) elects to claim allowances in respect of such equipment under subsection (1) or (1B), the allowances claimed under subsections (2A), (2B) and (2BAA) shall be written down over 3 years in the case of subsection (1), or over 2 years in the case of subsection (1B), in the same proportions as those in which the allowances under subsection (1) or (1B) (as the case may be) may be made to him over that period of years; and

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(*b*) if the person referred to in paragraph (*a*) or (*aa*) sells, transfers or assigns the PIC automation equipment after one year from the provision of such equipment, any allowance in respect of such equipment under subsections (2A), (2B) and (2BAA) remaining unallowed at the time of the sale, transfer or assignment shall be allowed to him for the year of assessment relating to the

basis period in which the sale, transfer or assignment occurs.

[29/2010; 22/2011]

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

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

(2GA) The allowances referred to in subsection (2FA)(*a*)(i) or (*b*) or (2G)(*a*)(i) or (*aa*) (as the case may be), in respect of any equipment that is the subject of a hire-purchase agreement, shall be made to the person for the year of assessment in respect of each basis period during which he paid an instalment or instalments or made a deposit or deposits under the agreement, in the proportion which the total amount of the instalment or instalments paid, and deposit or deposits made, during that basis period for the equipment bears to the total amount of all instalments and deposits under the agreement for that equipment.

[29/2012]

(2H) Where any allowance has been made to any person under subsection (2A), (2B) or (2BAA) in respect of any PIC automation equipment and the person sells, transfers, assigns or leases the PIC automation equipment within the period of one year from the provision of such equipment —

(*a*) no allowance in respect of such equipment shall be made to that person under subsections (2A), (2B) and (2BAA) for the year of assessment relating to the basis period in which the sale, transfer, assignment or lease occurs and for any subsequent year of assessment; and

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(*b*) any allowance made under subsection (2A), (2B) or (2BAA) shall be brought to charge as if the allowances were not made, and be deemed as income for the year of assessment relating to the basis period in which the sale, transfer, assignment or lease occurs.

[29/2010; 22/2011]

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

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

(2HA) The Minister or such person as he appoints may waive the application of subsection (2H)(*b*) in the following circumstances:

(*a*) the capital expenditure incurred on the provision of other PIC automation equipment acquired in the basis period in which the equipment sold, transferred, assigned or leased was acquired, is more than or equal to the amount that applies to the year of assessment to which the basis period relates; or

(*b*) the Minister or person appointed by him is satisfied that there is a bona fide commercial reason for the sale, transfer, assignment or lease.

[22/2011]

(2HB) In subsection (2HA), the amount that applies to a year of assessment is the amount set out in —

(*a*) for the year of assessment 2011, subsection (2A)(*a*)(ii);

(*b*) for the year of assessment 2012, subsection (2A)(*b*)(ii);

(*c*) for the year of assessment 2013, subsection (2B)(*a*)(ii);

(*d*) for the year of assessment 2014, subsection (2B)(*b*)(ii);

(*e*) for the year of assessment 2015, subsection (2B)(*c*)(ii);

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(*f*) for the year of assessment 2016, subsection (2BAA)(*a*)(ii);

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(*g*) for the year of assessment 2017, subsection (2BAA)(*b*)(ii);

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(*h*) for the year of assessment 2018, subsection (2BAA)(*c*)(ii),

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as modified by subsection (2BA), (2BB) or (2BC) (as the case may be).

[22/2011]

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

(2I) No allowance under subsections (2A), (2B) and (2BAA) shall be made to any person in respect of any amount of capital expenditure incurred on the provision of PIC automation equipment for which an investment allowance has been claimed under Part X of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86).

[29/2010; 22/2011]

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

(2IA) No allowance under subsections (2A), (2B) and (2BAA) shall be made to any person in respect of any amount of capital expenditure incurred on the provision of PIC automation equipment for which an integrated investment allowance has been claimed under Part XIIID of the Economic Expansion Incentives (Relief from Income Tax) Act.

[2/2013]

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

(2J) No allowance under subsections (2A), (2B) and (2BAA) shall be made to any person in respect of any PIC automation equipment —

(*a*) [*Deleted by Act 2 of 2013*]

(*b*) for which an allowance under this section or section 19 has been previously made to that person.

[29/2010; 22/2011]

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

(2K) No allowance under subsections (2A), (2B) and (2BAA) shall be made to any person in respect of any instalment paid by him under any hire-purchase agreement to acquire any PIC automation equipment that is signed before the basis period for the year of assessment 2011.

[29/2010; 22/2011]

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

(3) Notwithstanding section 19, where a person proves to the satisfaction of the Comptroller that he has, for the purposes of a trade, business or profession carried on by him, installed a generator in any office or factory for the supply of electrical power to that office or factory in the event of a disruption in the normal supply of electrical power, he shall, in lieu of the allowances provided by subsection (1) or (1B) or section 19, be entitled, if he so elects, to an allowance of 100% in respect of the capital expenditure incurred on the provision of that generator.

[20/91; 27/2009]

(4) Notwithstanding section 19, where a person proves to the satisfaction of the Comptroller that he has installed a robot for the purposes of a trade, business or profession carried on by him, he shall, in lieu of the allowances provided by subsection (1) or (1B) or section 19, be entitled, if he so elects, to an allowance of 100% in

respect of the capital expenditure incurred on the provision of that robot.

[13/84; 27/2009]

(5) Notwithstanding section 19, where a person proves to the satisfaction of the Comptroller that he has installed on or after 1st January 1996 any efficient pollution control equipment or device for the purposes of a trade, business or profession carried on by him, he shall, in lieu of the allowances provided by subsection (1) or (1B) or section 19, be entitled, if he so elects, to an allowance of 100% in respect of the capital expenditure incurred on the provision of the efficient pollution control equipment or device.

[28/96; 27/2009]

(6) Notwithstanding section 19, where a person proves to the satisfaction of the Comptroller that he has installed on or after 1st January 1996 any certified energy-efficient equipment as a replacement for any other equipment, or has installed on or after that date any certified energy-saving equipment, for the purposes of a trade, business or profession carried on by him, he shall, in lieu of the allowances provided by subsection (1) or (1B) or section 19, be entitled, if he so elects, to an allowance of 100% in respect of the capital expenditure incurred on the provision of the certified energy-efficient equipment or certified energy-saving equipment.

[28/96; 31/98; 27/2009]

(7) Notwithstanding section 19, where a person proves to the satisfaction of the Comptroller that he has, on or after 1st January 1998, installed any new —

(*a*) certified low-decibel machine, equipment or system;

(*b*) certified effective noise control device which is a distinct entity or an accessory of any new or existing machine, equipment or system; or

(*c*) certified effective engineering noise control measure for any existing machine, equipment or process,

for the purposes of a trade, business or profession carried on by him, he shall, in lieu of the allowances provided by subsection (1) or (1B) or section 19, be entitled, if he so elects, to an allowance of 100% in respect of the capital expenditure incurred on the provision of the

certified machine, equipment or system, or the certified effective noise control device or measure.

[31/98; 27/2009]

(8) Notwithstanding section 19, where a person proves to the satisfaction of the Comptroller that he has, on or after 1st January 1998, installed any new —

(*a*) certified machine, equipment or system which reduces or eliminates exposure to chemical risk;

(*b*) certified effective chemical hazard control device which is a distinct entity or an accessory of any new or existing machine, equipment or process; or

(*c*) certified effective chemical hazard control measure for any existing machine, equipment or process,

for the purposes of a trade, business or profession carried on by him, he shall, in lieu of the allowances provided by subsection (1) or (1B) or section 19, be entitled, if he so elects, to an allowance of 100% in respect of the capital expenditure incurred on the provision of the certified machine, equipment or system, or the certified effective chemical hazard control device or measure.

[31/98; 27/2009]

(9) Notwithstanding section 19, where a person proves to the satisfaction of the Comptroller that he has, for the purposes of a trade, business or profession carried on by him, registered any new vehicle as a replacement for an existing vehicle which used diesel oil as fuel and which was registered before 1st January 1991 and deregistered on or after 27th February 1999, he shall, in lieu of the allowances provided by subsection (1) or (1B) or section 19, be entitled, if he so elects, to an allowance of 100% in respect of the capital expenditure incurred on the provision of that new vehicle.

[53/2007; 27/2009]

(9A) Notwithstanding section 19, where a person proves to the satisfaction of the Comptroller that he has, for the purposes of a trade, business or profession carried on by him, registered during the period from 15th February 2007 to 14th February 2012 (both dates inclusive) any new vehicle which uses diesel oil as fuel, as a replacement for an existing vehicle which used diesel oil as fuel and

which was registered on or after 1st January 1991 but before 1st October 2006, he shall, in lieu of the allowances provided by subsection (1) or (1B) or section 19, be entitled, if he so elects, to an allowance of 100% in respect of the capital expenditure incurred on the provision of that new vehicle.

[53/2007; 27/2009]

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

(10) Notwithstanding section 19, where a person proves to the satisfaction of the Comptroller that he has incurred capital expenditure on the provision of a website for the purposes of a trade, business or profession carried on by him, he shall be entitled to an allowance of 100% in respect of the capital expenditure incurred on the provision of that website, and for this purpose, a website is deemed to be machinery or plant.

[37/2002]

(10A) Notwithstanding section 19 and subject to subsection (10B), where a person proves to the satisfaction of the Comptroller that he has incurred capital expenditure not exceeding $5,000 on the provision of any item of machinery or plant for the purposes of a trade, profession or business carried on by him, he shall, in lieu of the allowances provided by subsection (1) or (1B) or section 19, be entitled, if he so elects, to an allowance of —

(*a*) 100% in respect of that capital expenditure; or

(*b*) where allowances have been made under subsection (1) or (1B) or section 19 for any previous year of assessment under subsection (10B), the amount of that capital expenditure still unallowed.

[34/2005; 27/2009; 29/2012]

(10B) The aggregate amount of allowances claimed by any person under subsection (10A) for any year of assessment shall not exceed $30,000; and allowances may be made under subsection (1) or (1B) or section 19 in respect of any capital expenditure still unallowed.

[34/2005; 27/2009]

(10C) No allowance shall be made under subsection (10A) in respect of any item of machinery or plant which is acquired under a

hire-purchase agreement and the original cost of that item of machinery or plant exceeds $5,000.

[34/2005; 29/2012]

(11) Any claim by a person for allowances in respect of any machinery or plant under this section for any year of assessment shall not be disallowed by reason only that the person has not in use the machinery or plant at the end of the basis period for that year of assessment.

[28/96; 31/98; 37/2002]

(12) Any claim for allowances under this section shall be made at the time of lodgment of the return of income for the relevant years of assessment or within such further time as the Comptroller may, in his discretion, allow.

(13) Where any allowance has been claimed and allowed under this section for any year of assessment, no allowances shall be made in any subsequent year of assessment under section 19 in respect of such expenditure.

(13A) Where the tax relief period of a person to whom a certificate has been issued under Part II of the Economic Expansion Incentives (Relief from Income Tax) Act expires in any basis period ending on or after 1st January 1992 and the person has —

(*a*) at the end of the basis period immediately following that basis period, in use machinery or plant in respect of which capital allowances have been made under section 19; and

(*b*) before the end of the year of assessment which relates to the basis period referred to in paragraph (*a*), so elected,

there shall be made to him for a period of 3 years an annual allowance of $33^1/_3$% in respect of the capital expenditure remaining unallowed under section 19 in respect of the machinery or plant as at the end of that basis period.

[13/84; 11/94]

(13B) Where a person to whom a certificate has been issued under the repealed Part IV, VI, VII, XI or XII of the Economic Expansion Incentives (Relief from Income Tax) Act has —

(*a*) at the end of the basis period immediately following the expiry of his tax relief period, in use machinery or plant in respect of which capital allowances have been made under section 19; and

(*b*) before the end of the year of assessment which relates to that basis period, so elected,

there shall be made to him for a period of 3 years an annual allowance of $33^1/_3$% in respect of the capital expenditure remaining unallowed under section 19 in respect of the machinery or plant as at the end of that basis period.

[13/84; 11/94]

(14) Subject to subsections (10A), (13A) and (13B), where any allowance has been claimed and allowed under section 19 in respect of any expenditure, no allowances shall, except with the approval of the Minister or the Comptroller and subject to such conditions as he may impose, be made in any subsequent year of assessment under this section in respect of the amount of that expenditure remaining unallowed under section 19.

[34/2005]

(14A) Unless otherwise provided in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act, where, in the basis period for any year of assessment, the trade, profession or business, for which purpose the machinery or plant is provided, produces income that is exempt from tax as well as income chargeable with tax, the allowances for that year of assessment shall be made against each income for that year of assessment in such proportion as appears reasonable to the Comptroller in the circumstances.

[49/2004]

(14B) Subject to subsection (14C), this section shall, with the necessary modifications, apply to a person carrying on any trade or business who incurs during the basis period for any year of assessment between the year of assessment 2009 and the year of assessment 2025 (both years inclusive) capital expenditure on the provision of machinery or plant for any research and development undertaken by him directly in Singapore or by a research and

development organisation on his behalf in Singapore, even though the machinery or plant is not for the purpose of that trade or business.

[34/2008; 29/2010]

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

(14C) Section 14D(4) and (5) shall apply in relation to the allowance for the capital expenditure referred to in subsection (14B) as they apply in relation to the deduction of the expenditure and payments referred to in section 14D(1)(*aa*), (*c*) and (*f*), subject to the following modifications:

(*a*) a reference to the amount of the expenditure or payments (after deducting any amount in respect of which an election for a cash payout has been made under section 37I) in section 14D(4) is a reference to the remaining amount of the allowance after deducting the amount of the allowance that corresponds to the capital expenditure in respect of which an election for a cash payout has been made under section 37I;

(*b*) a reference to the specified amount of the expenditure or payments is a reference to an amount computed in accordance with the formula

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

where A is the remaining amount of the allowance after deducting the amount of the allowance that corresponds to the capital expenditure in respect of which an election for a cash payout has been made under section 37I;

B is the rate of tax specified in section 43(1)(*a*); and

C is —

(i) in a case where the concessionary income derived by the person from the trade or business carried on by him is subject to tax at a single concessionary rate of tax, that rate; or

(ii) in a case where the concessionary income derived by the person from the trade or business carried on by him is subject to tax at 2 or more concessionary rates of tax, the higher or highest of those rates; and

(*c*) a reference to "unabsorbed losses" is a reference to "unabsorbed allowances".

[34/2008; 29/2010; 22/2011; 29/2012]

(15) In this section —

"automation equipment" means any machinery or plant designed for the automation of functions or services;

"certificate of entitlement" means a permit issued or deemed to be issued under section 10A of the Road Traffic Act (Cap. 276);

"certified effective chemical hazard control device" means —

(*a*) any local exhaust ventilation system;

(*b*) any fugitive emission control equipment or system; or

(*c*) any dilution ventilation system,

which has been certified by any person approved by either the Minister or such person as the Minister may appoint to have satisfied the prescribed criteria;

"certified effective chemical hazard control measure" means —

(*a*) any enclosed or automated system; or

(*b*) any modification to machine, equipment or process,

which has been certified by any person approved by either the Minister or such person as the Minister may appoint to have satisfied the prescribed criteria;

"certified effective engineering noise control measure" means —

(*a*) any detachable personnel acoustic enclosure;

(*b*) any acoustic barrier or shield;

(*c*) any acoustic absorption device; or

(*d*) any modification to machine, equipment or process,

which has been certified by any person approved by either the Minister or such person as the Minister may appoint to have satisfied the prescribed criteria;

"certified effective noise control device" means —

(*a*) any acoustic enclosure for machine, equipment or process;

(*b*) any acoustic silencer or muffler;

(*c*) any vibration absorption, isolation or damping device; or

(*d*) any active noise control device,

which has been certified by any person approved by either the Minister or such person as the Minister may appoint to have satisfied the prescribed criteria;

"certified energy-efficient equipment" means —

(*a*) any air-conditioning system;

(*b*) any boiler;

(*c*) any water pumping system;

(*d*) any washing or dry-cleaning machine system;

(*e*) any refrigeration system;

(*f*) any lift or escalator; and

(*g*) any instant hot water system,

which has been certified by a professional engineer registered under the Professional Engineers Act (Cap. 253) to be more energy-efficient than the equipment which it replaces;

"certified energy-saving equipment" means —

(*a*) any solar heating or cooling system;

(*b*) any solar energy collection system;

(*c*) any heat recovery system;

(*d*) any power factor controller;

(*e*) any high efficiency electric motor;

(*f*) any variable speed drive motor control system;

(*g*) any high frequency lighting system;

(*h*) any computerised energy management system; and

(*i*) any other energy-saving equipment or device,

which has been certified by any person approved by either the Minister or such person as the Minister may appoint to be an energy-saving equipment;

"certified low-decibel machine, equipment or system" means —

(*a*) any concrete crusher or splitter;

(*b*) any plastic granulator or crusher;

(*c*) any automatic sawing machine;

(*d*) any metal press or stamping machine;

(*e*) any machine with active noise control feature; or

(*f*) any other machine, equipment or system,

which has been certified by any person approved by either the Minister or such person as the Minister may appoint to have satisfied the prescribed criteria;

"certified machine, equipment or system which reduces or eliminates exposure to chemical risk" means —

(*a*) any water-based degreasing machine or system;

(*b*) any automated bagging or packing machine or system;

(*c*) any automated degreasing machine or system; or

(*d*) any other machine, equipment or system,

which has been certified by any person approved by either the Minister or such person as the Minister may appoint to have satisfied the prescribed criteria;

"computer" means any computer used for automatic data processing and includes any part thereof;

"efficient pollution control equipment or device" means any equipment or device for the purposes of preventing, controlling or reducing air pollution or water pollution which satisfies the prescribed criteria;

"existing vehicle" means any goods vehicle or bus using diesel oil as fuel which —

(*a*) is not a vehicle registered under the RU index marks;

(*b*) is deregistered not later than one year before the last day on which a renewal of registration licence can be issued under the Road Traffic Act in respect of the vehicle; and

(*c*) has, unless the vehicle has been exempted from obtaining a certificate of entitlement, at the date of deregistration of the vehicle —

(i) at least one year remaining in its certificate of entitlement; or

(ii) a certificate of entitlement which can be renewed after its expiration;

"goods vehicle" means any motor vehicle constructed or adapted for use for the carriage of goods;

"new vehicle" means any new goods vehicle or new bus which —

(*a*) is registered within one month before, or within 6 months after, the deregistration of the existing vehicle which uses diesel oil as fuel; and

(*b*) bears an index mark which is the same as the index mark of such existing vehicle, and for this purpose, where the new goods vehicle and such existing vehicle have a maximum laden weight exceeding 3.0 metric tons but not exceeding 3.5 metric tons, the new goods vehicle shall be deemed to bear an index

mark which is the same as that of such existing vehicle;

"Productivity and Innovation Credit Scheme automation equipment" or "PIC automation equipment", in relation to any person, means —

(*a*) any automation equipment that is prescribed by the Minister for the purposes of subsections (2A), (2B) and (2BAA) and section 14T; or

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

(*b*) any automation equipment which the Minister or a person appointed by him has approved as PIC automation equipment for the first-mentioned person;

"website" means a collection of programmes, data and images which is accessible over the Internet or any network using a browser or any other form of access.

[15/83; 13/84; 7/85; 1/90; 28/96; 31/98; 32/99; 24/2000; 18/2002; 37/2002; 49/2004; 7/2006; 53/2007; 29/2010; 22/2011]

(16) In subsections (2A) to (2G) and (2I), a reference to capital expenditure incurred on the provision of PIC automation equipment 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.

[29/2010; 22/2011; 29/2012]

(16A) For the purposes of subsections (2B), (2BAA), (2D) and (2E), each reference to capital expenditure incurred in the basis period for the year of assessment 2014 or a subsequent year of assessment, on the provision of one or more PIC automation equipment for the purposes of a trade, profession or business includes a reference to any capital expenditure incurred on the provision of a website for the purposes of a trade, profession or business.

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

(16B) For the purposes of subsections (2F), (2H), (2HA), (2I), (2IA) and (2J) —

(*a*) each reference to capital expenditure incurred on the provision of any PIC automation equipment includes a reference to capital expenditure incurred on the provision of a website; and

(*b*) each reference to a PIC automation equipment includes a reference to a website.

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

(17) For the purposes of paragraph (*b*) of the definition of "PIC automation equipment", the Minister or the person appointed by him may only approve any automation equipment if the Minister or person is satisfied that the equipment fulfils such criteria as may be prescribed by the Minister.

[22/2011]

(18) Any rules made under paragraph (*a*) of the definition of "PIC automation equipment", and any approval given under paragraph (*b*) of that definition, may be made to have effect for any year of assessment beginning with the year of assessment 2011.

[22/2011]

Writing-down allowances for intellectual property rights

19B.—(1) Subject to this section, where a company carrying on a trade or business has incurred on or after 1st November 2003 capital expenditure in acquiring any intellectual property rights for use in that trade or business and the acquisition date of those rights is on or before the last day of the basis period relating to the year of assessment 2016, writing-down allowances in respect of that expenditure shall be made to it during a writing-down period of 5 years beginning with the year of assessment relating to the basis period in which that expenditure is incurred.

[24/2001; 21/2003]

[Act 34 of 2016 wef 25/03/2016]

(1A) Where a company carrying on a trade or business incurs during the basis period for the year of assessment 2011 or the year of assessment 2012 capital expenditure in acquiring one or more intellectual property rights for use in its trade or business, there shall, in addition to the writing-down allowance under subsection (1), be

made in respect of all its trades and businesses a writing-down allowance computed in accordance with the following formula:

$$A \times 300\%,$$

where A is —

(*a*) for the year of assessment 2011, the lower of the following:

(i) such capital expenditure incurred during the basis period for that year of assessment;

(ii) $800,000; and

(*b*) for the year of assessment 2012, the lower of the following:

(i) such capital expenditure incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $800,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii).

[22/2011]

(1AA) Where —

(*a*) a company carrying on a trade or business has incurred capital expenditure in acquiring any intellectual property rights for use in that trade or business; and

(*b*) the acquisition date of those rights is on or after the first day of the basis period relating to the year of assessment 2017,

writing-down allowances in respect of that expenditure must be made to it during a writing-down period of 5 years, 10 years or 15 years (as elected by the company) beginning with the year of assessment relating to the basis period in which that expenditure is incurred.

[Act 34 of 2016 wef 25/03/2016]

(1AB) The company mentioned in subsection (1AA) must make an irrevocable election to the Comptroller for the writing-down allowances to be made to it over a writing-down period of 5 years, 10 years or 15 years.

[Act 34 of 2016 wef 25/03/2016]

(1AC) The election under subsection (1AB) must be made at the time of lodgment of the company's return of income for the year of assessment relating to —

(*a*) if the payment for the intellectual property rights is made by instalments, the basis period in which the first of any deposit or instalment payment for those rights is made; or

(*b*) in any other case, the basis period in which the expenditure is incurred.

[Act 34 of 2016 wef 25/03/2016]

(1B) Subject to section 37IC, where a company carrying on a trade or business incurs during the basis period for the year of assessment 2013, the year of assessment 2014 or the year of assessment 2015 capital expenditure in acquiring one or more intellectual property rights for use in its trade or business, there shall, in addition to the writing-down allowance under subsection (1), be made in respect of all its trades and businesses a writing-down allowance computed in accordance with the following formula:

$$A \times 300\%,$$

where A is —

(*a*) for the year of assessment 2013, the lower of the following:

(i) such capital expenditure incurred during the basis period for that year of assessment;

(ii) $1,200,000;

(*b*) for the year of assessment 2014, the lower of the following:

(i) such capital expenditure incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii); and

(*c*) for the year of assessment 2015, the lower of the following:

(i) such capital expenditure incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii), and the lower of the amounts specified in paragraph (*b*)(i) and (ii).

[22/2011]

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

(1BAA) Subject to section 37IC, where a company carrying on a trade or business incurs during the basis period for the year of assessment 2016, 2017 or 2018 capital expenditure in acquiring one or more intellectual property rights for use in its trade or business, there shall, in addition to the writing-down allowance under subsection (1) or (1AA), be made in respect of all its trades and businesses, a writing-down allowance computed in accordance with the following formula:

$$A \times 300\%,$$

where A is —

(*a*) for the year of assessment 2016, the lower of the following:

(i) such capital expenditure incurred during the basis period for that year of assessment;

(ii) $1,200,000;

(*b*) for the year of assessment 2017, the lower of the following:

(i) such capital expenditure incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii); and

(*c*) for the year of assessment 2018, the lower of the following:

(i) such capital expenditure incurred during the basis period for that year of assessment;

(ii) the balance after deducting from $1,200,000 the lower of the amounts specified in paragraph (*a*)(i)

and (ii), and the lower of the amounts specified in paragraph (*b*)(i) and (ii).

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

[Act 34 of 2016 wef 25/03/2016]

(1BA) In subsection (1A), the amount under paragraph (*a*)(ii) shall be substituted with "$400,000" if the company does not carry on any trade or business during the basis period for the year of assessment 2012, and the balance under paragraph (*b*)(ii) shall be substituted with "$400,000" if the company does not carry on any trade or business during the basis period for the year of assessment 2011.

[22/2011; 29/2012]

(1BB) In subsection (1B) —

(*a*) if the company does not carry on any trade or business during the basis period for any one year of assessment between the year of assessment 2013 and the year of assessment 2015 (both years inclusive), the references to "$1,200,000" in the paragraphs of that subsection applicable to the other 2 years of assessment shall be substituted with "$800,000";

(*b*) if the company does not carry on any trade or business during the basis periods for any 2 years of assessment between the year of assessment 2013 and the year of assessment 2015 (both years inclusive), the reference to "$1,200,000" in the paragraph of that subsection applicable to the remaining year of assessment shall be substituted with "$400,000"; and

(*c*) for the avoidance of doubt, no deduction shall be made from the substituted amount in subsection (1B)(*b*)(ii) or (*c*)(ii) of the lower of the amounts specified in subsection (1B)(*a*)(i) and (ii) if the company does not carry on any trade or business during the basis period for the year of assessment 2013, and no deduction shall be made from the substituted amount in subsection (1B)(*c*)(ii) of the lower of the amounts specified in subsection (1B)(*b*)(i) and (ii) if the company does not carry on any trade or business during the basis period for the year of assessment 2014.

[22/2011; 29/2012]

(1BC) In subsection (1BAA) —

(*a*) if the company does not carry on any trade or business during the basis period for any one year of assessment between the years of assessment 2016 and 2018 (both years inclusive), the references to "$1,200,000" in the paragraphs of that subsection applicable to the other 2 years of assessment shall be substituted with "$800,000";

(*b*) if the company does not carry on any trade or business during the basis periods for any 2 years of assessment between the years of assessment 2016 and 2018 (both years inclusive), the reference to "$1,200,000" in the paragraph of that subsection applicable to the remaining year of assessment shall be substituted with "$400,000"; and

(*c*) to avoid doubt, no deduction shall be made from the substituted amount in subsection (1BAA)(*b*)(ii) or (*c*)(ii) of the lower of the amounts specified in subsection (1BAA)(*a*)(i) and (ii) if the company does not carry on any trade or business during the basis period for the year of assessment 2016, and no deduction shall be made from the substituted amount in subsection (1BAA)(*c*)(ii) of the lower of the amounts specified in subsection (1BAA)(*b*)(i) and (ii) if the company does not carry on any trade or business during the basis period for the year of assessment 2017.

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

(1C) Where a company proves to the satisfaction of the Comptroller that it has during or after the basis period for the year of assessment 2011 incurred capital expenditure by way of making one or more instalment payments under an agreement or agreements in acquiring one or more intellectual property rights for use in its trade or business, that is or are signed during the basis period for any year of assessment between the year of assessment 2011 and the year of assessment 2018 (both years inclusive), and an allowance is made under subsection (1A), (1B) or (1BAA), those subsections shall apply with the following modifications:

(*a*) a reference to the capital expenditure incurred on the acquisition of one or more intellectual property rights during the basis period for a year of assessment, being the basis period in which the agreement or agreements is or are signed, is a reference to the aggregate of —

(i) the price or prices (excluding any finance charges) at which it might have purchased the right or all the rights that is or are the subject of the agreement or agreements for cash at the time of the signing of the agreement or agreements; and

(ii) the capital expenditure incurred on the acquisition of any other intellectual property rights for use in its trade or business during that basis period;

(*b*) a reference to the capital expenditure incurred on the acquisition of one or more intellectual property rights during the basis period for a year of assessment excludes the amount of any instalment paid or deposit made by it under that agreement or any of those agreements during the basis period; and

(*c*) the allowance referred to in subsection (1A), (1B) or (1BAA) in respect of each right that is the subject of an agreement shall be made to the company for the year of assessment in respect of each basis period during which it paid an instalment or instalments, or made a deposit or deposits, under the agreement, in the proportion which the total amount of the instalment or instalments paid (excluding any finance charges), and deposit or deposits made, during that basis period for that right bears to the total amount of all instalments (excluding any finance charges) and deposits under the agreement for that right.

[29/2010]

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

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

[Act 34 of 2016 wef 25/03/2016]

(1D) No writing-down allowance under subsections (1A), (1B) and (1BAA) shall be made for any capital expenditure incurred in

acquiring any intellectual property rights in any software which are acquired for the purpose of licensing all or any of those rights to another.

[22/2011]

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

(1E) To avoid doubt, the writing-down allowance under subsection (1A), (1B) or (1BAA) is to be made to a company during the applicable writing-down period in subsection (1) or (1AA).

[Act 34 of 2016 wef 25/03/2016]

(2) The total writing-down allowance to be made for any year of assessment to a company for capital expenditure incurred in acquiring any intellectual property rights under subsection (1) or (1AA), and under subsection (1A), (1B) or (1BAA), is an amount computed in accordance with the formula

$$A \times B,$$

where A is —

(*a*) 20% if the writing-down period for that allowance is 5 years;

(*b*) 10% if the writing-down period for that allowance is 10 years; or

(*c*) $6\frac{2}{3}$ % if the writing-down period for that allowance is 15 years; and

B is the sum of —

(*a*) the capital expenditure; and

(*b*) the writing-down allowance under subsection (1A), (1B) or (1BAA) for that expenditure.

[Act 34 of 2016 wef 25/03/2016]

(2A) The writing-down allowances to be made to a company under this section shall be allowed only if —

(*a*) there is an undertaking by the company that it is an assignee of the intellectual property rights;

[Act 34 of 2016 wef 25/03/2016]

(*b*) the claim is made by the company in such manner and subject to such conditions as the Comptroller may require; and

[21/2003]

[Act 34 of 2016 wef 25/03/2016]

(*c*) in the case of writing-down allowances mentioned in subsection (1AA), the company makes the election mentioned in subsection (1AB).

[Act 34 of 2016 wef 25/03/2016]

(2B) The Minister or such person as he may appoint may in any particular case waive any of the requirements under subsection (2A)(*a*) and (*b*) in respect of any intellectual property rights acquired on or after 17th February 2006, subject to such conditions as he may impose.

[7/2007]

[Act 34 of 2016 wef 25/03/2016]

(2C) Notwithstanding subsections (1), (1AA) and (2), where a company that is an approved media and digital entertainment company carrying on a trade or business has acquired on or after 22nd January 2009 approved intellectual property rights pertaining to films, television programmes, digital animations or games, or other media and digital entertainment contents, for use in that trade or business, writing-down allowances in respect of the capital expenditure incurred in acquiring those rights —

(*a*) shall be made to it during a writing-down period of 2 years beginning with the year of assessment relating to the basis period in which that expenditure is incurred; and

(*b*) for each such year of assessment shall be an amount equal to 50% of the capital expenditure incurred.

[27/2009]

[Act 34 of 2016 wef 25/03/2016]

(2D) No writing-down allowances under subsections (1A), (1B) and (1BAA) shall be made in respect of any intellectual property rights in respect of which any of the requirements under

subsection (2A)(*a*) and (*b*) has been waived under subsection (2B), or any approved intellectual property rights referred to under subsection (2C).

[29/2010]

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

[Act 34 of 2016 wef 25/03/2016]

(2E) Where writing-down allowances have been made to any company under subsection (1A), (1B) or (1BAA) in respect of the acquisition of any intellectual property rights and any of the following events occurs within 5 years, 10 years or 15 years (depending on the writing-down period for those allowances) from the acquisition of such intellectual property rights:

(*a*) the rights come to an end without being subsequently revived;

(*b*) the company sells, transfers or assigns all or any part of those rights;

(*ba*) the company licenses all or any of those rights (being rights in any software) to another;

(*c*) the company permanently ceases to carry on the trade or business,

the following provisions shall apply:

(i) no writing-down allowance in respect of such intellectual property rights shall be made to that company under subsections (1A), (1B) and (1BAA) for the year of assessment relating to the basis period in which the event occurs and for any subsequent year of assessment; and

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

(ii) if any of those events occurs within the period of one year from the acquisition of the intellectual property rights, any writing-down allowances made under subsection (1A), (1B) or (1BAA) shall be brought to charge as if the allowances were not made, and be deemed as income for

the year of assessment relating to the basis period in which the event occurs.

[29/2010; 22/2011]

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

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

[Act 34 of 2016 wef 25/03/2016]

(3) Any capital expenditure incurred on the acquisition of any intellectual property rights by a company before the commencement of its trade or business shall be treated for the purpose of this section as if it had been incurred by it on the first day it commences that trade or business.

[24/2001; 21/2003]

(4) Subject to subsection (4A), where writing-down allowances have been made to any company under subsection (1), (1AA) or (2C) in respect of any intellectual property rights and, before the end of the writing-down period, any of the following events occurs:

(*a*) the rights come to an end without being subsequently revived;

(*b*) the company sells, transfers or assigns all or any part of those rights;

(*c*) the company permanently ceases to carry on the trade or business,

no writing-down allowance in respect of the intellectual property rights shall be made to that company for the year of assessment relating to the basis period in which the event occurs or for any subsequent year of assessment, and, where (on the occurrence of the event referred to in paragraph (*b*)) the price at which the rights were sold, transferred or assigned exceeds the amount of the writing-down allowances yet to be allowed on the date of the event, there shall be made on the company for the year of assessment relating to the basis period in which the event occurs a charge of an amount equal to the lower of —

(i) the excess; and

(ii) the writing-down allowances made under subsections (1), (1AA) and (2C).

[24/2001; 21/2003; 27/2009; 29/2010]

[Act 34 of 2016 wef 25/03/2016]

(4A) Where parts of any intellectual property right are sold, transferred or assigned by the company at different times and at least one sale, transfer or assignment occurs before the end of the writing-down period, subsection (4) shall apply to each sale, transfer and assignment with the following modifications:

(*a*) the reference to the amount of writing-down allowances yet to be allowed for the year of assessment relating to the basis period in which the event occurs, is a reference to an amount ascertained in accordance with the formula

$$A - B,$$

where A is the amount of writing-down allowances yet to be allowed for the intellectual property right on the date of the first of such sales, transfers or assignments; and

B is the aggregate of the prices of the parts of that right previously sold, transferred or assigned by the company,

or zero, if the amount ascertained by that formula is less than or equal to zero; and

(*b*) the reference to the writing-down allowances made under subsections (1), (1AA) and (2C) is a reference to the balance of such allowances made under subsections (1), (1AA) and (2C) in respect of that right after deducting the total amount of any charges made under this section in respect of that right.

[29/2010]

[Act 34 of 2016 wef 25/03/2016]

(5) Where a company to whom writing-down allowances have been made under subsections (1), (1AA) and (2C) in respect of any intellectual property rights sells, transfers or assigns all or any part of those rights after the writing-down period, there shall be made on the

company for the year of assessment relating to the basis period in which the sale, transfer or assignment occurs, a charge in an amount equal to the price which the rights were sold, transferred or assigned or in an amount equal to the capital expenditure incurred in acquiring the rights, whichever is less.

[24/2001; 21/2003; 27/2009]

[Act 34 of 2016 wef 25/03/2016]

(6) For the purposes of subsection (5), where there is more than one sale, transfer or assignment of any part of any intellectual property rights, the amount of the capital expenditure incurred in acquiring the intellectual property rights for the year of assessment relating to the basis period in which the sale, transfer or assignment of that part of the rights occurs shall be ascertained in accordance with the formula

$$A - B,$$

where A is the capital expenditure incurred in acquiring the intellectual property rights; and

B is the total amount of any charges made under this section in any previous years of assessment in respect of that expenditure.

[24/2001; 21/2003]

(6A) Unless otherwise provided in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86), where, in the basis period for any year of assessment, the trade or business, in which the intellectual property rights are used, produces income that is exempt from tax as well as income chargeable with tax, the allowances for that year of assessment shall be made against each income for that year of assessment in such proportion as appears reasonable to the Comptroller in the circumstances.

[49/2004]

(6B) Unless otherwise provided in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act, where, in the basis period for any year of assessment, the trade or business, in which the intellectual property rights are used, produces income that is exempt from tax as well as income chargeable with tax, and any charge under subsection (4) or (5) arises to be made, such proportion

of that charge shall be exempt from tax as appears reasonable to the Comptroller in the circumstances.

[49/2004]

(7) For the purpose of this section, any sale, transfer or assignment of any intellectual property rights which occurs after the date on which the trade or business of a company permanently ceases shall be deemed to have occurred immediately before the cessation.

[24/2001; 21/2003]

(8) Notwithstanding the repeal of section 19B by the Income Tax (Amendment) Act 2001 (Act 24 of 2001), the repealed section 19B shall continue to apply and have effect to any approved know-how or patent rights for which writing-down allowances had been made before the repeal as if that Act had not been enacted.

[24/2001]

(9) Notwithstanding the amendment of section 19B by the Income Tax (Amendment) Act 2003 (Act 21 of 2003), section 19B in force immediately before 1st November 2003 shall continue to apply and have effect to any intellectual property rights approved before that date.

[21/2003]

(10) No writing-down allowance shall be made —

(*a*) under subsection (1) or (1AA) for any capital expenditure incurred in respect of intellectual property rights acquired after the last day of the basis period for the year of assessment 2020; or

[Act 34 of 2016 wef 25/03/2016]

(*b*) under subsection (2C) for any capital expenditure incurred in respect of intellectual property rights acquired after the last day of the basis period for the year of assessment 2018.

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

(10A) No writing-down allowance under subsections (1), (1A), (1AA), (1B), (1BAA) and (2C) shall be made for any capital expenditure incurred by a company referred to in subsections (1), (1A), (1AA), (1B), (1BAA) and (2C) in acquiring intellectual property rights from —

(*a*) its related party —

(i) to whom any deduction has been allowed under section 14, 14D, 14DA, 14E or 14S for any outgoing, expense or payment incurred for any activity which resulted in the creation of the intellectual property; and

(ii) whose proceeds from the sale, transfer or assignment of those intellectual property rights to the company are not chargeable to tax; or

(*b*) its related party who acquired the rights, directly or indirectly, from a related party of the company referred to in paragraph (*a*).

[34/2008; 27/2009; 29/2010]

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

[Act 34 of 2016 wef 25/03/2016]

(10B) The Minister may by order exempt a company from subsection (10A) in respect of such transaction as may be specified in the order.

[34/2008]

(10C) No writing-down allowance under subsections (1A), (1B) and (1BAA) shall be made to any company in respect of any amount of capital expenditure incurred on the acquisition of intellectual property rights for which an investment allowance has been claimed under Part X of the Economic Expansion Incentives (Relief from Income Tax) Act.

[29/2010]

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

(10D) No allowance under subsections (1A), (1B) and (1BAA) shall be made to any company in respect of any instalment paid by it under any agreement to acquire any intellectual property right that is signed before the basis period for the year of assessment 2011.

[29/2010]

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

(10E) If, in the case of an acquisition of intellectual property rights —

(*a*) whose acquisition date is on or after 25 March 2016; and

(*b*) the payment for which is not made by instalments,

the capital expenditure incurred for the acquisition exceeds the open-market price for those rights, then, for the purpose of determining the amount of writing-down allowances for that expenditure under subsection (1AA), (1BAA) or (2C), the Comptroller may treat the open-market price as the amount of that expenditure, and in that event subsection (5) also applies as if the open-market price were the amount of that expenditure.

[Act 34 of 2016 wef 25/03/2016]

(10F) In subsection (10E), "open-market price", for intellectual property rights, means either —

(*a*) the price which those rights could have been purchased in the open market on the acquisition date of those rights; or

(*b*) if, by reason of the special nature of those rights, it is not possible to determine the price mentioned in paragraph (*a*), such other value as the Comptroller considers to be a reasonable value for those rights after considering the valuation of those rights by an appropriate valuer and other relevant circumstances.

[Act 34 of 2016 wef 25/03/2016]

(10G) If, in the case of an acquisition of intellectual property rights —

(*a*) whose acquisition date is on or after 25 March 2016; and

(*b*) the payment for which is made by instalments,

the total amount of the deposits and instalment payments (excluding any finance charges) made in a basis period exceeds the open-market price for those rights, then, for the purpose of determining the amount of writing-down allowances in such a case under subsection (1AA) or (2C), the Comptroller may treat the open-market price as the amount of such expenditure, and in that event subsection (5) also applies as if the open-market price were the amount of such expenditure.

[Act 34 of 2016 wef 25/03/2016]

(10H) In subsection (10G), "open-market price", for intellectual property rights, means an amount computed by the formula

$$\frac{C}{D} \times E,$$

where C is the total amount of the deposits and instalment payments (excluding any finance charges) made in the basis period;

D is the total amount of all the deposits and instalment payments (excluding any finance charges) under the agreement to acquire those rights; and

E is either —

(*a*) the price (excluding any finance charges) which those rights could have been purchased in the open market on their acquisition date; or

(*b*) if, by reason of the special nature of those rights, it is not possible to determine the price mentioned in sub-paragraph (*a*), such other value as the Comptroller considers to be a reasonable value for those rights after considering the valuation of those rights by an appropriate valuer and other relevant circumstances.

[Act 34 of 2016 wef 25/03/2016]

(10I) If, in the case of an acquisition of intellectual property rights —

(*a*) whose acquisition date is on or after 25 March 2016; and

(*b*) the payment for which is made by instalments,

the amount mentioned in subsection (1C)(*a*)(i) exceeds the open-market price mentioned in subsection (10F), then, for the purpose of determining the amount of writing-down allowances to be made for any year of assessment under subsection (1BAA), the

Comptroller may treat the open-market price mentioned in subsection (10F) as the amount mentioned in subsection (1C)(*a*)(i).

[Act 34 of 2016 wef 25/03/2016]

(10J) If —

(*a*) intellectual property rights or a part of such rights are or is sold, transferred or assigned on or after 25 March 2016; and

(*b*) the rights or part are or is sold, transferred or assigned for less than the open-market price,

then, for the purpose of determining the amount of any charge under subsection (4), (4A) or (5), the Comptroller may treat the open-market price as the price at which the rights or part (as the case may be) are or is sold, transferred or assigned.

[Act 34 of 2016 wef 25/03/2016]

(10K) In subsection (10J), "open-market price", for intellectual property rights or a part of such rights, means —

(*a*) the price which those rights or that part would have fetched if sold, transferred or assigned in the open market at the time of the actual sale, transfer or assignment; or

(*b*) if, by reason of the special nature of those rights or part, it is not possible to determine the price mentioned in paragraph (*a*), such other value as the Comptroller considers to be a reasonable value for those rights or that part after considering the valuation of those rights or that part by an appropriate valuer and other relevant circumstances.

[Act 34 of 2016 wef 25/03/2016]

(11) In this section —

"appropriate valuer" means a valuer who is independent of any party to the acquisition, sale, transfer or assignment (as the case may be) of the intellectual property rights, and has qualifications and experience that are relevant to the valuation in question;

[Act 34 of 2016 wef 25/03/2016]

"approved" means approved by the Minister or such person as he may appoint, subject to such conditions as he may impose;

"capital expenditure" does not include legal fees, registration fees, stamp duty and other costs related to the acquisition of any intellectual property rights;

"intellectual property rights" means the right to do or authorise the doing of anything which would, but for that right, be an infringement of any patent, copyright, trade mark, registered design, geographical indication, layout-design of integrated circuit, trade secret or information that has commercial value, or the grant of protection of a plant variety;

"media and digital entertainment company" means a company whose principal trade or business is to provide media and digital entertainment in Singapore;

"related party" has the same meaning as in section 13(16).

[24/2001; 21/2003; 34/2008; 23/2009; 27/2009; 29/2010]

(11A) In the definition of "intellectual property rights" in subsection (11), the expressions "trade secret" and "information that has commercial value", and any work or subject-matter to which the expression "copyright" relates, exclude the following:

(*a*) information of customers of a trade or business, such as a list of those customers and requirements of those customers, gathered in the course of carrying on that trade or business;

(*b*) information on work processes (such as standard operating procedures), other than industrial information, or technique, that is likely to assist in the manufacture or processing of goods or materials;

(*c*) compilation of any information as described in paragraph (*a*) or (*b*);

(*d*) such other matter as the Minister may by regulations prescribe.

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

(12) In subsections (1A), (1B) and (1BAA), a reference to capital expenditure incurred on the acquisition of intellectual property rights 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.

[29/2010; 29/2012]

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

(13) In this section, for a company, the acquisition date of any intellectual property rights is —

(*a*) the date of the signing of the agreement to acquire those rights; or

(*b*) if there is no agreement, the date on which those rights are assigned to the company.

[Act 34 of 2016 wef 25/03/2016]

Writing-down allowances for approved cost-sharing agreement for research and development activities

19C.—(1) Subject to this section, where a person carrying on a trade or business has incurred expenditure under any cost-sharing agreement entered into and approved on or after 17th February 2006, in respect of research and development activities for the purposes of that trade or business (referred to in this section as the relevant trade or business), he shall, subject to such conditions as may be imposed by the Minister or such person as he may appoint, be entitled to a writing-down allowance of 100% of that expenditure in the year of assessment relating to the basis period in which that expenditure was incurred.

[7/2007]

(1A) No writing-down allowance shall be made under this section in respect of any expenditure incurred during the basis period for the year of assessment 2012 or any subsequent year of assessment.

[29/2012]

(2) The Minister or such person as he may appoint may specify the maximum amount of expenditure in respect of which writing-down allowances are to be made under subsection (1).

[26/93; 7/2007]

(3) No writing-down allowance shall be made under subsection (1) to any person in respect of any payment or contribution paid by him for the right to become a party to any existing approved cost-sharing agreement.

(4) Any expenditure incurred by a person under any approved cost-sharing agreement before the commencement of his trade or business shall be treated for the purpose of this section as if it had been incurred by him on the first day he commences that trade or business.

(5) Where a person to whom writing-down allowances have been made under this section —

(*a*) sells, assigns or otherwise disposes of any right under any approved cost-sharing agreement to which he is a party;

(*b*) sells, assigns or otherwise disposes of the whole or part of any technology or know-how developed from the research and development activities carried out under any approved cost-sharing agreement to which he is a party;

(*c*) receives any consideration from any other person for permitting that other person to become a party to any approved cost-sharing agreement to which he is a party; or

(*d*) receives any consideration from the disposal of any machinery, plant or building acquired under any approved cost-sharing agreement to which he is a party,

the amount or value of any consideration shall be treated as a trading receipt of the relevant trade or business for the year of assessment which relates to the basis period in which the event in paragraph (*a*), (*b*), (*c*) or (*d*) occurs.

[7/2007]

(5A) For the avoidance of doubt, section 19C(6) in force immediately before 17th February 2006, or subsection (5) of this section (as the case may be), continues to apply to a person to whom writing-down allowances have previously been made under this section in respect of a cost-sharing agreement, and deductions are allowed under section 14D for expenditure incurred or payments made under the same agreement.

[29/2012]

(6) For the purpose of subsection (5), the amount or value of the consideration to be treated as a trading receipt shall not exceed the amount of writing-down allowance made under this section.

[7/2007]

(7) Where no writing-down allowances have been made to any person in respect of expenditure incurred by him by virtue of subsection (2) or in respect of any payment or contribution made by him by virtue of subsection (3), the Minister may for the purposes of subsection (5) exempt such part of the amount or value of the consideration as he thinks fit.

(8) Any event referred to in subsection (5) which occurs after the date on which the relevant trade or business permanently ceases shall be deemed to have occurred immediately before the cessation.

(9) Where a person to whom writing-down allowances have been made under this section is entitled to royalty or other payments in one lump sum or otherwise for the use of or right to use any technology or know-how developed from the research and development activities carried out under any approved cost-sharing agreement, such royalty or payments shall be deemed to be income derived from Singapore for the year of assessment which relates to the basis period in which the person is entitled to the royalty or payments, as the case may be.

(10) Unless otherwise provided in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86), where, in the basis period for any year of assessment, the relevant trade or business produces income that is exempt from tax as well as income chargeable with tax, the allowances for that year of assessment shall be made against each income for that year of assessment in such proportion as appears reasonable to the Comptroller in the circumstances.

[49/2004]

(11) Unless otherwise provided in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act, where, in the basis period for any year of assessment, the relevant trade or business, produces income that is exempt from tax as well as income chargeable with tax, and an event referred to in subsection (5)(*a*), (*b*), (*c*) or (*d*) occurs, such proportion of any amount or value of any consideration treated as a trading receipt under that subsection shall

be exempt from tax as appears reasonable to the Comptroller in the circumstances.

[49/2004; 7/2007]

(12) Notwithstanding the provisions of this section, section 19C in force immediately before 17th February 2006 shall continue to apply and have effect in relation to any approved cost-sharing agreement entered into before that date in respect of research and development activities.

[7/2007]

(13) In this section —

"approved" means approved by the Minister or such person as he may appoint;

"cost-sharing agreement" means any agreement or arrangement made by 2 or more persons to share the expenditure of research and development activities to be carried out under the agreement or arrangement.

Writing-down allowance for IRU

19D.—(1) Subject to this section, where a person carrying on a trade, business or profession has incurred capital expenditure during or after the basis period for the year of assessment 2004 for the acquisition of an indefeasible right to use any international telecommunications submarine cable system (referred to in this section as Indefeasible Right of Use or IRU) for the purposes of that trade, business or profession (referred to in this section as the relevant trade, business or profession), writing-down allowances computed in accordance with subsection (3) shall be made to him, on due claim, in respect of that capital expenditure during the writing-down period.

[21/2003]

(2) The writing-down period in respect of an IRU shall be the number of years for which the IRU is acquired commencing with the year of assessment relating to the basis period in which the capital expenditure for the acquisition of the IRU is incurred.

[21/2003]

(3) For the purposes of this section, the writing-down allowances in respect of an IRU shall be determined by the formula

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

where A is the amount of capital expenditure incurred for the acquisition of the IRU; and

B is the writing-down period for the IRU.

[21/2003]

(4) Notwithstanding anything in this section, no writing-down allowance shall be granted to any person under subsection (1) in any year of assessment if the international telecommunications submarine cable system is not in use at the end of the basis period for that year of assessment by that person in the trade, business or profession carried on by him.

[21/2003]

(4A) No writing-down allowance is to be made under subsection (1) for any capital expenditure incurred after 31 December 2020.

[Act 2 of 2016 wef 11/04/2016]

(5) Any capital expenditure incurred for the acquisition of any IRU by a person before the commencement of his trade, business or profession shall be treated for the purpose of this section as if it had been incurred by him on the first day he commences that trade, business or profession.

[21/2003]

(6) Where writing-down allowances in respect of any IRU have been made to any person under this section and, before or at the end of the writing-down period for the IRU, any of the following events occurs:

(*a*) the IRU comes to an end without subsequent renewal by the person;

(*b*) the person permanently ceases to carry on the relevant trade, business or profession;

(*c*) the person sells, transfers or assigns all the IRU or so much of it as he still owns; or

(*d*) the person sells, transfers or assigns part of the IRU and the amount or value of any consideration less any decommissioning cost (referred to in this section as the consideration) for the sale, transfer or assignment is not less than the amount of capital expenditure remaining unallowed for the IRU,

no writing-down allowance in respect of the IRU shall be made to the person for the year of assessment relating to the basis period in which the event occurs or for any subsequent year of assessment.

[21/2003]

(7) Where an IRU remains with any person after the date on which it permanently ceases to be used by the person for the relevant trade, business or profession, the IRU shall be deemed to have been sold by the person at the open-market price on the date of permanent cessation of use.

[21/2003]

(8) Where writing-down allowances in respect of any IRU have been made to any person under this section and, before or at the end of the writing-down period for the IRU, any of the following events occurs:

(*a*) the IRU comes to an end without subsequent renewal by the person;

(*b*) the person permanently ceases to carry on the relevant trade, business or profession; or

(*c*) the person sells, transfers or assigns all the IRU or so much of it as he still owns and the consideration for the sale, transfer or assignment is less than the amount of capital expenditure remaining unallowed for the IRU,

there shall be made to the person for the year of assessment relating to the basis period in which the event occurs, a balancing allowance equal to —

(i) in the case where the amount of capital expenditure remaining unallowed for the IRU exceeds the consideration for the sale, transfer or assignment of the IRU, the excess; or

(ii) in any other case, the amount of capital expenditure remaining unallowed for the IRU.

[21/2003]

(9) Where writing-down allowances in respect of any IRU have been made to any person under this section and the person sells, transfers or assigns all or any part of the IRU and the consideration for the sale, transfer or assignment of the IRU exceeds the amount of capital expenditure remaining unallowed for the IRU, if any, there shall be made on the person, a balancing charge, which shall be based on an amount equal to —

(*a*) the excess of the consideration for the sale, transfer or assignment of the IRU over the amount of capital expenditure remaining unallowed for the IRU; or

(*b*) the consideration for the sale, transfer or assignment of the IRU, where the amount of capital expenditure remaining unallowed for the IRU is nil,

and the balancing charge shall be deemed as income for the year of assessment relating to the basis period in which the sale, transfer or assignment of the IRU occurs.

[21/2003]

(10) Where writing-down allowances in respect of any IRU have been made to any person under this section and the person sells, transfers or assigns any part of the IRU, and the consideration for the sale, transfer or assignment of the IRU is less than the amount of capital expenditure remaining unallowed for the IRU, the amount of any writing-down allowances made in respect of the IRU for the year of assessment relating to the basis period in which the sale, transfer or assignment of the IRU occurs or any subsequent year of assessment shall be the amount determined by the formula

$$\frac{C - D}{E},$$

where C is the amount of capital expenditure remaining unallowed at the time of the sale, transfer or assignment of the IRU;

D is the consideration for the sale, transfer or assignment of that part of the IRU; and

E is the number of complete years of the writing-down period remaining at the beginning of the year of assessment relating to the basis period in which the sale, transfer or assignment of the IRU occurs,

and so on for any subsequent sale, transfer or assignment of the IRU.

[21/2003]

(11) Notwithstanding subsections (9) and (10), the total amount on which a balancing charge is made in respect of any capital expenditure incurred for the acquisition of an IRU shall not exceed the total writing-down allowances actually made for the IRU in respect of that capital expenditure, less, if a balancing charge has previously been made in respect of that capital expenditure, the amount on which that balancing charge was made.

[21/2003]

(12) Where the sale, transfer or assignment of all or part of any IRU is made at less than the open-market price, then for the purpose of determining the amount of any balancing allowance or balancing charge, the event shall be treated as if it had given rise to sale, transfer or assignment moneys of an amount equal to the open-market price of the IRU.

[21/2003]

(13) Unless otherwise provided in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86), where, in the basis period for any year of assessment, the relevant trade, business or profession produces income that is exempt from tax as well as income chargeable with tax, the allowances for that year of assessment shall be made against each income in that year of assessment in such proportion as appears reasonable to the Comptroller in the circumstances.

[49/2004]

(14) Unless otherwise provided in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act, where, in the basis period for any year of assessment, the relevant trade, business or profession produces income that is exempt from tax as well as income

chargeable with tax, and any balancing allowance or balancing charge arises to be made —

(*a*) the balancing allowance shall be made against each income for that year of assessment in such proportion as appears reasonable to the Comptroller in the circumstances; and

(*b*) such proportion of the balancing charge shall be exempt from tax as appears reasonable to the Comptroller in the circumstances.

[49/2004]

(15) In this section —

"capital expenditure" does not include legal fees, registration fees, stamp duty and other costs related to the acquisition of any IRU;

"capital expenditure remaining unallowed", in relation to any IRU, means the amount of capital expenditure incurred for the acquisition of the IRU less —

(*a*) any writing-down allowances made in respect of that capital expenditure for the years of assessment before the year of assessment relating to the basis period in which any event referred to in subsection (6), (8), (9) or (10) occurs; and

(*b*) the consideration for any prior sale, transfer or assignment by the person who incurred the capital expenditure of any part of the IRU acquired by the capital expenditure;

"international telecommunications submarine cable system" means an international submarine cable that is laid in the sea and includes its cable landing station and any other equipment ancillary to the submarine cable system;

"open-market price", in relation to any IRU, means —

(*a*) the price which the IRU would have fetched if sold in the open market at the time any event referred to in subsection (6), (8), (9) or (10) occurs; or

(*b*) where the Comptroller is satisfied by reason of the special nature of any IRU that it is not practicable to determine the open-market price, such other value as appears to him to be reasonable in the circumstances.

[21/2003]

(16) For the purposes of this section, any sale, transfer or assignment of any IRU which occurs after the date on which a relevant trade, business or profession permanently ceases shall be deemed to have occurred immediately before the cessation.

[21/2003]

Balancing allowances and charges for machinery or plant

20.—(1) Except as provided in this section, where at any time after the setting up and on or before the permanent discontinuance of a trade, profession or business, any event occurs whereby machinery or plant in respect of which allowances under section 19 or 19A have been made to a person carrying on a trade, profession or business —

(*a*) ceases to belong to that person (whether on a sale of the machinery or plant or in any other circumstances of any description); or

(*b*) while continuing to belong to that person —

(i) in a case where the machinery or plant which —

(A) was provided for any research and development undertaken by him directly in Singapore or by a research and development organisation on his behalf in Singapore; and

(B) was not provided for the purpose of a trade or business carried on by him,

permanently ceases to be used for any research and development undertaken by him directly in Singapore or by a research and development organisation on his behalf in Singapore, and is not used for the purpose of a trade, profession or business carried on by him; or

(ii) in any other case, permanently ceases to be used for the purpose of a trade, profession or business carried on by him in Singapore (whether by reason of the discontinuance of the trade, profession or business, or discontinuance of use of such machinery or plant in a trade, profession or business which continues to be carried on in Singapore),

an allowance or a charge, to be known as a balancing allowance or a balancing charge, shall in the circumstances mentioned in this section be made to or, as the case may be, on that person for the year of assessment in the basis period for which that event occurs.

[34/2008]

(1A) Where the property in machinery or plant passes at less than the open-market price, then for the purpose of determining the amount of any balancing allowance or balancing charge the event shall be treated as if it had given rise to sale moneys of an amount equal to the open-market price of the machinery or plant.

(2) Where machinery or plant continues to belong to that person after the date on which it permanently ceases to be used for the purposes of a trade, profession or business carried on by him in Singapore, or (as the case may be) for the purpose of any research and development undertaken by him directly in Singapore or by a research and development organisation on his behalf in Singapore, it shall be deemed to have been sold on the date of permanent cessation of use at the open-market price on that date.

[34/2008]

(2A) Where there are no sale, insurance, salvage or compensation moneys or where the amount of the capital expenditure of the person in question on the provision of the machinery or plant still unallowed as at the time of the event exceeds those moneys, a balancing allowance shall be made, and the amount thereof shall be the amount of the expenditure still unallowed as aforesaid or, as the case may be, the excess thereof over those moneys.

(3) If the sale, insurance, salvage or compensation moneys exceed the amount, if any, of the said expenditure still unallowed as at the time of the event, a balancing charge shall be made, and the amount

on which it is made shall be an amount equal to the excess or, where the said amount still unallowed is nil, to those moneys.

(4) Notwithstanding anything in subsection (3), in no case shall the amount on which a balancing charge is made on a person exceed —

(*a*) the aggregate of the initial allowance, if any, and the annual allowances, if any, made to him under section 19 in respect of the expenditure in question; and

(*b*) the special allowances, if any, made to him under section 19A in respect of the expenditure in question.

[13/84]

(5) Notwithstanding anything in this section but subject to subsection (6A), where a balancing allowance or balancing charge falls to be made under subsection (1) in respect of a motor car to which section 19(3) applies, the sum to be taken in lieu of the open-market price or sale, insurance, salvage or compensation moneys for the purpose of calculating such balancing allowance or charge shall be ascertained in accordance with the formula

$$\frac{35,000A}{B},$$

where A is the open-market price or sale, insurance, salvage or compensation moneys in respect of the motor car; and

B is the capital expenditure incurred in respect of the motor car.

[37/75; 9/80; 5/83; 49/2004]

(6) Notwithstanding anything in this section, no balancing allowance shall be made in respect of a motor car within the meaning of section 19(4)(*a*) which is not, for any basis period after the basis period for the year of assessment 1981, registered as a business service passenger vehicle for the purposes of the Road Traffic Act (Cap. 276).

[9/80; 1/98]

(6A) Unless otherwise provided in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86), where, in the basis period for any year of assessment, the trade,

profession or business, for which purpose the machinery or plant is provided, produces income that is exempt from tax as well as income chargeable with tax, and any balancing allowance or balancing charge arises to be made —

(*a*) the balancing allowance shall be made against each income for that year of assessment in such proportion as appears reasonable to the Comptroller in the circumstances; and

(*b*) such proportion of the balancing charge shall be exempt from tax as appears reasonable to the Comptroller in the circumstances.

[49/2004]

(6B) Section 14D(4) and (5) shall apply in relation to the balancing allowance to be made to a person under subsection (1)(*b*)(i) as they apply in relation to the deduction of the expenditure and payments referred to in section 14D(1)(*aa*), (*c*) and (*f*), subject to the following modifications:

(*a*) a reference to the amount of the expenditure or payments is a reference to the amount of the balancing allowance;

(*b*) a reference to unabsorbed losses is a reference to unabsorbed allowances; and

(*c*) a reference to a specified amount of the expenditure or payments is a reference to an amount computed in accordance with the following formula:

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

where A is the amount of the balancing allowance that could have been made against the income of the person under subsection (1)(*b*)(i) if the income had been subject to tax at the rate specified in section 43(1)(*a*);

B is the rate of tax specified in section 43(1)(*a*); and

C is —

(i) in a case where the concessionary income (as defined in section 14D(5)) derived by the person from the trade or business carried on by him is subject to tax at a single concessionary rate of tax, that rate; or

(ii) in a case where the concessionary income derived by the person from the trade or business carried on by him is subject to tax at 2 or more concessionary rates of tax, the higher or highest of those rates.

[34/2008; 29/2012]

(6C) Notwithstanding anything in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act, where a balancing charge falls to be made on a person under subsection (1)(*b*)(i), the amount of the charge shall be deemed to be income of that person that is chargeable to tax at the rate of tax specified in section 43(1)(*a*).

[34/2008]

(7) In this section, "open-market price", in relation to any machinery or plant, means the price which the machinery or plant would have fetched if sold in the open market at the time of the event in question; except that where the Comptroller is satisfied by reason of the special nature of any machinery or plant that it is not practicable to determine an open-market price, he may adopt such other value as appears to him to be reasonable in the circumstances.

Replacement of machinery or plant

21.—(1) Where machinery or plant in the case of which any of the events mentioned in section 20(1) has occurred is replaced by the owner thereof and a balancing charge falls to be made on him by reason of that event or, but for this section, would have fallen to be made on him by reason thereof, then, if by notice in writing to the Comptroller he so elects, this section shall have effect.

(2) If the amount on which the charge would have been made is greater than the capital expenditure on providing the new machinery or plant —

(*a*) the charge shall be made only on an amount equal to the difference;

(*b*) no initial allowance, no balancing allowance and no annual allowance shall be made or allowed in respect of the new machinery or plant or the expenditure on the provision thereof; and

(*c*) in considering whether any, and if so what, balancing charge falls to be made in respect of the expenditure on the new machinery or plant, there shall be deemed to have been made in respect of that expenditure an initial allowance equal to the full amount of that expenditure.

(3) If the capital expenditure on providing the new machinery or plant is equal to or greater than the amount on which the charge would have been made —

(*a*) the charge shall not be made;

(*b*) the amount of any initial allowance in respect of the said expenditure shall be calculated as if the expenditure had been reduced by the amount on which the charge would have been made;

(*c*) in considering what annual allowance is to be made in respect of the new machinery or plant, there shall be left out of account a proportion of the machinery or plant equal to the proportion which the amount on which the charge would have been made bears to the amount of the said expenditure; and

(*d*) in considering whether any, and if so what, balancing allowance or balancing charge falls to be made in respect of the new machinery or plant, the initial allowance in respect thereof shall be deemed to have been increased by an amount equal to the amount on which the charge would have been made.

(4) This section shall not apply to the provision of any new motor car for which no allowance is allowed by virtue of section 19(5).

[32/99]

(5) For the purpose of this section, where the capital expenditure incurred in providing, in the basis period for the year of assessment 2013 or any preceding year of assessment, a new motor car registered outside Singapore and used exclusively outside Singapore exceeds $35,000, the expenditure incurred shall be deemed to be $35,000.

[19/2013]

Expenditure on machinery or plant

22. Expenditure on the provision of machinery or plant shall include capital expenditure on alterations to an existing building incidental to the installation of that machinery or plant for the purposes of the trade, profession or business.

Order of set-off of allowances

22A.—(1) Where for any year of assessment the allowances consist of allowances a person is entitled to or allowances made to a person under section 16, 17, 18A (repealed), 18B, 18C, 19, 19A, 19B, 19C, 19D or 20 for that year of assessment and any previous year of assessment added to and deemed to form part of the corresponding allowance for the year of assessment under section 23(1), the allowances shall be deducted in the following order:

(*a*) firstly, any balance of allowance from any previous year of assessment added to and deemed to form part of the corresponding allowance for the year of assessment under section 23(1); and

(*b*) secondly, any allowance for that year of assessment falling to be made under section 16, 17, 18A (repealed), 18B, 18C, 19, 19A, 19B, 19C, 19D or 20.

[21/2003; 29/2010]

(2) For the purposes of subsection (1)(*a*), the balance of allowance for the earliest year of assessment shall be deemed to have been deducted first, followed by the balance of allowance for the next earliest year of assessment, and so on.

[21/2003]

Carry forward of allowances

23.—(1) Where, in any year of assessment, full effect cannot, by reason of an insufficiency of gains or profits chargeable for that year of assessment, be given to any allowance falling to be made under section 16, 17, 18A (repealed), 18B, 18C, 19, 19A, 19B, 19C, 19D or 20, then, so long as the person entitled thereto continues to carry on the trade, profession or business in respect of the gains or profits of which the allowance falls to be made, the balance of the allowance shall, subject to subsection (3), be added to, and be deemed to form part of, the corresponding allowance, if any, for the next succeeding year of assessment, and, if no such corresponding allowance falls to be made for that year, shall be deemed to constitute the corresponding allowance for that year, and so on for subsequent years of assessment.

[28/80; 26/93; 37/2002; 21/2003; 29/2010]

(2) Where any person entitled to the allowances under sections 16, 17, 18B and 18C in respect of a building or structure derives income from the letting of that building or structure, subsection (1) shall, in relation to the allowances under those sections, apply to him so long as he continues to derive such income, whether or not he is carrying on a business in respect of the letting of the building or structure.

[13/84; 29/2010]

(3) Where any allowance for any year of assessment falling to be made to any person under section 16, 17, 18A (repealed), 18B, 18C, 19, 19A, 19B, 19C, 19D or 20 is deducted against income of the person from other sources under section 35(1), transferred to a claimant company under section 37C or to a spouse under section 37D or 37F, or deducted against income for the immediate preceding year of assessment under section 37E(1) or any of the 3 immediate preceding years of assessment under section 37E(1A), as the case may be, the amount of such allowance shall be deducted from the balance in subsection (1).

[21/2003; 49/2004; 34/2005; 27/2009; 29/2010]

(4) No balance shall be added to and be deemed to form part of the corresponding allowance, if any, to be given to a company under subsection (1) unless the Comptroller is satisfied that the shareholders of the company on the last day of the year in which the allowances arose were substantially the same as the shareholders

of the company on the first day of the year of assessment in which such allowances would otherwise be available under this section and such a balance shall not be allowed in any subsequent year of assessment.

[26/73]

(5) The Minister or such person as he may appoint may, where there is a substantial change in the shareholders of a company and he is satisfied that such change is not for the purpose of deriving any tax benefit or obtaining any tax advantage, exempt that company from the provisions of subsection (4).

[3/89; 11/94]

(6) Upon such exemption, the balance of the allowances referred to in subsection (1) may be added to and be deemed to form part of the corresponding allowance to be given to that company under that subsection but only for deduction against the gains or profits derived from the same trade or business in respect of which the allowances would have been made.

[3/89; 11/94]

(7) For the purpose of subsection (4) —

(*a*) the shareholders of a company at any date shall not be deemed to be substantially the same as the shareholders at any other date unless, on both those dates, not less than 50% of the total number of issued shares of the company are held by or on behalf of the same persons;

(*b*) shares in a company held by or on behalf of another company shall be deemed to be held by the shareholders of the last-mentioned company; and

(*c*) shares held by or on behalf of the trustee of the estate of a deceased shareholder or by or on behalf of the person entitled to those shares as beneficiaries under the will or any intestacy of a deceased shareholder shall be deemed to be held by that deceased shareholder.

[26/73; 34/2005]

(8) For the purpose of subsection (7), where any part of a share of a shareholder is not fully paid up, there shall be disregarded a proportion equal to

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

where A is the amount that has not been paid in respect of the share; and

B is the total amount payable in respect of the share.

[34/2005]

Special provisions as to certain sales

24.—(1) This section, except subsection (5), shall have effect in relation to any sale of any property where the buyer is a body of persons over whom the seller has control, or the seller is a body of persons over whom the buyer has control, or both the seller and buyer are bodies of persons and some other person has control over both of them, and the sale is not one to which section 33 applies.

[34/2005]

(2) References in subsection (1) to a body of persons include references to a company or a partnership.

(3) Where the parties to the sale by notice in writing to the Comptroller so elect —

(*a*) the like consequences shall ensue for the purposes of sections 16 to 21 as would have ensued if the property had been sold —

(i) in the case of an industrial building or structure, for a sum equal to the residue of expenditure on the construction or purchase (pursuant to a sale and purchase agreement entered into on or after 1st January 2006) of that building or structure immediately before the sale, computed in accordance with section 17;

(ii) in the case of machinery or plant, for a sum equal to the amount of the expenditure on the provision thereof still unallowed immediately before the sale, computed in accordance with section 20;

(iii) in the case of an Indefeasible Right of Use, for a sum equal to the amount of capital expenditure remaining unallowed immediately before the sale, computed in accordance with section 19D;

(*b*) notwithstanding anything in section 19, where the sale is a sale of machinery or plant, no initial allowance shall be made to the buyer;

(*c*) notwithstanding anything in section 19A, where the sale is a sale of machinery or plant, the special allowances provided under that section shall continue to be available as if no sale had taken place;

(*d*) notwithstanding anything in section 19D, where the sale is a sale of an Indefeasible Right of Use, the writing-down allowances provided under that section shall continue to be available as if no sale had taken place; and

(*e*) notwithstanding anything in the preceding provisions of this section or in sections 17, 19D and 20, such balancing charge, if any, shall be made on the buyer on any event occurring after the date of the sale as would have fallen to be made on the seller if the seller had continued to own the property and had done all such things and been allowed all such allowances and deductions in connection therewith as were done by or allowed to the buyer.

[13/84; 21/2003; 7/2007]

(4) No election may be made under subsection (3) unless before the sale in the case of the seller and after the sale in the case of the buyer the property is used in the production of income chargeable under the provisions of this Act and unless the machinery or plant was not leased by the seller to the buyer before the sale.

[13/84]

(4A) No election may be made under subsection (3) for the sale of an industrial building or structure for which an option to purchase is granted or a sale and purchase agreement is entered into on or after 23rd February 2010, or which is transferred on or after that date.

[29/2010]

(4B) Subsection (4A) does not apply to a transfer of property to which section 34C(8) and (9) apply.

[29/2010]

(5) Where a change occurs in a partnership of persons carrying on any trade, business or profession by reason of retirement or death, or the dissolution of the partnership as to one or more of the partners, or the admission of a new partner, and where no election is made under subsection (3), any property of the partnership shall be treated as if the property had been sold —

(*a*) to all the remaining partners and new partners of the partnership on the date the change occurs; and

(*b*) at the open-market price.

[34/2005]

(6) In subsection (5), "open-market price" has the same meaning as in section 20(7).

[34/2005]

25. [*Spent*]

PART VII

ASCERTAINMENT OF CERTAIN INCOME

Profits of insurers

26.—(1) Subject to section 34A, this section has effect notwithstanding anything to the contrary in this Act except that nothing in this section shall affect the chargeability to tax of any income of an insurer under section 10.

[28/92; 7/2007]

Separate accounts to be maintained for business of insuring and reinsuring offshore risks

(2) An insurer shall maintain separate accounts for the income derived by it from carrying on offshore life business or the business (other than the business of life assurance) of insuring and reinsuring offshore risks.

[7/79; 9/80; 20/91; 7/2007]

Insurers other than life insurers

(3) In the case of an insurer whether mutual or proprietary (other than a life insurer) where the gains or profits accrue in part outside Singapore, the gains or profits on which tax is payable shall be ascertained by —

(*a*) taking the gross premiums and interest and other income received or receivable in Singapore (less any premiums returned to the insured and premiums paid on reinsurances);

(*b*) deducting from the balance so arrived at a reserve for unexpired risks at the percentage adopted by the insurer in relation to its operations as a whole for such risks at the end of the period for which the gains or profits are being ascertained;

(*c*) adding thereto a reserve similarly calculated for unexpired risks outstanding at the commencement of that period; and

(*d*) from the net amount so arrived at, deducting the actual losses (less the amount recovered in respect thereof under reinsurance), the distribution expenses and management expenses incurred in the production of the income referred to in paragraph (*a*) and, in respect of a branch in Singapore, a fair proportion of the expenses of its head office.

[7/2007]

(4) For the purposes of subsection (3), in ascertaining the gains or profits derived by an insurer from carrying on the business (other than the business of life assurance) of insuring and reinsuring offshore risks or any other risks for the purposes of any concessionary rate of tax or exemption from tax prescribed by regulations made under section 43C —

(*a*) no income other than income from premiums or from such dividends, interest and gains or profits realised from the sale of investments as may be specified in those regulations shall be included;

(*b*) income in respect of dividends, interest and gains or profits realised from the sale of investments shall be apportioned

in such manner as may be prescribed by those regulations; and

(*c*) any item of expenditure not directly attributable to that business shall be apportioned in such manner as may be prescribed by those regulations.

[7/79; 9/80; 20/91; 26/93; 21/2003; 7/2007]

(5) [*Deleted by Act 19 of 2013*]

Life insurers

(6) In the case of a life insurer, whether mutual or proprietary, the gains or profits on which tax is payable shall be ascertained by taking the aggregate of —

(*a*) in the case of insurance funds established and maintained for Singapore policies, the amount computed in the following manner:

(i) taking the amount allocated out of the participating fund by way of bonus to the participating policies in accordance with section 17(6)(*b*) of the Insurance Act (Cap. 142);

(ii) adding thereto the amount allocated to the surplus account of the participating fund in accordance with section 17(6)(*c*) or (7) of the Insurance Act;

(iii) deducting from the balance so arrived at any receipt of the participating fund which is not chargeable to tax and adding thereto any expense of the participating fund which is not deductible for the purposes of this Act;

(iv) adding thereto the amount relating to investment income earned on assets representing the balance in the surplus account, after deducting any receipt which is not chargeable to tax and not allowing as a deduction any expense which is not deductible for the purposes of this Act; and

(v) adding thereto the balance so arrived at the life insurance surplus in relation to the non-participating fund and the investment-linked fund;

(*b*) in the case of shareholders' fund established in Singapore, the income therein less any expenses (including management expenses) incurred in the production of such income; and

(*c*) in the case of insurance funds established and maintained for offshore policies, the amount computed in the following manner:

(i) taking the amount allocated out of the participating fund by way of bonus to the participating policies in accordance with section 17(6)(*b*) of the Insurance Act;

(ii) adding thereto the amount allocated to the surplus account of the participating fund in accordance with section 17(6)(*c*) or (7) of the Insurance Act;

(iii) deducting from the balance so arrived at any receipt of the participating fund which is not chargeable to tax and adding thereto any expense of the participating fund which is not deductible for the purposes of this Act;

(iv) adding thereto the amount relating to investment income earned on assets representing the balance in the surplus account, after deducting any receipt which is not chargeable to tax and not allowing as a deduction any expense which is not deductible for the purposes of this Act;

(v) adding thereto the offshore life insurance surplus in relation to the non-participating fund and the investment-linked fund; and

(vi) deducting from the balance so arrived at such income that is subject to tax at the concessionary rate of tax prescribed by regulations made under section 43C.

[7/2007]

(7) Notwithstanding subsection (6), in the case of a life insurer which has income subject to tax at the concessionary rate of tax prescribed by regulations made under section 43C, in ascertaining the income for the purposes of those regulations —

(*a*) only such part of the following income as may be specified in those regulations shall be included:

(i) the amount in relation to insurance funds established and maintained for offshore policies, computed in the following manner:

(A) taking the amount allocated out of the participating fund by way of bonus to the participating policies in accordance with section 17(6)(*b*) of the Insurance Act;

(B) adding thereto the amount allocated to the surplus account of the participating fund in accordance with section 17(6)(*c*) or (7) of the Insurance Act;

(C) deducting from the balance so arrived at any receipt of the participating fund which is not chargeable to tax and adding thereto any expense of the participating fund which is not deductible for the purposes of this Act;

(D) adding thereto the amount relating to investment income earned on assets representing the balance in the surplus account, after deducting any receipt which is not chargeable to tax and not allowing as a deduction any expense which is not deductible for the purposes of this Act; and

(E) adding thereto the offshore life insurance surplus in relation to the non-participating fund and the investment-linked fund; and

(ii) the income of the shareholders' fund established in Singapore as is attributable to the offshore life business; and

(*b*) the income referred to in paragraph (*a*) and any item of expenditure not directly incurred in the production of such income shall be apportioned in such manner as may be prescribed by those regulations.

[28/92; 7/2007]

(8) In ascertaining the gains or profits of a life insurer whether mutual or proprietary —

(*a*) the Comptroller shall determine the manner and extent to which —

(i) any allowances under section 19, 19A, 20, 21, 22 or 23 and expenses and donations allowable under this Act are to be deducted; and

(ii) any losses incurred by the insurer may be deducted under section 37;

(*b*) the allowances under section 19, 19A, 20, 21, 22 or 23 or the losses under section 37 in respect of such part of the income of the insurer as is apportioned to the policyholders of the insurer in accordance with regulations made under section 43(9) or 43C in any year of assessment —

(i) shall only be available for deduction against such part of the income as is so apportioned in accordance with regulations made under section 43(9) or 43C for that year of assessment, as the case may be; and

(ii) the balance of such allowances or losses shall be added to, and be deemed to form part of, the corresponding allowances or losses, if any, for the next succeeding year of assessment and any subsequent year of assessment in accordance with section 23 or 37, as the case may be;

(*c*) section 37B shall apply, with the necessary modifications, in relation to the deduction of allowances under section 19, 19A, 20, 21, 22 or 23 or the losses under section 37 in respect of such part of the income of the insurer (being a company) as is subject to tax at the rate of tax under section 43(1)(*a*) and of such part of the income of the

insurer (being a company) as is apportioned to the shareholders of the insurer in accordance with regulations made under section 43C; and for the purpose of such application any reference in section 37B to income of a company subject to tax at a lower rate of tax or income of the company subject to tax at a lower rate of tax, as the case may be, shall be read as a reference to such part of the income of the insurer as is apportioned to the shareholders of the insurer in accordance with regulations made under section 43C; and

(*d*) in a case where, immediately before the life insurer ceases business permanently without transferring the business to any person in Singapore, there is an amount remaining in the participating fund which is not allocated by way of bonus to any participating policy, the Comptroller may make such adjustment to the tax liability of the life insurer as he thinks fit.

[28/92; 26/93; 24/2001; 37/2002; 7/2007]

Composite insurers

(9) In the case of an insurer carrying on life insurance business in conjunction with any other insurance business, the assessment of the gains or profits on which tax is payable shall be made in one sum, but the gains or profits arising from the life insurance business shall be computed in accordance with subsections (6), (7) and (8) as if such life insurance business were a separate business from the other insurance business carried on by the insurer.

[28/92; 7/2007]

(10) For the purposes of this section, the Minister may make regulations —

(*a*) to provide for such transitional, supplementary and consequential matters as he may consider necessary or expedient; and

(*b*) generally to give effect to or for carrying out the purposes of this section.

[7/2007]

(11) Notwithstanding the amendment of this section by the Income Tax (Amendment) Act 2007 (Act 7 of 2007), section 26 in force immediately before the amendment shall apply to the income of an insurer derived before the year of assessment 2006.

[7/2007]

Definitions

(12) In this section, and section 43C (except in relation to the definition of "insurer") —

"accident and health policy" has the same meaning as in the Insurance Act (Cap. 142);

[Act 19 of 2013 wef Y/A 2015]

[1]"income of the shareholders' fund" means —

(*a*) gains or profits on the sale of investments of the shareholders' fund, whether derived from Singapore or elsewhere; and

(*b*) investment income and other income of the shareholders' fund derived from Singapore or received in Singapore from outside Singapore;

"insurer" means —

(*a*) a company licensed under the Insurance Act to carry on insurance business in Singapore; or

(*b*) a person (including a partnership) permitted under the Insurance Act to carry on insurance business in Singapore under a foreign insurer scheme;

"investment-linked fund" means an insurance fund for investment-linked policies established and maintained under section 17(1A) of the Insurance Act;

"investment-linked policies", "non-participating policies" and "participating policies" have the same meanings as in the First Schedule to the Insurance Act;

[1]The definition of "accident and health policy" has been inserted immediately before the definition of "income of the shareholders' fund" from the year of assessment 2015 pursuant to section 21(1)(*b*) and (2) of the Income Tax (Amendment) Act 2013 (Act 19 of 2013).

"life insurance surplus", in relation to the non-participating fund and the investment-linked fund of an insurer, means the amount ascertained —

(*a*) by taking the aggregate of —

(i) the gross premiums (including consideration paid or payable for the purchase of annuities) from Singapore non-participating and Singapore investment-linked policies of any life insurance fund established and maintained under the Insurance Act (less any premiums returned to the insured and premiums paid or payable on reinsurance);

(ii) the net decrease between the beginning and ending values of the policy liabilities of any life insurance fund established and maintained under the Insurance Act relating to Singapore non-participating and Singapore investment-linked policies of the period for which the gains or profits are ascertained, both values being determined in accordance with that Act; and

(iii) the investment income and gains or profits derived from the sale of investments and other income, whether derived from Singapore or elsewhere, of any life insurance fund established and maintained under the Insurance Act relating to Singapore non-participating and Singapore investment-linked policies; and

(*b*) by deducting from that aggregate —

(i) distribution expenses and management expenses incurred in the production of the income referred to in paragraph (*a*) and, in respect of a branch in Singapore, a fair proportion of the expenses of its head office;

(ii) policy moneys paid or payable in respect of Singapore non-participating and Singapore investment-linked policies (less any amount recovered or recoverable in respect thereof under reinsurance);

(iii) moneys paid or payable on the surrender of Singapore non-participating and Singapore investment-linked policies; and

(iv) the net increase between the beginning and ending values of the policy liabilities of any life insurance fund established and maintained under the Insurance Act relating to Singapore non-participating and Singapore investment-linked policies of the period for which the gains or profits are ascertained, both values being determined in accordance with that Act;

"life policy" has the same meaning as in the Insurance Act;

"non-participating fund" means an insurance fund established and maintained under section 17(2) of the Insurance Act which comprises wholly of non-participating policies;

[2]"offshore life business" means the business of insuring or reinsuring the liability of a life policy, or accident and health policy, of any life insurance fund established and maintained under the Insurance Act, not being a Singapore policy within the meaning of that Act;

[Act 19 of 2013 wef Y/A 2015]

"offshore life insurance surplus", in relation to the non-participating fund and the investment-linked fund of an insurer, means the amount ascertained —

(*a*) by taking the aggregate of —

(i) the gross premiums (including consideration paid or payable for the purchase of annuities) from offshore non-participating and offshore

[2]The definition of "offshore life business" has been deleted and substituted from the year of assessment 2015 pursuant to section 21(1)(*c*) and (2) of the Income Tax (Amendment) Act 2013 (Act 19 of 2013).

investment-linked policies of any life insurance fund established and maintained under the Insurance Act (less any premiums returned to the insured and premiums paid or payable on reinsurance);

(ii) the net decrease between the beginning and ending values of the policy liabilities of any life insurance fund established and maintained under the Insurance Act relating to offshore non-participating and offshore investment-linked policies of the period for which the gains or profits are ascertained, both values being determined in accordance with that Act; and

(iii) the investment income and gains or profits derived from the sale of investments and other income, whether derived from Singapore or elsewhere, of any life insurance fund established and maintained under the Insurance Act relating to offshore non-participating and offshore investment-linked policies; and

(*b*) by deducting from that aggregate —

(i) distribution expenses and management expenses incurred in the production of the income referred to in paragraph (*a*) and, in respect of a branch in Singapore, a fair proportion of the expenses of its head office;

(ii) policy moneys paid or payable in respect of offshore non-participating and offshore investment-linked policies (less any amount recovered or recoverable in respect thereof under reinsurance);

(iii) moneys paid or payable on the surrender of offshore non-participating and offshore investment-linked policies; and

(iv) the net increase between the beginning and ending values of the policy liabilities of any life insurance fund established and maintained under the Insurance Act relating to offshore non-participating and offshore investment-linked policies of the period for which the gains or profits are ascertained, both values being determined in accordance with that Act;

[3]"offshore risk" means a risk or liability that is insured by a policy of any general insurance fund established and maintained under the Insurance Act, not being a Singapore policy within the meaning of that Act;

[Act 19 of 2013 wef Y/A 2015]

"participating fund" means an insurance fund established and maintained under section 17(2) of the Insurance Act which comprises wholly or partly of participating policies;

"policy liabilities", in relation to the non-participating fund and the investment-linked fund of an insurer, means liabilities in respect of policies for which the non-participating fund and investment-linked fund are established and maintained under section 17 of the Insurance Act;

"policy moneys" has the same meaning as in the Insurance Act;

[*Deleted by Act 19 of 2013 wef Y/A 2015*]

"surplus account", in relation to a participating fund of a life insurer, means the surplus account established and maintained under section 17(6)(*a*) of the Insurance Act as part of that fund.

[28/92; 7/2007; 27/2009; 11/2013; 19/2013]

[3]The definition of "offshore risk" has been deleted and substituted from the year of assessment 2015 pursuant to section 21(1)(*e*) and (2) of the Income Tax (Amendment) Act 2013 (Act 19 of 2013).

Ascertainment of income of member of Lloyd's syndicate

26A.—(1) Where a business of insuring and reinsuring risks is carried on by any member of Lloyd's through a syndicate formed to carry on the business in Singapore —

(*a*) the income of the member of Lloyd's from the syndicate in the basis period for any year of assessment shall be deemed to be the share to which he was entitled during that period in the income of the syndicate; and

(*b*) the statutory income of the member of Lloyd's from the syndicate shall be computed in accordance with section 35 by treating his share of the income of the syndicate as if it were income of a trade, business, profession or vocation carried on or exercised by him.

[7/2007]

(2) Sections 36 (as it applies by the operation of section 36C(1)) and 36C shall not apply to any Lloyd's Scottish limited partnership carrying on a business of insuring and reinsuring risks in Singapore, and sections 35 and 43(1)(*c*) shall apply, with the necessary modifications, to such partnership as if it were a person (other than a company or an individual) not resident in Singapore.

[7/2007; 53/2007; 29/2012]

(2A) Sections 36 (as it applies by the operation of section 36A(2)) and 36A shall not apply to any Lloyd's limited liability partnership carrying on a business of insuring and reinsuring risks in Singapore, and sections 35 and 43(1)(*c*) shall apply, with the necessary modifications, to such partnership as if it were —

(*a*) for the purposes of the years of assessment 2008 to 2012, a person (other than a company, an individual or a Hindu joint family) not resident in Singapore; or

(*b*) for the purposes of every subsequent year of assessment, a person (other than a company or an individual) not resident in Singapore.

[29/2012]

(2B) For the year of assessment 2015 and every subsequent year of assessment, section 37B shall apply, with the necessary modifications, to —

(*a*) any Lloyd's limited liability partnership; or

(*b*) any Lloyd's Scottish limited partnership,

carrying on a business of insuring and reinsuring risks in Singapore whose income for that year of assessment is subject to tax at different rates, as that section applies to a company whose income for any year of assessment is subject to tax at different rates.

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

(2C) To avoid doubt, subsection (2B) applies to any amount of allowance, loss or donation of the Lloyd's limited liability partnership or the Lloyd's Scottish limited partnership carried forward to the year of assessment from an earlier year of assessment.

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

(3) Section 53 shall apply, with the necessary modifications, to any non-resident member of Lloyd's carrying on a business of insuring and reinsuring risks through any syndicate formed to carry on that business in Singapore as that section applies to a person not resident in Singapore.

[7/2007]

(4) The tax chargeable for any year of assessment on the income of any non-resident member of Lloyd's carrying on a business of insuring and reinsuring risks through all syndicates formed to carry on the business in Singapore of which he is a member shall be aggregated with that of all other non-resident members of Lloyd's of those syndicates, and assessable in the name of the agent.

[7/2007]

(5) The agent shall —

(*a*) when required by the Comptroller by notice published in the *Gazette* under section 62(1) or by notice in writing under section 62(3), make a return of income for the year of assessment specified in the notice and furnish such particulars as may be required for the purpose of ascertaining the income, if any, for which any member of Lloyd's carrying on a business of insuring and reinsuring risks through any syndicate formed to carry on the business in Singapore, is chargeable to tax; and

(*b*) if a return is not made under paragraph (*a*) for any year of assessment, furnish to the Comptroller an estimate of the aggregate amount of chargeable income of every non-resident member of Lloyd's carrying on a business of insuring and reinsuring risks through any syndicate formed to carry on the business in Singapore, within 3 months after the end of the accounting period relating to that year of assessment of that member.

[7/2007]

(6) In this section —

"agent" means Lloyd's of London (Asia) Pte Ltd or such other person as the Comptroller may determine;

"Council of Lloyd's" means the Council of Lloyd's established by the Lloyd's Act 1982 of the United Kingdom;

"Lloyd's" means the society of underwriters known in the United Kingdom as Lloyd's and incorporated by the Lloyd's Act 1871 of the United Kingdom;

"Lloyd's limited liability partnership" means any limited liability partnership formed under the law of any part of the United Kingdom which is a member of Lloyd's;

"Lloyd's Scottish limited partnership" means a limited partnership formed under the laws of the Scotland which is a member of Lloyd's;

"member of Lloyd's" means a person admitted to membership of Lloyd's as an underwriting member and includes, where the context so requires, any person who has ceased to be a member of Lloyd's and any administrator, administrative receiver, committee, curator bonis, executor, liquidator, manager, personal representative, supervisor or trustee in bankruptcy, or any other person by law entitled or bound to administer the affairs of the member or former member concerned;

"syndicate" means a member of Lloyd's or a group of members of Lloyd's underwriting insurance business at Lloyd's through the agency of a Lloyd's underwriting agent to

which member or group a particular syndicate number is assigned by or under the authority of the Council of Lloyd's.

[7/2007; 29/2012]

Profits of non-resident shipowner or charterer

27.—(1) Where a non-resident person carries on the business of shipowner or charterer, the income on which tax is payable shall be ascertained as provided in this section.

(2) Where, for any period, the non-resident person produces a certificate complying with subsection (3) —

(*a*) the profits accruing in Singapore from the business for that period shall be deemed to be a sum bearing the same ratio to the sums receivable in respect of the carriage of passengers, mail, livestock and goods shipped in Singapore as the total profits for that period bear to the total sum receivable by him in respect of the carriage of passengers, mail, livestock and goods, as shown by the certificate; and

(*b*) the depreciation allowable against such profits shall similarly be deemed to be a sum bearing the same ratio to the sums receivable in respect of the carriage of passengers, mail, livestock and goods shipped in Singapore as the total depreciation for that period bears to the total sum receivable by him in respect of the carriage of passengers, mail, livestock and goods, as shown by the certificate.

(3) The certificate referred to in subsection (2) shall —

(*a*) be one issued by or on behalf of the income tax authority of the place of residence of the non-resident person;

(*b*) be acceptable for the purposes of this section only where the Comptroller is satisfied that the relevant income tax authority —

(i) computes and assesses the full profits of the non-resident person from his shipping business on a basis not materially different from the basis of

assessment provided by this Act for the assessment of a resident of Singapore carrying on a similar business; and

(ii) accepts any certificate issued by the Comptroller for the purpose of computing the profits derived by a resident of Singapore from carrying on the business of a shipowner or charterer and assesses the income of that resident on the basis of and without making any adjustment to the profits or loss or the allowance for depreciation as stated in the certificate issued by the Comptroller and in the same manner as the income of the non-resident person is assessed under subsection (2); and

(*c*) contain, in respect of the relevant accounting period, the following information:

(i) the ratio of the profits or, where there are no profits, of the loss, as computed for the purposes of income tax by that authority, without making any allowance by way of depreciation, to the total sum receivable in respect of the carriage of passengers, mail, livestock and goods;

(ii) the ratio of the allowance for depreciation as computed by that authority to that total sum receivable in respect of the carriage of passengers, mail, livestock and goods.

[5/83]

(4) Where, for any period, a non-resident person does not, for any reason, produce a certificate complying with subsection (3), the profits accruing in Singapore shall be deemed to be a sum equal to 5% of the full sum receivable on account of the carriage of passengers, mail, livestock and goods shipped in Singapore.

(5) Where a non-resident person has been assessed under subsection (4) because a certificate had not been issued at the time of assessment, he shall be entitled, on the subsequent production of such a certificate to claim at any time within 2 years after the end of such year of assessment, or such further time as the Comptroller may

consider reasonable in the circumstances, that his liability to tax for the year be determined on the basis provided by subsection (2).

(6) Where the Comptroller decides that the call of a ship (within the meaning of section 2(1) of the Merchant Shipping Act) belonging to a particular non-resident shipowner or charterer at a port in Singapore is casual and that further calls by that ship or others in the same ownership are improbable, this section shall not apply to the profits of that ship and no tax shall be chargeable on them.

[Act 2 of 2016 wef 11/04/2016]

(7) Notwithstanding anything in subsections (1) to (6), if in computing the profits derived by a resident in Singapore from carrying on the business of a shipowner or charterer, the tax authority of a foreign country determines such profits to be an amount which exceeds 5% of the full sum receivable on account of the carriage of passengers, mail, livestock and goods shipped in that foreign country, the Minister may if he thinks fit direct that, in computing the profits derived in Singapore by a non-resident shipowner or charterer who is resident in that foreign country, the Comptroller shall determine the amount of such profits in such manner as may be substantially similar to that adopted by the tax authority of that foreign country.

[37/75]

Profits of non-resident air transport and cable undertakings

28. Where a non-resident person carries on the business of air transport or of transmission of messages by cable or by any form of wireless apparatus, he shall be assessable to tax as if he were a non-resident shipowner and section 27 shall apply, with the necessary modifications, to the computation of the gains or profits of the business.

29. [*Repealed by Act 19 of 2013*]

30. [*Repealed by Act 19 of 2013*]

Income arising from settlements

31.—(1) Where under the terms of any settlement and during the life of the settlor any income, or assets representing it, will or may become payable or applicable to or for the benefit of any relative of the settlor and at the commencement of the year of assessment such

relative is unmarried and has not attained the age of 21 years, such income or assets shall be deemed to be income of the settlor and not income of any other person.

(2) If and so long as the terms of any settlement are such that —

(*a*) any person has or may have power, whether immediately or in the future, and whether with or without the consent of any other person, to revoke or otherwise determine the settlement or any provision thereof; and

(*b*) in the event of the exercise of the power, the settlor or the wife or husband of the settlor will or may become beneficially entitled to the whole or any part of the property then comprised in the settlement, or of the income arising from the whole or any part of the property so comprised,

all income arising under the settlement from the property comprised in the settlement shall be deemed to be income of the settlor and not income of any other person.

[49/2004]

(3) Subsection (2) shall not apply by reason only that the settlor or the wife or husband of the settlor will or may become beneficially entitled to any income or property relating to the interest of any beneficiary under the settlement in the event that the beneficiary should die before him.

(4) Where in any year of assessment the settlor or any relative of the settlor or any person under the direct or indirect control of the settlor or of any of his relatives, whether by borrowing or otherwise, makes use of any income arising or of any accumulated income which has arisen under a settlement to which he is not entitled thereunder, then the amount of such income or accumulated income so made use of shall be deemed to be income of the settlor for that year of assessment and not income of any other person.

(5) Where under the terms of any settlement to which this section applies any tax is charged on and paid by the person by whom the settlement is made, that person shall be entitled to recover from any trustee or other person to whom income is paid under the settlement the amount of the tax so paid, and for that purpose to require the

Comptroller to furnish a certificate specifying the amount of tax so paid; and any certificate so furnished shall be conclusive evidence of the facts appearing therein.

(6) If any question arises as to the amount of any payment of income or as to any apportionment of income under this section that question shall be decided by the Comptroller whose decision shall be final.

(7) This section shall apply to every settlement wheresoever it was made or entered into and whether it was made or entered into before or after 1st January 1960 and shall (where there is more than one settlor or more than one person who made the settlement) have effect in relation to each settlor as if he were the only settlor.

(8) In this section —

"child" shall include a step-child, a child who has been de facto adopted by the settlor or by the husband or by the wife of the settlor, whether or not such adoption has been registered in accordance with the provisions of any written law, and a child of whom the settlor has the custody or whom he maintains wholly or partly at his own expense;

"relative" means any person who is a wife, grandchild, child, brother, sister, uncle, aunt, nephew, niece or cousin of the settlor;

"settlement" includes any disposition, trust, covenant, agreement, whether reciprocal or collateral, arrangement or transfer of assets or income, but does not include —

(*a*) a settlement which in the opinion of the Comptroller is made for valuable and adequate consideration;

(*b*) a settlement resulting from an order of a court; or

(*c*) any agreement made by an employer to pay to an employee or to the widow or any relative or dependant of such employee after his death such remuneration or pension or lump sum as in the opinion of the Comptroller is fair and reasonable;

"settlor", in relation to a settlement, includes any person by whom the settlement was made or entered into, directly or indirectly, and any person who has provided or undertaken to provide funds or credit, directly or indirectly, for the purpose of the settlement, or has made with any other person a reciprocal arrangement for that other person to make or enter into the settlement.

Valuation of trading stock on discontinuance or transfer of trade or business

32.—(1) In computing for any purpose of this Act the gains or profits of a trade or business which has been discontinued or transferred, any trading stock belonging to the trade or business at the discontinuance or transfer thereof shall be valued as follows:

(*a*) in the case of any such trading stock —

(i) which is sold or transferred for valuable consideration to a person who carries on or intends to carry on a trade or business in Singapore; and

(ii) the cost whereof may be deducted by the purchaser as an expense in computing for any such purpose the gains or profits of that trade or business,

the value thereof shall be taken to be the amount realised on the sale or the value of the consideration given for the transfer; and

(*b*) in the case of any other such trading stock, the value thereof shall be taken to be the amount which it would have realised if it had been sold in the open market at the discontinuance or transfer of the trade or business.

(2) In computing for any purpose of this Act the gains or profits of the purchaser of the trading stock of any trade or business which has been discontinued or transferred, such trading stock shall be valued as provided in subsection (1).

(3) Any question arising under subsection (1) regarding the value attributable to the trading stock belonging to any trade or business

which has been discontinued or transferred shall be determined by the Comptroller.

(4) In this section, "trading stock", in relation to any trade or business, means property of any description, whether movable or immovable, being either —

(*a*) property such as is sold in the ordinary course of trade or business or would be so sold if it were mature or if its manufacture, preparation or construction were complete; or

(*b*) materials such as are used in the manufacture, preparation or construction of any such property as is referred to in paragraph (*a*).

Comptroller may disregard certain transactions and dispositions

33.—(1) Where the Comptroller is satisfied that the purpose or effect of any arrangement is directly or indirectly —

(*a*) to alter the incidence of any tax which is payable by or which would otherwise have been payable by any person;

(*b*) to relieve any person from any liability to pay tax or to make a return under this Act; or

(*c*) to reduce or avoid any liability imposed or which would otherwise have been imposed on any person by this Act,

the Comptroller may, without prejudice to such validity as it may have in any other respect or for any other purpose, disregard or vary the arrangement and make such adjustments as he considers appropriate, including the computation or recomputation of gains or profits, or the imposition of liability to tax, so as to counteract any tax advantage obtained or obtainable by that person from or under that arrangement.

(2) In this section, "arrangement" means any scheme, trust, grant, covenant, agreement, disposition, transaction and includes all steps by which it is carried into effect.

[1/88]

(3) This section shall not apply to —

(*a*) any arrangement made or entered into before 29th January 1988; or

(*b*) any arrangement carried out for bona fide commercial reasons and had not as one of its main purposes the avoidance or reduction of tax.

[1/88]

Decision of Comptroller no bar to appeal

34. Nothing in section 32 or 33 shall prevent the decision of the Comptroller in the exercise of any discretion given to him by any such section from being questioned in an appeal against an assessment in accordance with Part XVIII.

[19/2013]

Adjustment on change of basis of computing profits of financial instruments

34A.—(1) Notwithstanding the provisions of this Act, the amount of any profit or loss (as the case may be) or expense to be brought into account for the basis period for any year of assessment in respect of any financial instrument of a qualifying person for the purposes of sections 10, 14, 14I and 37 is that which, in accordance with FRS 39 or SFRS for Small Entities (as the case may be), is recognised in determining any profit or loss (as the case may be) or expense in respect of that financial instrument for that year of assessment.

[7/2007; 29/2012]

(2) Notwithstanding subsection (1), the profit or loss or expense in respect of the financial instrument referred to in the following paragraphs shall, for the purposes of sections 10, 14, 14I and 37, be computed as follows:

(*a*) where a qualifying person to whom section 10(12)(*b*) applies derives interest from a negotiable certificate of deposit or derives a gain or profit from the sale thereof, his income therefrom shall be treated in the manner set out in section 10(12);

(*b*) where a qualifying person derives interest from debt securities and the interest is chargeable to tax under

section 10(1)(*d*), such interest shall be computed based on the contractual interest rate and not the effective interest rate;

(*c*) any amount of profit or expense in respect of a loan for which no interest is payable shall be disregarded;

(*d*) where the creditor and debtor of a loan agreement are not dealing with each other at arm's length, only the interest income or the interest expense based on the contractual interest rate shall be chargeable to tax or allowed as a deduction, as the case may be;

(*e*) in a case where section 14(1)(*a*) applies, only the interest expense incurred based on the contractual interest rate shall be allowed as a deduction under section 14(1)(*a*);

(*f*) any amount of profit or loss in respect of a hedging instrument where the underlying asset or liability is employed or intended to be employed as capital shall be disregarded;

(*g*) where a bank or qualifying finance company within the meaning of section 14I is unable to make provision for the amount of impairment losses in respect of a group of financial assets in accordance with FRS 39, but is required to make such provision by the Monetary Authority of Singapore, section 14I shall apply for a period of 5 years, or such further period as the Minister may allow, beginning from the year of assessment relating to the basis period in which the bank or qualifying finance company is first required to prepare financial accounts in respect of its trade or business in accordance with FRS 39;

(*h*) a gain from discounts or premiums on debt securities, being a gain chargeable to tax under section 10(1)(*d*), shall be deemed —

(i) to accrue only on the maturity or redemption of the debt securities; and

(ii) to be equal to the difference between the amount received on the maturity or redemption of the debt

securities and the amount for which the debt securities were first issued;

(*i*) in a case where a qualifying person issues debt securities at a discount or redeems issued debt securities at a premium, and section 14(1)(*a*) applies in respect of the outgoing represented by such discount or premium, such outgoing shall be deemed to be incurred and deductible only when it is paid on the maturity or redemption of the debt securities and —

(i) in the case of debt securities issued in the basis period relating to the year of assessment 2008 or subsequent years of assessment, to be equal to the difference between the amount paid on the maturity or redemption of the debt securities and the amount for which the debt securities were first issued; or

(ii) in the case of debt securities issued before the basis period relating to the year of assessment 2008, to be equal to such part of the difference referred to in sub-paragraph (i) that would be attributable to the year of assessment 2008 and subsequent years of assessment;

(*j*) in a case where —

(i) a qualifying person issues debt securities at a discount or redeems issued debt securities at a premium;

(ii) the debt securities were issued with an embedded derivative to acquire shares or units in the qualifying person; and

(iii) the outgoing represented by such discount or premium is deductible under section 14(1),

such part of the outgoing that is attributable to the embedded derivative shall not be deductible.

[7/2007; 53/2007]

(3) A person who is required to prepare or maintain financial accounts in accordance with FRS 39 may, subject to such conditions

as the Comptroller may specify, elect in accordance with subsection (4) not to be subject to this section; and if the person so elects, he shall not be treated as a qualifying person from the year of assessment relating to the basis period during which he is first required to prepare financial accounts in accordance with FRS 39.

[7/2007]

(3A) A person who prepares or maintains financial accounts in accordance with SFRS for Small Entities may, subject to such conditions as the Comptroller may specify, elect in accordance with subsection (4A) not to be subject to this section; and if the person so elects, he shall not be treated as a qualifying person from the year of assessment relating to the basis period during which he first prepares financial accounts in accordance with SFRS for Small Entities.

[29/2012]

(3B) A person is not entitled to make an election under subsection (3) if he is already subject to this section because he did not make an election in accordance with subsection (4A), or he had revoked under subsection (5) his election made in accordance with subsection (4A).

[29/2012]

(3C) A person is not entitled to make an election under subsection (3A) if he is already subject to this section because he did not make an election in accordance with subsection (4), or he had revoked under subsection (5) his election made in accordance with subsection (4).

[29/2012]

(4) The election referred to in subsection (3) shall be made by the person by notice in writing to the Comptroller —

(*a*) at the time of lodgment of the return of income for the year of assessment referred to in subsection (3); or

(*b*) within such further time as the Comptroller may allow.

[7/2007]

(4A) The election referred to in subsection (3A) shall be made by the person by notice in writing to the Comptroller —

(*a*) at the time of lodgment of the return of income for the year of assessment referred to in that subsection; or

(*b*) within such further time as the Comptroller may allow.

[29/2012]

(5) A person who has made an election under subsection (3) or (3A) may at any time revoke the election by notice in writing to the Comptroller; and if the person so revokes, he shall be treated as a qualifying person from the year of assessment relating to the basis period during which the revocation is made or such year of assessment as the Comptroller may approve.

[7/2007; 29/2012]

(6) The revocation under subsection (5) shall be irrevocable.

[7/2007]

(7) A person who is not required to prepare or maintain financial accounts in accordance with FRS 39 or SFRS for Small Entities may apply to the Comptroller in writing for approval to be subject to this section and, if the Comptroller approves the application, that person shall be treated as a qualifying person from the year of assessment relating to the basis period during which the approval is granted or such later year of assessment as the Comptroller may approve.

[7/2007; 29/2012]

(8) The provisions of this section pertaining to FRS 39 shall have effect for any basis period beginning on or after 1st January 2005; and the provisions of this section pertaining to SFRS for Small Entities shall have effect for any basis period beginning on or after 1st January 2011.

[29/2012]

(9) For the purposes of this section, the Minister may make regulations —

(*a*) to provide for such transitional, supplementary and consequential matters as he may consider necessary or expedient; and

(*b*) generally to give effect to or for carrying out the purposes of this section.

[7/2007]

(10) In this section —

"contractual interest rate", in relation to any financial instrument, means the interest rate specified in the financial instrument;

"debt securities" has the same meaning as in section 43N(4);

"FRS 39" means the financial reporting standard known as Financial Reporting Standard 39 (Financial Instruments: Recognition and Measurement) that is treated as made by the Accounting Standards Council under Part III of the Accounting Standards Act (Cap. 2B), as amended from time to time;

"Monetary Authority of Singapore" means the Monetary Authority of Singapore established under section 3 of the Monetary Authority of Singapore Act (Cap. 186);

"qualifying person", in relation to any year of assessment, means —

(*a*) a person who is required to prepare or maintain financial accounts in accordance with FRS 39 and who has not made an election under subsection (3) for that year of assessment;

(*b*) a person who prepares or maintains financial accounts in accordance with SFRS for Small Entities and who has not made an election under subsection (3A) for that year of assessment; or

(*c*) a person who is treated as a qualifying person under subsection (5) or (7) for that year of assessment,

as the case may be;

"SFRS for Small Entities" means the financial reporting standard known as Singapore Financial Reporting Standard for Small Entities made by the Accounting Standards Council under Part III of the Accounting Standards Act, as amended from time to time.

[7/2007; 29/2012]

(11) Any term used in this section and not defined in this section but defined in FRS 39 or SFRS for Small Entities (as the case may be) shall have the same meaning as in FRS 39 or SFRS for Small Entities (as the case may be).

[7/2007; 29/2012]

Islamic financing arrangements

34B.—(1) This section shall apply to any prescribed Islamic financing arrangement entered into on or after 17th February 2006 between any person and a financial institution.

[7/2007]

(2) Subject to such exceptions, adaptations and modifications as may be prescribed, sections 10, 12, 13, 14, 15 and 45 and regulations made under section 43Q shall apply in relation to any prescribed Islamic financing arrangement as if a reference in any of those provisions to interest accrued, derived, received or incurred in relation to any loan, deposit or mortgage were a reference to the effective return of the arrangement.

[7/2007]

(3) Where under a prescribed Islamic financing arrangement, an asset is sold by one party to the arrangement to the other party, the effective return of the arrangement shall be excluded in determining for the purposes of this Act the consideration for the sale and purchase of the asset.

[7/2007]

(4) Subsection (3) does not affect the operation of any provision of this Act which provides that the consideration for a sale or purchase is to be taken for any purpose to be an amount other than the actual consideration.

[7/2007]

(5) For the purposes of this section, the Minister may make regulations —

(*a*) to prescribe anything that is required or authorised to be prescribed under this section;

(*b*) to provide for such transitional, supplementary and consequential matters as he may consider necessary or expedient; and

(*c*) generally to give effect to or for carrying out the purposes of this section.

[7/2007]

(6) In this section —

"effective return", in relation to a prescribed Islamic financing arrangement, means the prescribed return in lieu of interest that has or is accrued, derived, received or incurred under the arrangement;

"financial institution" means —

(*a*) any institution in Singapore that is licensed or approved by the Monetary Authority of Singapore, or exempted from such licensing or approval, under any written law administered by the Monetary Authority of Singapore; or

(*b*) any institution outside Singapore that is licensed or approved, or exempted from such licensing or approval, under any written law administered by its financial supervisory authority for the carrying on of financial activities;

"Islamic financing arrangement" means a financing arrangement which is —

(*a*) endorsed by any Shari'ah council or body, or by any committee formed for the purpose of providing guidance on compliance with Shari'ah law; and

(*b*) permitted under any written law in Singapore or elsewhere.

[7/2007]

Amalgamation of companies

34C.—(1) This section shall only apply to a qualifying amalgamation.

[27/2009]

Interpretation

(2) In this section —

"first 2 years of assessment", in relation to an amalgamating company, means the year of assessment relating to the basis period during which the company is incorporated and the year of assessment immediately following that year of assessment;

"FRS 38" and "FRS 103" mean the financial reporting standards known as Financial Reporting Standard 38 (Intangible Assets) and Financial Reporting Standard 103 (Business Combinations), respectively, issued by the Accounting Standards Council under the Accounting Standards Act (Cap. 2B);

"qualifying amalgamation" means —

(*a*) any amalgamation of companies where the notice of amalgamation under section 215F of the Companies Act (Cap. 50) or a certificate of approval under section 14A of the Banking Act (Cap. 19) is issued on or after 22nd January 2009; and

(*b*) such other amalgamation of companies as the Minister, or such person as he may appoint, may approve.

[27/2009; 29/2012]

(3) For the purpose of this section, the date of amalgamation of companies is —

(*a*) the date shown on the notice of amalgamation under section 215F of the Companies Act;

(*b*) the date of lodgment mentioned in section 14A(4) of the Banking Act; or

(*c*) such date as specified in the letter of approval issued under paragraph (*b*) of the definition of "qualifying amalgamation" in subsection (2),

as the case may be.

[27/2009]

Election for section to apply

(4) An amalgamated company in a qualifying amalgamation shall, within 90 days from the date of amalgamation or such further period as the Comptroller may allow, elect for this section to apply to it and all the amalgamating companies in the qualifying amalgamation.

[27/2009]

(5) An election under subsection (4) shall be made by an amalgamated company by notice in writing to the Comptroller and shall be irrevocable.

[27/2009]

(6) Upon such election, the trades and businesses carried on in Singapore of all the amalgamating companies shall be treated as carried on in Singapore by the amalgamated company beginning from the date of amalgamation and —

(*a*) any property on revenue account of each amalgamating company shall, subject to subsection (14), be treated as property on revenue account of the amalgamated company; and

(*b*) any property on capital account of each amalgamating company shall, subject to subsection (16), be treated as property on capital account of the amalgamated company,

and the amalgamated company shall be treated as having acquired the property on the date on which the amalgamating company acquired it for an amount that was incurred by the amalgamating company in respect of that property.

[27/2009]

Effect of cancellation of shares

(7) Where an amalgamating company (referred to as the first-mentioned company) holds shares in another amalgamating company (referred to as the second-mentioned company), and the shares of the second-mentioned company are cancelled on the amalgamation, the following provisions shall apply:

(*a*) the first-mentioned company is treated as having disposed of the shares in the second-mentioned company immediately before the amalgamation for an amount

equal to the cost of the shares to the first-mentioned company;

(*b*) if —

(i) the first-mentioned company has borrowed money to acquire shares in the second-mentioned company; and

(ii) the liability arising from the money borrowed referred to in sub-paragraph (i) is transferred to and becomes the liability of the amalgamated company,

no deduction shall be given for any interest or other borrowing costs incurred by the amalgamated company on or after the date of amalgamation on such liability.

[27/2009]

Transfer of property

(8) Where there is a transfer of property from any amalgamating company to the amalgamated company on the date of amalgamation in respect of which allowances or writing-down allowances have been made to the amalgamating company under sections 16 to 21, the amalgamating company and the amalgamated company shall, subject to section 24(4), be deemed to have made an election under section 24(3), and section 24(3)(*a*) to (*e*) shall apply, with the necessary modifications, whether or not the amalgamated company is a company over which the amalgamating company has control, or the amalgamating company is a company over which the amalgamated company has control, or both the amalgamating company and amalgamated company are companies under the control of a common person.

[27/2009]

(8A) Where there is a transfer of a building or structure from any amalgamating company to the amalgamated company on the date of amalgamation for which an allowance has been made to the amalgamating company under section 18C, the annual allowances provided under that section shall continue to be available to the amalgamated company as if it had incurred the qualifying capital

expenditure that was incurred in carrying out the approved construction or approved renovation, as the case may be, referred to in that section.

[29/2010]

(8B) Subsection (8A) shall not apply unless the building or structure is used before the transfer by the amalgamating company and after the transfer by the amalgamated company, in the production of income chargeable under the provisions of this Act.

[29/2010]

(9) In the application of section 24(3)(*a*) to (*e*) under subsection (8) —

(*a*) a reference in that provision to a buyer is a reference to the amalgamated company; and

(*b*) a reference in that provision to a seller is a reference to the amalgamating company.

[27/2009]

(10) Where —

(*a*) there is a transfer of property, being intellectual property rights in respect of which writing-down allowances have been made to an amalgamating company under section 19B, from that amalgamating company to the amalgamated company on the date of amalgamation; and

(*b*) before the transfer in the case of that amalgamating company and from any time on or after the transfer in the case of that amalgamated company, the property is used in the production of income chargeable under the provisions of this Act,

the following provisions shall, subject to subsection (18), apply:

(i) section 19B(4) and (5) shall not apply to the amalgamating company;

(ii) the writing-down allowances under section 19B shall continue to be available to the amalgamated company as if no transfer had taken place;

(iii) the charge under section 19B(4) and (5) shall be made on the amalgamated company on any event occurring on or

after the date of amalgamation as would have fallen to be made on the amalgamating company if the amalgamating company had continued to own the intellectual property rights and had done all such things and been allowed all such allowances as were done by or allowed to the amalgamated company.

[27/2009]

(11) Notwithstanding section 32 but subject to subsection (18), where there is a transfer of property, being trading stock to both an amalgamating company and the amalgamated company, from that amalgamating company to the amalgamated company on the date of amalgamation —

(*a*) the net book value of the trading stock of the amalgamating company shall be deemed to be the value of the consideration given by the amalgamated company to the amalgamating company for such transfer on the date of amalgamation for the purpose of deducting the cost of trading stock to the amalgamated company as an expense in computing the gains or profits of the trade or business of the amalgamated company; and

(*b*) only the amount of provision of diminution in value computed by reference to the net book value referred to in paragraph (*a*) of the trading stock, if any, may be allowed as a deduction to the amalgamated company.

[27/2009]

(12) Notwithstanding subsection (11), the value as reflected in the financial accounts of the amalgamated company on the date of amalgamation shall be taken as the value of the consideration given by the amalgamated company to the amalgamating company for the transfer of the trading stock on the date of amalgamation for the purpose of —

(*a*) computing the gains or profits of the trade or business of that amalgamating company; and

(*b*) deducting the cost of trading stock to the amalgamated company as an expense in computing the gains or profits of the trade or business of the amalgamated company,

if the amalgamated company has made an irrevocable election to that effect.

[27/2009]

(13) Any gains or profits of the trade or business of the amalgamating company referred to in subsection (12) shall be chargeable to tax for the year of assessment which relates to the basis period in which the date of amalgamation falls.

[27/2009]

(14) Where there is a transfer of property from an amalgamating company to the amalgamated company, being property on revenue account of the amalgamating company but not on revenue account of the amalgamated company, the consideration for the transfer by the amalgamating company is taken as the amount which it would have realised if the property had been sold in the open market on the date of amalgamation.

[27/2009]

(15) The amount of consideration referred to in subsection (14) shall be used to compute the gains or profits of the trade or business of the amalgamating company and such gains or profits shall be chargeable to tax for the year of assessment which relates to the basis period in which the date of amalgamation falls.

[27/2009]

(16) Where there is a transfer of property from an amalgamating company to the amalgamated company, being property not on revenue account of the amalgamating company but on revenue account of the amalgamated company, the consideration for the acquisition by the amalgamated company is taken as the amount which it would have incurred if the property had been purchased in the open market on the date of amalgamation or the actual amount paid, whichever is the lower.

[27/2009]

(17) The amount of consideration referred to in subsection (16) shall be deducted as an expense in computing the gains or profits of the trade or business of the amalgamated company.

[27/2009]

(18) Where the amalgamated company ceases to carry on the trade and business in Singapore after the date of amalgamation but instead carries on that trade and business outside Singapore —

(*a*) in the case of trading stock which has been transferred at net book value under subsection (11)(*a*), section 32(1)(*b*) shall apply as if that trade and business has been discontinued or transferred on the date of cessation of the trade and business in Singapore, and any gain shall be chargeable to tax for the year of assessment relating to the basis period in which the amalgamated company ceases to carry on that trade and business in Singapore;

(*b*) in the case of property, being intellectual property rights in respect of which subsection (10) applies, the charge under section 19B(4) or (5), as the case may be, shall be made on the amalgamated company as if the property has been sold on the date of cessation of the trade and business in Singapore; and for the purpose of computing the charge under section 19B(5), the value thereof shall be the amount which it would have realised if the property had been sold in the open market on the date of cessation of such trade and business in Singapore.

[27/2009]

(19) Any question arising under subsections (14), (16) and (18) regarding the open market value attributable to property or trading stock, as the case may be, shall be determined by the Comptroller.

[27/2009]

Deductions for intellectual property rights

(20) No deduction under section 19B shall be allowed to the amalgamated company for any intellectual property rights recognised in accordance with FRS 38 and FRS 103 as a result of the amalgamation but which were not in existence prior to the amalgamation.

[27/2009]

Deductions for bad debts, expenditure, losses, etc.

(21) Where —

(*a*) an amalgamating company ceases to exist on the date of amalgamation; and

(*b*) the amalgamated company continues to carry on the trade and business of the amalgamating company and at any time —

(i) writes off as bad the amount of a debt, or provides impairment loss in respect of a debt, that it acquires from the amalgamating company on the date of amalgamation;

(ii) incurs an expenditure, other than the expenditure to which prescribed sections of this Act apply; or

(iii) incurs a loss,

the amalgamated company —

(A) shall be allowed a deduction for the amount of the debt, expenditure or loss, as the case may be, if —

(AA) the amalgamating company would have been allowed the deduction but for the amalgamation; and

(AB) the amalgamated company is not otherwise allowed the deduction; and

(B) shall be chargeable to tax on the amount of the debt recovered or impairment loss that is reversed if —

(BA) the amalgamating company would have been chargeable to tax on such amount but for the amalgamation; and

(BB) the amalgamated company is not otherwise chargeable to tax on such amount.

[27/2009]

(22) Where —

(*a*) an amalgamating company has been allowed a deduction in respect of any debt written off as bad or impairment loss, and it ceases to exist on the date of amalgamation; and

(*b*) the amalgamated company continues to carry on the trade and business of the amalgamating company,

the amalgamated company shall be chargeable to tax on the amount of the debt recovered or impairment loss that is reversed if —

(i) the amalgamating company would have been chargeable to tax on such amount but for the amalgamation; and

(ii) the amalgamated company is not otherwise chargeable to tax on such amount.

[27/2009]

(23) Where —

(*a*) an amalgamating company ceases to exist on the date of amalgamation; and

(*b*) the amalgamating company has any capital allowance, donation or loss remaining unabsorbed on the date of amalgamation,

sections 23 and 37 shall apply, with the necessary modifications, as if the amalgamated company is the amalgamating company for the purposes of deducting the unabsorbed capital allowance, donation or loss against the income or the statutory income, as the case may be, of the amalgamated company, subject to conditions specified in subsection (24).

[27/2009]

(24) The conditions referred to in subsection (23) are —

(*a*) the amalgamating company was carrying on a trade or business until the amalgamation; and

(*b*) the amalgamated company continues to carry on the same trade or business on the date of amalgamation as that of the amalgamating company from which the unabsorbed capital allowance, donation or loss was transferred.

[27/2009]

(25) Any deduction referred to in subsection (23) shall only be made against the income of the amalgamated company from the same trade or business as that of the amalgamating company immediately before the amalgamation.

[27/2009]

Amalgamating company as qualifying person under section 34A

(26) Where any of the amalgamating companies is a qualifying person to which section 34A applies —

(*a*) the amalgamated company shall be deemed to be a qualifying person for the purpose of section 34A, and section 34A shall have effect on the amalgamated company; and

(*b*) the rules on the adjustment on change of basis of computing profits of financial instruments set out in regulations made under section 34A shall have effect on any amalgamating company which before the amalgamation is not a qualifying person to which section 34A applies, and any positive or negative adjustment which is not of a capital nature as a result of the application of such rules shall be assessed on or allowed to the amalgamated company.

[27/2009]

Amalgamated company as qualifying company under section 43(6A)

(27) Where all the amalgamating companies cease to exist on the date of amalgamation, and the amalgamated company is a qualifying company for the purpose of section 43(6A) in any year of assessment, then, for that year of assessment —

(*a*) in a case where the date of amalgamation does not fall within either of the basis periods of the first 2 years of assessment of any of the amalgamating companies, section 43(6) rather than section 43(6A) shall apply to the amalgamated company; and

(*b*) in a case where the date of amalgamation falls within either of the basis periods of the first 2 years of assessment of any of the amalgamating companies, section 43(6A) shall apply to the amalgamated company if, and only if, the first-mentioned year of assessment falls within such period as may be prescribed by the Minister, and if it does not, then section 43(6) shall apply to the amalgamated company.

[27/2009]

(28) The Minister may, for different descriptions of amalgamations or companies, prescribe different periods for the purposes of subsection (27)(*b*).

[27/2009]

Rights and obligations of amalgamated company

(29) Where any amalgamating company ceases to exist on the date of amalgamation, the amalgamated company shall comply with all obligations, meet all liabilities, and be entitled to all rights, powers and privileges, of the amalgamating company under this Act with respect to the year of assessment relating to the basis period in which the amalgamation occurs and all preceding years of assessment as if the amalgamated company is the amalgamating company.

[27/2009]

Regulations

(30) The Minister may by regulations provide —

(*a*) for the deduction of expenses, allowances, losses, donations and any other deductions otherwise than in accordance with this Act;

(*b*) the manner and extent to which expenses, allowances, losses, donations and any other deductions may be allowed under this Act;

(*c*) the manner and extent to which any qualifying deduction may be allowed under section 37C or 37E;

(*d*) the rate of exchange to be used for the purpose of section 62B;

(*e*) for the modification and exception to any prescribed section of this Act or the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86) as it applies to an amalgamated company and an amalgamating company; and

(*f*) generally for giving full effect to or for carrying out the purposes of this section.

[27/2009; 19/2013]

Transactions not at arm's length

34D.—(1) Where 2 persons are related parties and conditions are made or imposed between the 2 persons in their commercial or financial relations which differ from those which would be made if they were not related parties, then any profits which would, but for those conditions, have accrued to one of the persons, and, by reason of those conditions, have not so accrued, may be included in the profits of that person and taxed in accordance with the provisions of this Act.

[27/2009]

(2) Where a person carries on business through a permanent establishment, this section shall apply as if the person and the permanent establishment are 2 separate and distinct persons.

[27/2009]

(3) In this section, "related party" has the same meaning as in section 13(16).

[27/2009]

PART VIII

ASCERTAINMENT OF STATUTORY INCOME

Basis for computing statutory income

35.—(1) Except as provided in this section, the income of any person for each year of assessment (referred to in this Act as the statutory income) shall be the full amount of his income for the year preceding the year of assessment from each source of income after the deduction provided under subsection (2).

[21/2003]

(2) There shall be deducted any allowance falling to be made under section 16, 17, 18A (repealed), 18B, 18C, 19, 19A, 19B, 19C, 19D or 20 that is not fully deducted and which would otherwise be added to, and deemed to form part of, the corresponding allowance for the next succeeding year of assessment under section 23(1).

[21/2003; 29/2010]

(2A) A deduction under subsection (2) shall be made in the following order:

(*a*) firstly, against income from any trade, business, profession or vocation; and

(*b*) secondly, against income from any other source.

[49/2004]

(3) For the purposes of subsection (2), the balance of allowance for the earliest year of assessment shall be deemed to have been deducted first, followed by the balance of allowance for the next earliest year of assessment, and so on.

[21/2003]

(4) Where the Comptroller is satisfied that any person usually makes up his accounts to a day other than 31st December, he may direct that —

(*a*) where the person is not an individual, the statutory income of that person from all sources be computed on the amount of gains or profits of the year ending on that day in the year preceding the year of assessment;

(*b*) where the accounts relate to a partnership, the income of the partnership be computed under section 36 on the amount of gains or profits of the year ending on that day in the year preceding the year of assessment; or

(*c*) where the person is an individual, the statutory income of that person from any trade, business, profession or vocation to which the accounts relate be computed on the amount of gains or profits of the year ending on that day in the year preceding the year of assessment.

[53/2007; 29/2012]

(5) [*Deleted by Act 19 of 2013*]

(6) Where the statutory income of any person has been computed by reference to an account made up to a certain day, and such person fails for any reason whatsoever to make up an account to the corresponding day in the year following, the statutory income both of the year of assessment in which such failure occurs and of the 2 years of assessment following shall be computed on such basis as the Comptroller in his discretion thinks fit.

[53/2007]

(7) Where it is necessary in order to arrive at the income of any year of assessment or other period, to divide and apportion to specific periods the income of any period for which accounts have been made up, or to aggregate such income or any apportioned parts thereof, it shall be lawful to make such a division, and apportionment or aggregation, and any apportionment under this section shall be made in proportion to the number of days in the respective periods, unless the Comptroller, having regard to any special circumstances, otherwise directs.

[53/2007]

(8) The statutory income of an executor of a deceased person for any year of assessment shall be the income of the estate administered by such executor computed in accordance with subsections (1) to (7).

(9) In the case of an estate administered in Singapore, a deduction shall be allowed in respect of any income included in the computation of the statutory income which is received by, distributed to or applied to the benefit of any beneficiary of the estate before 31st March in the year next following the year of assessment.

(10) The statutory income of any beneficiary of such estate shall be the amount so received by, or distributed to him, or applied to his benefit during the year preceding the year of assessment.

(11) The statutory income of a trustee (not being the trustee of an incapacitated person) for any year of assessment shall be computed in accordance with subsections (1) to (7).

(12) The trustee of a designated unit trust for a year of assessment may elect to apply this subsection to his income referred to in section 10(20)(*a*), (*b*) and (*c*) and (20A)(*a*) to (*i*) derived in the basis period or any part of the basis period for that year of assessment, and thereupon that income shall not form part of the trustee's statutory income for that year of assessment.

[Act 37 of 2014 wef 01/09/2014]

(12A) Subsection (12) only applies to income derived on or after 1st September 2014.

[Act 37 of 2014 wef 01/09/2014]

(12B) An election under subsection (12) shall be made by submitting such form as the Comptroller may specify, together

with the trustee's return of income for the year of assessment in question, before the expiration of the time the return of income is to be delivered or within such extended time as the Comptroller may allow.

[Act 37 of 2014 wef 01/09/2014]

(12C) An election under subsection (12) is irrevocable.

[Act 37 of 2014 wef 01/09/2014]

(13) No deduction under section 14 shall be allowed for any year of assessment in respect of any outgoings and expenses (including any expenses arising from the management of investments) incurred by the trustee of a designated unit trust for that year of assessment in respect of the unit trust, against any income derived by the trustee in respect of the unit trust from —

(*a*) dividends paid by any company resident in Singapore; or

(*b*) interest for which tax has been deducted under section 45.

[32/95; 31/98]

[Act 37 of 2014 wef 01/09/2014]

(13A) No deduction under section 14 shall be allowed for any year of assessment in respect of any outgoings and expenses (including any expenses arising from the management of investments) incurred by the trustee of a designated unit trust for that year of assessment in respect of the unit trust, against any income derived by the trustee in respect of the unit trust from discount, fees and compensatory payments for which tax has been deducted under section 45A.

[49/2004]

[Act 37 of 2014 wef 01/09/2014]

(14) In subsections (12), (13), (13A), (14A), (14B), (14C) and (14D) —

[*Deleted by Act 37 of 2014 wef 01/09/2014*]

"compensatory payment" has the same meaning as in section 10N(12);

[*Deleted by Act 37 of 2014 wef 01/09/2014*]

"designated unit trust", in relation to a year of assessment, means a trust that is —

(*a*) a unit trust scheme or an exchange traded fund interest scheme, in which any moneys standing to the credit of a member of the Central Provident Fund in the Fund have been or may be invested, and which remains prescribed by the Minister for the purposes of this definition throughout the basis period for that year of assessment; or

(*b*) a unit trust which satisfies all of the following conditions throughout the basis period for that year of assessment:

(i) it is one of the following:

(A) a collective investment scheme which is authorised under section 286 of the Securities and Futures Act (Cap. 289) and the units of which are offered to the public for subscription;

(B) a collective investment scheme which was a former designated unit trust, is a restricted Singapore scheme within the meaning of section 13(16), and satisfies the conditions in subsection (14B); or

(C) a collective investment scheme which was a former designated unit trust, is a collective investment scheme the units of which are offered only to institutional investors, and satisfies the conditions set out in subsection (14B);

(ii) it is neither a real estate investment trust within the meaning of section 43(10), nor a property trust that invests directly in immovable properties in Singapore;

(iii) the trustee of the unit trust is resident in Singapore;

(iv) the unit trust is managed in Singapore by a fund manager;

[Act 37 of 2014 wef 01/09/2014]

"exchange traded fund interest scheme" means any scheme or arrangement which is made for the purpose, or having the effect, of providing facilities for the participation by persons as beneficiaries under a trust, in profits or income arising from the acquisition, holding, management or disposal of a portfolio of predetermined proportions, which constituent assets comprise securities listed for quotation on any stock exchange;

[Act 37 of 2014 wef 01/09/2014]

"former designated unit trust" means a unit trust that, immediately before 21st February 2014, was a designated unit trust under this section in force immediately before that date;

[Act 37 of 2014 wef 01/09/2014]

"securities" has the same meaning as in section 10A;

"unit" and "unit trust" have the same meanings as in section 10B.

[32/95; 31/98; 49/2004]

[Act 37 of 2014 wef 01/09/2014]

(14A) For the purposes of paragraph (*a*) of the definition of "designated unit trust" in subsection (14), the Minister may prescribe, as designated unit trusts, descriptions of unit trust schemes and exchange traded fund interest schemes set out on a specified website of the Central Provident Fund Board, as amended from time to time.

[Act 37 of 2014 wef 01/09/2014]

(14B) The conditions referred to in paragraph (*b*)(i)(B) and (C) of the definition of "designated unit trust" in subsection (14) are as follows:

(*a*) no more than 50% of the units in the unit trust is beneficially held by related parties (within the meaning of section 13(16)) of the fund manager;

(*b*) the unit holders have no control over the management of the property of the unit trust and have no right to be consulted or to give directions in respect of such management;

(*c*) the unit holders have no control over any matter relating to distributions to be made out of the income of the unit trust;

(*d*) no property was transferred (other than by way of a sale in accordance with market terms and conditions), directly or indirectly, to the trustee of the unit trust to be held as its property, by a company which has derived income from that property that is chargeable to tax under this Act; and

(*e*) the investment strategy of the unit trust as of 20th February 2014 remains unchanged.

[Act 37 of 2014 wef 01/09/2014]

(14C) Notwithstanding the definition of "designated unit trust" in subsection (14), a collective investment scheme (being a former designated unit trust) —

(*a*) which is a restricted Singapore scheme within the meaning of section 13(16); or

(*b*) the units of which are offered only to institutional investors,

which fails to satisfy the conditions set out in subsection (14B) in any part of the basis period for a year of assessment shall not be treated as a designated unit trust for the year of assessment to which that basis period relates, or for any subsequent year of assessment even if all of the requirements in the definition of that term have been satisfied for that subsequent year of assessment.

[Act 37 of 2014 wef 01/09/2014]

(14D) For the purposes of paragraphs (*a*) and (*b*) of the definition of "designated unit trust" in subsection (14), a reference to a condition being satisfied throughout the basis period for a year of assessment is, where the unit trust is dissolved at any time in the basis period, a reference to the condition being satisfied from the beginning of the basis period up to the date of the dissolution.

[Act 37 of 2014 wef 01/09/2014]

(14E) Subsections (12), (13) and (13A) shall not apply to a trust that is constituted on or after 1st April 2019.

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

(14F) In the case of a trust that is constituted before 1st April 2019 —

(*a*) that is not a designated unit trust (as defined in subsection (14)) for a year of assessment in respect of any basis period beginning on or after 1st April 2019; or

(*b*) whose trustee did not make an election for subsection (12) to apply to his income for any basis period beginning on or after that date,

subsections (12), (13) and (13A) shall not apply to that trust for the year of assessment to which that basis period relates and for every subsequent year of assessment.

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

(14G) Subsection (14F) applies to the trust for a subsequent year of assessment even if all of the requirements in the definition of "designated unit trust" in subsection (14) have been satisfied for that year of assessment.

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

(14H) In the case of a trust that is constituted before 1st April 2019 whose trustee did not make an election for subsection (12) to apply to his income for the basis period immediately preceding the basis period in which 1st April 2019 falls, subsections (12), (13) and (13A) shall not apply to that trust for the year of assessment to which the second-mentioned basis period relates and for every subsequent year of assessment.

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

(14I) Subsection (14H) applies to the trust for the year of assessment to which the second-mentioned basis period in that subsection relates or a subsequent year of assessment, even if all of the requirements in the definition of "designated unit trust" in subsection (14) have been satisfied for that year of assessment or that subsequent year of assessment.

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

(15) The statutory income for any year of assessment of any beneficiary under a trust shall be that share of the statutory income of the trustee for that year of assessment which corresponds to the share of the trust income to which the beneficiary is entitled for the year preceding the year of assessment.

(15A) Where a unitholder of a real estate investment trust is entitled to an amount, being a return of capital, from a trustee of the real estate investment trust, the cost of the units to the unitholder shall be reduced by the amount entitled.

[27/2009]

(16) In subsection (15), "statutory income of the trustee" does not include —

(*a*) in relation to a trustee of a real estate investment trust within the meaning of section 43(10), any income from any trade or business carried on by the trustee other than the income of the kinds referred to in section 43(2A)(*a*)(i), (ii), (iii), (iv) and (v);

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

(*b*) in relation to a trustee of an approved sub-trust of a real estate investment trust within the meaning of section 43(10), any income from any trade or business carried on by the trustee other than income of the kinds referred to in section 43(2A)(*b*)(i), (ii) and (iii); or

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

(*c*) in relation to a trustee of any other trust, any income from any trade or business carried on by the trustee.

[53/2007]

Cessation of source of income commenced before 1st January 1969

35A.—(1) This section shall only apply to any trade, business, profession, vocation or employment (except subsidiary employment which had not been treated as a new source on commencement) which commenced before 1st January 1969.

(2) Subject to subsection (3), where a person permanently ceases to carry on or exercise any trade, business, profession, vocation or

employment to which this section applies, his statutory income therefrom shall be —

(*a*) as regards the year of assessment in which the cessation occurs — the amount of the income of that year; and

(*b*) as regards the year of assessment preceding that in which the cessation occurs — the amount of income as computed in accordance with section 35, or the amount of income of that year, whichever is the greater.

(3) Subsection (2) shall not apply to a company which ceases to carry on any trade or business on or after 15th October 1969 where such trade or business or part thereof is transferred to or carried on by any person as that person's trade or business, whether with or without any alteration.

(4) For the purposes of this section, where a change occurs in a partnership of persons carrying on any trade, business or profession by reason of retirement or death, or the dissolution of the partnership as to one or more of the partners, or the admission of a new partner, every such person who is not a company shall be deemed to cease to carry on that trade, business or profession as from the date the change occurs.

Partnership

36.—(1) Where a trade, business, profession or vocation is carried on by 2 or more persons jointly —

(*a*) the income of any partner from the partnership for any period shall be deemed to be the share to which he was entitled during that period in the income of the partnership, such income being ascertained in accordance with the provisions of this Act, and shall be included in the return of income to be made by such partner under the provisions of this Act; and

(*b*) the statutory income of any partner from the partnership shall be computed in accordance with section 35 by treating his share of the divisible income of the partnership

as though it were income of a trade, business, profession or vocation carried on or exercised by him.

(1A) Sections 13H, 13S, 43Y and 43ZA shall apply in relation to the income of a partner from a partnership as they apply in relation to the income of a company, with such modifications and exceptions as may be prescribed by the Minister by regulations.

[29/2012]

(1B) Sections 14E, 19B and 19C shall, notwithstanding anything in those sections, apply for the purpose of making a deduction or an allowance to the partners of a partnership for expenditure incurred by the partnership to which those sections apply, subject to such modifications and exceptions as may be prescribed by the Minister.

[29/2012]

(1C) Regulations under subsections (1A) and (1B) may make provision —

(*a*) for the manner in which a concessionary rate of tax under sections 43Y and 43ZA may be accorded to a partner of a partnership being an individual;

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

(*b*) in a case where any deduction, writing-down allowance, exemption or concessionary rate of tax ought not to have been allowed to a partner of a partnership due to non-compliance with any condition imposed on the partnership, for the recovery from the partner —

(i) if the partner is a company, of the amount of tax which would otherwise have been payable; or

(ii) if the partner is an individual, of an amount to be computed in the prescribed manner;

(*c*) for the recovery of the amount referred to in paragraph (*b*) by deeming a specified amount as the income of the partner for the year of assessment in which the Comptroller discovers the non-compliance referred to in that paragraph; and

(*d*) generally to give effect to or for carrying out the purposes of those sections as they apply to a partnership.

[34/2008]

(2) [*Deleted by Act 29 of 2012*]

Limited liability partnership

36A.—(1) For the purposes of this Act, where a limited liability partnership carries on a trade, business, profession or vocation —

(*a*) all the activities of the partnership shall be treated as carried on in partnership by its partners (and not by the partnership as such);

(*b*) anything done by, to or in relation to the partnership for the purposes of, or in connection with, any of its activities shall be treated as done by, to or in relation to the partners; and

(*c*) the property of the partnership shall be treated as held by the partners as partnership property.

[49/2004]

(2) For the purposes, except as otherwise provided, of this Act —

(*a*) references to a partnership include a limited liability partnership in relation to which subsection (1) applies;

(*b*) references to partners of a partnership include partners of such a limited liability partnership;

(*c*) references to a company do not include such a limited liability partnership; and

(*d*) references to shareholders of a company do not include partners of such a limited liability partnership.

[49/2004]

(3) In ascertaining the income of a limited liability partnership for the purpose of section 36(1)(*a*), section 10E shall apply to income from any business of the making of investments as if the limited liability partnership is a company.

[49/2004]

(4) For any year of assessment, the amount of relevant deductions that may be allowed to or transferred by a partner of a limited liability partnership shall not exceed —

(*a*) in the case of a relevant deduction allowed to him under section 35(2), an amount equal to the amount ascertained in accordance with the formula

$$A - B;$$

(*b*) in the case of a relevant deduction allowed to him under section 37(3)(*a*), an amount equal to the amount ascertained in accordance with the formula

$$A - B - C;$$

(*c*) in the case of a transferred deduction transferred by him, an amount equal to the amount ascertained in accordance with the formula

$$A - B - C - D; \text{ and}$$

(*d*) in the case of a carry-back deduction allowed to or transferred by him, an amount equal to the amount ascertained in accordance with the formula

$$A - B - C - D - E,$$

where A is his contributed capital in that year of assessment;

B is the past relevant deductions already allowed to him;

C is the relevant deduction allowed to him in that year of assessment under section 35(2);

D is the relevant deduction allowed to him in that year of assessment under section 37(3)(*a*); and

E is the transferred deduction transferred by him in that year of assessment.

[34/2005]

(5) If, as a result of any reduction in the contributed capital of a partner of a limited liability partnership in any year of assessment, the past relevant deductions already allowed to him exceeds his

contributed capital, the excess shall be deemed to be income of the partner chargeable with tax under section 10(1)(*g*) for that year of assessment, and an amount equal to the excess shall be deemed to be a loss incurred by him in the trade, business, profession or vocation of the limited liability partnership.

[49/2004]

(6) Subsections (4) and (5) shall not apply in the year of assessment relating to the basis period in which the partner ceases to be a partner of a limited liability partnership or in any subsequent year of assessment.

[49/2004]

(7) For the purposes of any allowances made under section 16, 17, 18B, 18C, 19, 19A, 19B, 19C, 19D, 20 or 23, where —

(*a*) any person is admitted to or withdraws from a limited liability partnership as a partner thereof; and

(*b*) one or more persons remain as partners of the limited liability partnership after the admission or withdrawal of that person,

the interest of that person in any property of the limited liability partnership shall be deemed to be —

(i) where he is admitted to the limited liability partnership as a partner, sold to him by all the remaining partners; or

(ii) where he withdraws from the limited liability partnership as a partner, sold by him to all the remaining partners.

[49/2004; 29/2010]

(8) The precedent partner of a limited liability partnership shall make and deliver, together with a return of the income of the limited liability partnership under section 71 or when required by the Comptroller by notice in writing, a return of the contributed capital of each partner of the limited liability partnership for any year of assessment.

[49/2004]

(9) For the purposes of this section, the Minister may make regulations to provide generally for giving full effect to or for carrying out the purposes of this section.

[49/2004]

(10) In this section —

"activities of the limited liability partnership" means anything done by the limited liability partnership, whether or not in the course of carrying on a trade, business, profession or vocation;

"carry-back deductions", in relation to a partner of a limited liability partnership in any year of assessment, means —

(*a*) any deduction allowed to the partner of any allowance arising from any trade, business or profession, or any loss incurred in any trade, business, profession or vocation carried on by the limited liability partnership that is made against his assessable income from any other source for the immediate preceding year of assessment under section 37E(1) or any of the 3 immediate preceding years of assessment under section 37E(1A), as the case may be; or

(*b*) any allowance arising from any trade, business or profession, or any loss incurred in any trade, business, profession or vocation carried on by the limited liability partnership that is transferred by him to a spouse under section 37F;

"contributed capital", in relation to a partner of a limited liability partnership for any year of assessment, means the aggregate of —

(*a*) the amount, as at the end of the basis period for the year of assessment to be determined by the Comptroller, which he has contributed (in cash or in kind but not including any loan by him to the limited liability partnership) to the limited liability partnership as capital, and has not, directly or indirectly, drawn out or received back (whether as a distribution or a loan from the limited liability partnership or otherwise); and

(*b*) the amount, as at the end of the basis period for the year of assessment to be determined by the Comptroller, of any profits or gains of the trade, business, profession or vocation from any past year of assessment to which he is entitled as a partner but which he has not, directly or indirectly, received (whether as a distribution or a loan from the limited liability partnership or otherwise);

"past relevant deductions", in relation to a partner of a limited liability partnership in any year of assessment, means the aggregate of any relevant deductions allowed to the partner less any amount deemed under subsection (5) to be income chargeable with tax in any year of assessment before that year of assessment;

"precedent partner" has the same meaning as in section 71;

"relevant deductions", in relation to a partner of a limited liability partnership, means —

(*a*) any deduction allowed to the partner under section 35(2) of any allowance arising from any trade, business or profession carried on by the limited liability partnership;

(*b*) any deduction allowed to the partner under section 37(3)(*a*) of any loss incurred in any trade, business, profession or vocation carried on by the limited liability partnership that is made against his statutory income from any other source;

(*c*) any transferred deduction transferred by the partner; or

(*d*) any carry-back deduction allowed to or transferred by the partner,

as the case may be;

"transferred deduction", in relation to a partner of a limited liability partnership, means any allowance arising from any trade, business or profession, or any loss incurred in any

trade, business, profession or vocation carried on by the limited liability partnership that is transferred by him to a claimant company under section 37C or to a spouse under section 37D.

[49/2004; 34/2005; 27/2009]

Registered business trusts

36B.—(1) For the purposes of this Act, except as otherwise provided, references to a company shall be read as including a reference to a registered business trust or, as the context requires, to the trustee-manager of a registered business trust subject to the following modifications:

(*a*) sections 23 and 37 shall apply to a registered business trust except that —

(i) any reference to the shareholders of a company shall be read as a reference to the unitholders of a registered business trust;

(ii) the unitholders of a registered business trust at any date shall not be deemed to be substantially the same as the unitholders at any other date unless, on both those dates —

(A) the same unitholders are entitled to not less than 50% of any residual profits of the registered business trust available for distribution; and

(B) the same unitholders are entitled to not less than 50% of any residual assets of the registered business trust available for distribution on winding up;

(iii) units in a registered business trust held by or on behalf of a company shall be deemed to be held by the shareholders of the company; and

(iv) units held by or on behalf of the trustee of the estate of a deceased unitholder or by or on behalf of the person entitled to those units as beneficiaries under

the will or any intestacy of a deceased unitholder shall be deemed to be held by that deceased unitholder;

(*b*) for the purpose of section 24(1) —

(i) a body of persons shall be deemed to have control over a registered business trust if —

(A) the body of persons is a company and it holds more than 50% of the units in the registered business trust; or

(B) the body of persons is another registered business trust and they hold on trust for their unitholders more than 50% of the units in the first-mentioned registered business trust;

(ii) a registered business trust shall be deemed to have control over a company if —

(A) the trustee-manager of the registered business trust holds on trust for its unitholders more than 50% of the total number of issued shares of the company; or

(B) the unitholders of the registered business trust hold more than 50% of the total number of issued shares of the company;

(*c*) for the purpose of section 37C —

(i) a registered business trust shall be deemed to be a Singapore company if —

(A) the registered business trust is established in Singapore; and

(B) the trust deed of the registered business trust is executed in Singapore and is governed by Singapore law;

(ii) any reference to ordinary share or ordinary share capital in a company shall be read as a reference to the units in a registered business trust; and

(iii) any reference to residual assets or residual profits in a company shall be read as a reference to the residual assets and residual profits of a registered business trust; and

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

(*ca*) for the purposes of section 13Z, any reference to ordinary shares in an investee company which are legally and beneficially owned by a divesting company shall be read as a reference to ordinary shares in the investee company which are trust property of the registered business trust.

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

(*d*) [*Deleted by Act 37 of 2014 wef 27/11/2014*]

(2) The statutory income of a registered business trust shall be computed in accordance with section 35(11).

[34/2005]

(3) Sections 35(15) and 43(2) shall not apply to any registered business trust or unitholders of any registered business trust.

[34/2005; 19/2013]

(4) In this section, "business trust", "registered business trust", "trustee-manager", "unit" and "unitholder" have the same meanings as in the Business Trusts Act (Cap. 31A).

[34/2005]

Limited partnership

36C.—(1) For the purposes of this Act, except as otherwise provided —

(*a*) references to a partnership include references to a limited partnership; and

(*b*) references to partners of a partnership include references to partners of a limited partnership.

[37/2008]

(2) In ascertaining the income of a limited partnership for the purpose of section 36(1)(*a*), section 10E shall apply to income from any business of the making of investments as if the limited partnership were a company.

[37/2008]

(3) For any year of assessment, the amount of relevant deductions that may be allowed to or transferred by a limited partner of a limited partnership shall not exceed —

(*a*) in the case of a relevant deduction allowed to him under section 35(2), an amount equal to the amount ascertained in accordance with the formula

$$A - B;$$

(*b*) in the case of a relevant deduction allowed to him under section 37(3)(*a*), an amount equal to the amount ascertained in accordance with the formula

$$A - B - C;$$

(*c*) in the case of a transferred deduction transferred by him, an amount equal to the amount ascertained in accordance with the formula

$$A - B - C - D; \text{ and}$$

(*d*) in the case of a carry-back deduction allowed to or transferred by him, an amount equal to the amount ascertained in accordance with the formula

$$A - B - C - D - E,$$

where A is his contributed capital in that year of assessment;

B is the past relevant deductions already allowed to him;

C is the relevant deduction allowed to him in that year of assessment under section 35(2);

D is the relevant deduction allowed to him in that year of assessment under section 37(3)(*a*); and

E is the transferred deduction transferred by him in that year of assessment.

[37/2008]

(4) If, as a result of any reduction in the contributed capital of a limited partner of a limited partnership in any year of assessment, the past relevant deductions already allowed to him exceeds his contributed capital, the excess shall be deemed to be income of the limited partner chargeable with tax under section 10(1)(*g*) for that year of assessment, and an amount equal to the excess shall be deemed to be a loss incurred by him in the trade, business, profession or vocation of the limited partnership.

[37/2008]

(5) Subsections (3) and (4) shall not apply in the year of assessment relating to the basis period in which the limited partner ceases to be a limited partner of a limited partnership or in any subsequent year of assessment.

[37/2008]

(6) The precedent partner of a limited partnership shall make and deliver, together with a return of the income of the limited partnership under section 71 or when required by the Comptroller by notice in writing, a return of the contributed capital of each partner of the limited partnership for any year of assessment.

[37/2008]

(7) For the purposes of this section, the Minister may make regulations to give full effect to or to carry out the purposes of this section.

[37/2008]

(8) In this section —

"carry-back deductions", in relation to a limited partner of a limited partnership in any year of assessment, means —

(*a*) any deduction allowed to the limited partner of any allowance arising from any trade, business or profession, or any loss incurred in any trade, business, profession or vocation carried on by him in the limited partnership that is made against his assessable income from any other source for the immediate preceding year of assessment under section 37E(1) or any of the 3 immediate preceding years of assessment under section 37E(1A), as the case may be; or

(*b*) any allowance arising from any trade, business or profession, or any loss incurred in any trade, business, profession or vocation carried on by him in the limited partnership that is transferred by him to a spouse under section 37F;

"contributed capital", in relation to a limited partner of a limited partnership in any year of assessment, means the aggregate of —

(*a*) the amount, as at the end of the basis period for the year of assessment to be determined by the Comptroller, which he has contributed (in cash or in kind but not including any loan by him to the limited partnership) to the limited partnership as capital, and has not, directly or indirectly, drawn out or received back (whether as a distribution or a loan from the limited partnership or otherwise); and

(*b*) the amount, as at the end of the basis period for the year of assessment to be determined by the Comptroller, of any profits or gains of the trade, business, profession or vocation from any past year of assessment to which he is entitled as a limited partner but which he has not, directly or indirectly, received (whether as a distribution or a loan from the limited partnership or otherwise);

"limited partner" has the same meaning as in the Limited Partnerships Act (Cap. 163B);

"past relevant deductions", in relation to a limited partner of a limited partnership in any year of assessment, means the aggregate of any relevant deductions allowed to the partner less any amount deemed under subsection (4) to be income chargeable with tax in any year of assessment before that year of assessment;

"precedent partner" has the same meaning as in section 71;

"relevant deductions", in relation to a limited partner of a limited partnership, means —

(*a*) any deduction allowed to the limited partner under section 35(2) of any allowance arising from any trade, business or profession carried on by him in the limited partnership;

(*b*) any deduction allowed to the limited partner under section 37(3)(*a*) of any loss incurred in any trade, business, profession or vocation carried on by him in the limited partnership that is made against his statutory income from any other source;

(*c*) any transferred deduction transferred by the partner; or

(*d*) any carry-back deduction allowed to or transferred by the partner,

as the case may be;

"transferred deduction", in relation to a limited partner of a limited partnership, means any allowance arising from any trade, business or profession, or any loss incurred in any trade, business, profession or vocation carried on by him in the limited partnership that is transferred by him to a claimant company under section 37C or to a spouse under section 37D.

[37/2008; 27/2009]

PART IX

ASCERTAINMENT OF ASSESSABLE INCOME

Assessable income

37.—(1) The assessable income of any person from all sources chargeable with tax under this Act for any year of assessment shall be the remainder of his statutory income for that year after the deductions allowed in this Part have been made.

[23/69]

(2) For the purposes of this section, unless otherwise provided in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86), where a person is a company whose income, if any, is subject to tax at different rates of tax for any year of

assessment, the Comptroller shall apportion any sum allowable under subsection (3)(*b*), (*c*), (*d*) or (*f*) among the different rates of tax on such basis he considers reasonable.

[21/2003; 34/2005]

(3) Subject to subsections (2) and (3B), there shall be deducted —

(*a*) the amount of loss incurred by that person in any trade, business, profession or vocation, which, if it had been a profit would have been assessable under this Act, in the following order:

(i) firstly, any balance of such loss which remains unabsorbed at the end of the basis period for the previous year of assessment; and

(ii) secondly, the amount incurred during the basis period for the year of assessment;

(*b*) an amount equivalent to twice the value, the value to be determined by the Minister or such person as he may appoint, of an approved donation of —

(i) any artefact or work of art made by him in the year preceding the year of assessment to an approved museum;

(ii) any sculpture or work of art for public display made by him in the year preceding the year of assessment to an approved recipient not being an approved museum; or

(iii) money or services for installing or maintaining any sculpture or work of art for public display made by him in the year preceding the year of assessment,

and for this purpose, "approved" means approved by the Minister or such person as he may appoint;

(*c*) an amount equivalent to twice the amount of any donation of money made by him in the year preceding the year of assessment to —

(i) the Government; or

(ii) any institution of a public character, whether made directly to the institution or indirectly through any grant-making philanthropic organisation registered by the Comptroller for the purpose of this sub-paragraph;

(*d*) an amount equivalent to twice the value of any donation of a computer (including computer software and peripherals) approved by the Minister or such person as he may appoint and made by any company in the year preceding the year of assessment to —

(i) any institution of a public character; or

(ii) a prescribed educational, research or other institution in Singapore;

(*e*) an amount equivalent to —

(i) twice the value of any donation of shares in a company listed on the Singapore Exchange; or

(ii) twice the value of any donation of units in unit trusts traded in Singapore or listed on the Singapore Exchange,

made by an individual in the year preceding the year of assessment to any institution of a public character; and

(*f*) an amount equivalent to twice the value, the value to be determined by an appraiser licensed under the Appraisers Act (Cap. 16) and approved by the Chief Valuer appointed under the State Lands Act (Cap. 314), of any donation of any immovable property made by him in the year preceding the year of assessment to any institution of a public character.

[31/86; 1/90; 26/93; 31/98; 24/2001; 37/2002; 21/2003; 49/2004; 34/2005; 7/2007; 10/2007; 34/2008; 25/2010; 29/2010]

(3A) For the purpose of subsection (3), a reference to "twice the value" or "twice the amount" in subsection (3)(*b*) to (*f*) is to be read as a reference to —

(*a*) in the case of a donation made during either of the following periods:

(i) from 1 January 2009 to 31 December 2014 (both dates inclusive);

(ii) from 1 January 2016 to 31 December 2018 (both dates inclusive),

2.5 times the value or 2.5 times the amount, as the case may be; or

(*b*) in the case of a donation made during the period from 1 January 2015 to 31 December 2015 (both dates inclusive), 3 times the value or 3 times the amount, as the case may be.

[Act 2 of 2016 wef 11/04/2016]

(3B) No deduction shall be made under subsection (3)(*b*), (*c*), (*d*), (*e*) or (*f*) to a person in respect of any donation made to an approved museum, approved recipient not being an approved museum, the Government, an institution of a public character or a prescribed educational, research or other institution in Singapore on or after 1st January 2012 unless he provides to —

(*a*) the approved museum, approved recipient, Government, institution of a public character or educational, research or other institution; or

(*b*) in a case where the donation is made under subsection (3)(*c*) to an institution of a public character indirectly through a grant-making philanthropic organisation, the grant-making philanthropic organisation,

as the case may be, such information within such time and in such form and manner as the Comptroller may specify.

[22/2011]

(3C) A donation made on or after 18th December 2012 of any property or money referred to in subsection (3)(*b*)(i) or (ii), (*c*), (*d*), (*e*) or (*f*) to a recipient under that provision, which is subject to any condition specified by the donor as to the purpose for which the donation may be applied (including where the donor specifies another purpose for the application of the donation in the event the

first-mentioned purpose should fail), shall be treated as a donation under that provision if (and only if) all of the following requirements are satisfied:

(*a*) except where the recipient is the Government, each specified purpose must be one that advances an objective of the recipient set out in its governing instrument;

(*b*) none of the specified purposes must be to advance the interests (whether directly or indirectly) of a particular race, belief or religion, or of a particular person or persons;

(*c*) the donor did not specify or imply in any manner that any part of the property or money that cannot be used for any of the specified purposes shall revert to him or be given to any other person (other than the recipient).

[29/2012]

(3D) For the avoidance of doubt, subsection (3C) applies to a donation of money referred to in subsection (3)(*c*)(ii) to a recipient under that provision, whether made directly to the recipient or indirectly through a grant-making philanthropic organisation.

[29/2012]

(3E) In subsections (3C) and (3D) —

"governing instrument", in relation to a recipient under subsection (3)(*b*)(i) or (ii), (*c*), (*d*), (*e*) or (*f*), includes the memorandum and articles of association, constitution, trust instrument or any rules or regulations governing the objects and administration of the recipient;

"recipient" —

(*a*) in the case of a donation referred to in subsection (3)(*b*)(i), means an approved museum;

(*b*) in the case of a donation referred to in subsection (3)(*b*)(ii), means an approved recipient not being an approved museum;

(*c*) in the case of a donation referred to in subsection (3)(*c*), means the Government or an institution of a public character;

(*d*) in the case of a donation referred to in subsection (3)(*d*), means an institution of a public character or a prescribed educational, research or other institution in Singapore; or

(*e*) in the case of a donation referred to in subsection (3)(*e*) or (*f*), means an institution of a public character.

[29/2012]

(3F) Subject to subsection (3G), a donation referred to in subsection (3)(*b*), (*c*), (*d*), (*e*) or (*f*) shall be eligible for a deduction under that provision notwithstanding that the donor or another person receives or will receive a benefit in consequence of making the donation.

[29/2012]

(3G) Where a donor who makes a donation referred to in subsection (3)(*b*), (*c*), (*d*), (*e*) or (*f*), or a person connected with the donor, receives or will receive a benefit in consequence of making the donation, a reference to the value or amount of the donation under that provision shall exclude an amount equivalent to the value of the benefit.

[29/2012]

(3H) The Minister may by rules —

(*a*) exclude any type of benefit from the application of subsection (3G); and

(*b*) provide for the basis for determining the value of any benefit under that subsection.

[29/2012]

(3I) For the avoidance of doubt, the Comptroller may make an assessment or additional assessment under section 74 if the benefit is received only after the deduction of the donation under subsection (3) is made.

[29/2012]

(3J) In subsection (3G), a person is connected with the donor if —

(*a*) he is a relative of the donor within the meaning of section 37K(12);

(*b*) he, or a person who is his relative within the meaning of section 37K(12), directly or indirectly controls the donor;

(*c*) he is controlled, directly or indirectly, by the donor; or

(*d*) he and the donor, directly or indirectly, are under the control of a common person.

[29/2012]

(4) A deduction under subsection (3)(*a*)(i) shall be made in the following order:

(*a*) firstly, against statutory income from the same trade, business, profession or vocation;

(*b*) secondly, against statutory income from any other trade, business, profession or vocation; and

(*c*) thirdly, against statutory income from any other source.

[49/2004]

(5) A deduction under subsection (3)(*a*)(i) shall be made as far as possible in the order specified in subsection (4) from the statutory income of the first year of assessment after the year in which such loss was incurred, and, so far as it cannot be so made, then from the statutory income of the next year of assessment, and so on.

[49/2004]

(6) Where, in any year of assessment, the amount of loss incurred by any person during the year preceding the year of assessment is not fully deducted under subsection (3)(*a*)(ii), the balance of such loss, after deducting any amount of such loss transferred to a claimant company under section 37C or to a spouse under section 37D or 37F, or deducted against income for the immediate preceding year of assessment under section 37E(1) or any of the 3 immediate preceding years of assessment under section 37E(1A), as the case may be, shall be available for deduction against his statutory income for subsequent year of assessment under subsection (3)(*a*)(i).

[37/2002; 49/2004; 34/2005; 27/2009]

(7) A deduction under this section to any person in respect of any sum allowable under subsection (3)(*b*), (*c*), (*d*), (*e*) or (*f*) shall only be allowed against his statutory income after the deduction under subsection (3)(*a*) and section 37K.

[37/2002; 21/2003; 34/2005; 29/2010]

(8) Subject to subsections (2), (7) and (12), the deduction to any person in respect of any sum allowable under subsection (3)(*b*), (*c*), (*d*), (*e*) or (*f*) shall be allowed —

(*a*) as far as possible against his statutory income of the first year of assessment after the year in which the donation was made by him; and

(*b*) so far as the deduction cannot be so allowed, after deducting any of such sum transferred to a claimant company under section 37C or to a spouse under section 37D, then from his statutory income of the next year of assessment,

and so on, except that any balance of the donation not deducted against his statutory income of the fifth year of assessment after the year of assessment relating to the basis period in which the donation was made shall be disregarded.

[37/2002; 21/2003; 49/2004; 34/2005; 29/2012]

(9) For the purposes of subsections (7) and (8), any sum allowable under subsection (3)(*b*), (*c*), (*d*), (*e*) or (*f*) in respect of any donation made on an earlier date shall be deemed to have been deducted first.

[37/2002; 21/2003; 34/2005]

(10) For the purposes of subsection (3), the loss incurred during any year shall be computed, where the Comptroller so decides, by reference to the year ending on a day in such year which would have been adopted under section 35(4) for the computation of the statutory income of the following year of assessment if a profit had arisen.

(10A) For the purposes of subsection (3)(*b*) to (*f*), the reference to the year preceding any year of assessment shall —

(*a*) if the person making the donation is not an individual and is one to whom a direction is made under section 35(4);

(*b*) if the persons making the donation are the partners of a partnership, a direction is made under section 35(4) in relation to the income of that partnership, and the donation is made by them in the name of the partnership;

(*c*) if the person making the donation is an individual to whom a direction is made under section 35(4), and the donation is

made by him in the name of the trade, business or profession to which the accounts relate,

be read as a reference to —

(i) the period of 12 months or such other period as the Comptroller may allow, ending on the day the accounts of the person or the partnership (as the case may be) are made up to; or

(ii) such other period as the Comptroller, having regard to any special circumstance, otherwise directs.

[53/2007; 29/2012]

(11) No deduction shall be allowed under this section to any person in respect of any sum which has been allowed as a deduction under this section against the income of his or her spouse chargeable in his or her own name.

(12) Notwithstanding subsection (3), the amount of any loss incurred by a company in any trade or business or any sum allowable under subsection (3)(*b*), (*c*), (*d*), (*e*) or (*f*) to a company in respect of any donation shall be disregarded unless the Comptroller is satisfied that the shareholders of the company on the last day of the year in which the loss was incurred or the donation was made, as the case may be, were substantially the same as the shareholders of the company on the first day of the year of assessment in which such loss or donation would otherwise be deductible under subsection (3).

[37/2002; 21/2003; 34/2005]

(13) A loss or donation disregarded under subsection (12) shall not be allowed in any subsequent year of assessment.

[37/2002]

(14) For the purposes of subsection (12) —

(*a*) the shareholders of a company at any date shall not be deemed to be substantially the same as the shareholders at any other date unless, on both those dates, not less than 50% of the total number of issued shares of the company are held by or on behalf of the same persons;

(*b*) shares in a company held by or on behalf of another company shall be deemed to be held by the shareholders of the last-mentioned company; and

(*c*) shares held by or on behalf of the trustee of the estate of a deceased shareholder or by or on behalf of the person entitled to those shares as beneficiaries under the will or any intestacy of a deceased shareholder shall be deemed to be held by that deceased shareholder.

[34/2005]

(15) For the purpose of subsection (14), where any part of a share of a shareholder is not fully paid up, there shall be disregarded a proportion equal to

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

where A is the amount that has not been paid in respect of the share; and

B is the total amount payable in respect of the share.

[34/2005]

(16) The Minister or such person as he may appoint may, where there is a substantial change in the shareholders of a company and he is satisfied that such change is not for the purpose of deriving any tax benefit or obtaining any tax advantage, exempt that company from the provisions of subsection (12).

[37/2002]

(17) Upon an exemption under subsection (16) —

(*a*) any loss referred to in subsection (3)(*a*) incurred by a company may only be deducted against the profits from the same trade or business of the company in respect of which that loss was incurred; and

(*b*) any balance of the donation referred to in subsection (8) shall be allowed against the statutory income of the person of the year of assessment in which such donation would otherwise be deductible under that subsection.

[37/2002]

(18) For the purposes of subsection (3)(*b*), "museum" includes any institution established for the purpose of acquiring any collection of artefacts and making them accessible to the public.

[7/2007]

(18A) For the purposes of subsection (3)(*c*)(ii), the Minister may make regulations with respect to the following matters:

(*a*) the registration of a grant-making philanthropic organisation;

(*b*) the deregistration of an organisation referred to in paragraph (*a*);

(*c*) the issue of tax deduction receipts and maintenance of records and accounts by a registered grant-making philanthropic organisation for donations received by it and the audit of such records and accounts;

(*d*) the requirements to be complied with by a registered grant-making philanthropic organisation;

(*e*) any other matter for giving full effect to or for carrying out the purposes of that provision.

[34/2008]

(18B) Where a registered grant-making philanthropic organisation contravenes any regulation made under subsection (18A), being a regulation prescribed as one to which this subsection applies —

(*a*) the organisation shall be liable to pay to the Comptroller a financial penalty of the higher of $100 and the amount ascertained by the formula

$$0.4 \times \text{the total amount of the donation to which the contravention relates; and}$$

(*b*) the Minister or such person as he may appoint may deregister the organisation.

[34/2008]

(18BA) The Comptroller may for any good cause remit the whole or any part of the financial penalty payable under subsection (18B).

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

(18C) Notwithstanding anything to the contrary in this Act or any other written law, a registered grant-making philanthropic organisation shall keep and retain in safe custody all records and accounts in respect of any donation maintained under regulations made under subsection (18A), for a period of 7 years or such period as may be prescribed by regulations from the year of assessment relating to the year in which the donation is received by the organisation.

[34/2008]

(18D) In subsection (3)(*c*)(ii), "grant-making philanthropic organisation" means —

(*a*) a charity registered or exempt from registration under the Charities Act (Cap. 37); or

(*b*) a not-for-profit organisation approved under section 13U.

[34/2008]

(19) For the purposes of subsection (3)(*e*) and subject to subsection (3G) —

(*a*) the amount in respect of any donation of shares in a company or units in a unit trust listed on the Singapore Exchange shall be the price of such shares or units, as the case may be, in the open market at the last transaction of such shares or units on the date of the donation;

(*b*) the amount in respect of any donation of units in unit trusts traded in Singapore (other than those listed on the Singapore Exchange) shall be the bid price of such units immediately after the date of the donation quoted by the manager of the unit trusts; and

(*c*) "date of the donation", in relation to any shares or units referred to in paragraph (*a*) or (*b*), as the case may be, means the date of legal transfer to the institution of a public character of the donation of such shares or units.

[24/2001; 37/2002; 21/2003; 29/2012]

37A. [*Repealed by Act 19 of 2013*]

Adjustment of capital allowances, losses or donations between income subject to tax at different rates

37B.—(1) This section shall apply to any company whose income for any year of assessment is subject to tax at different rates.

[26/93; 37/2002]

(2) Where, for any year of assessment, there are any unabsorbed allowances, losses or donations in respect of the income of a company subject to tax at a lower rate of tax to which this section applies, and there is any chargeable income of the company subject to tax at a higher rate of tax to which this section applies, those unabsorbed allowances, losses or donations shall be deducted against that chargeable income in accordance with the following provisions:

(*a*) in the case where those unabsorbed allowances, losses or donations do not exceed that chargeable income multiplied by the adjustment factor, that chargeable income shall be reduced by an amount arrived at by dividing those unabsorbed allowances, losses or donations by the adjustment factor, and those unabsorbed allowances, losses or donations shall be nil; and

(*b*) in any other case, those unabsorbed allowances, losses or donations shall be reduced by an amount arrived at by multiplying that chargeable income by the adjustment factor, and those unabsorbed allowances, losses or donations so reduced shall be added to, and be deemed to form part of, the corresponding allowances, losses or donations in respect of the income subject to tax at the lower rate of tax, for the next succeeding year of assessment and any subsequent year of assessment in accordance with section 23 or 37, as the case may be, and that chargeable income shall be nil.

[37/2002]

(3) Where, for any year of assessment, there are any unabsorbed allowances, losses or donations in respect of the income of a company subject to tax at a higher rate of tax to which this section applies, and there is any chargeable income of the company subject to tax at a lower rate of tax to which this section applies, those unabsorbed

allowances, losses or donations shall be deducted against that chargeable income in accordance with the following provisions:

(*a*) in the case where those unabsorbed allowances, losses or donations do not exceed that chargeable income divided by the adjustment factor, that chargeable income shall be reduced by an amount arrived at by multiplying those unabsorbed allowances, losses or donations by the adjustment factor, and those unabsorbed allowances, losses or donations shall be nil; and

(*b*) in any other case, those unabsorbed allowances, losses or donations shall be reduced by an amount arrived at by dividing that chargeable income by the adjustment factor, and those unabsorbed allowances, losses or donations so reduced shall be added to, and be deemed to form part of, the corresponding allowances, losses or donations in respect of the income subject to tax at the higher rate of tax, for the next succeeding year of assessment and any subsequent year of assessment in accordance with section 23 or 37, as the case may be, and that chargeable income shall be nil.

[37/2002]

(4) Where a company to which this section applies ceases to derive income subject to tax at a lower rate of tax in the basis period for any year of assessment but derives income subject to tax at a higher rate of tax in that basis period, subsection (2) shall apply, with the necessary modifications, to any unabsorbed allowances, losses or donations in respect of the income of the company subject to tax at the lower rate of tax for any year of assessment subsequent to that year of assessment.

[37/2002]

(5) Where a company to which this section applies ceases to derive income subject to tax at a higher rate of tax in the basis period for any year of assessment but derives income subject to tax at a lower rate of tax in that basis period, subsection (3) shall apply, with the necessary modifications, to any unabsorbed allowances, losses or donations in respect of the income of the company subject to tax at the higher rate

of tax for any year of assessment subsequent to that year of assessment.

[37/2002]

(6) Nothing in this section shall be construed as affecting the application of section 23 or 37 unless otherwise provided in this section.

(6A) If, during the basis period for the year of assessment 2013 or any subsequent year of assessment (referred to in this subsection as the relevant year of assessment), a company only derives income that is exempt from tax, then subsection (3) shall, with the necessary modifications, apply to any year of assessment subsequent to the relevant year of assessment as if any sum allowable under section 37(3)(*b*), (*c*), (*d*) or (*f*) in respect of any donation made by that company during the basis period for the relevant year of assessment were unabsorbed donation in respect of the income of a company that is subject to tax at the rate of tax specified in section 43(1)(*a*).

[29/2012]

(7) In this section —

"adjustment factor", in relation to any year of assessment, means the factor ascertained in accordance with the formula

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

where A is the higher rate of tax for that year of assessment; and

B is the lower rate of tax for that year of assessment;

"allowances" means allowances under section 16, 17, 18B, 18C, 19, 19A, 19B, 19C, 19D, 20, 21, 22 or 23 including unabsorbed allowances which arose in any year of assessment before the year of assessment 1994;

"chargeable income of the company subject to tax at a higher rate of tax" means income subject to tax at a higher rate of tax after deducting expenses, donations, allowances or losses allowable under this Act against that income;

"chargeable income of the company subject to tax at a lower rate of tax" means income subject to tax at a lower rate of tax after deducting expenses, donations, allowances or losses allowable under this Act against that income;

"donations" means donations which are deductible including any unabsorbed donations allowable under section 37;

"higher rate of tax" or "lower rate of tax" means the rate of tax under section 43(1)(*a*) or the concessionary rate of tax in accordance with —

(*a*) any order made under section 13(12); or

(*b*) section 43A, 43C (in respect of those relating to offshore general insurance business only), 43D (repealed), 43E, 43F (repealed), 43G, 43H (repealed), 43I, 43J, 43K (repealed), 43L (repealed), 43M (repealed), 43N, 43P, 43Q, 43R, 43S (repealed), 43T (repealed), 43U, 43V (repealed), 43W, 43X, 43Y, 43Z, 43ZA, 43ZB, 43ZC, 43ZD, 43ZE, 43ZF, 43ZG or 43ZH, or the regulations made thereunder, as the case may be;

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

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

"losses" means losses which are deductible under section 37 including unabsorbed losses incurred in respect of any year of assessment before the year of assessment 1994;

"unabsorbed allowances, losses or donations in respect of the income of a company subject to tax at a higher rate of tax" means the balance of such allowances, losses or donations after deducting expenses, donations, allowances or losses allowable under this Act against the income subject to tax at a higher rate of tax;

"unabsorbed allowances, losses or donations in respect of the income of a company subject to tax at a lower rate of tax" means the balance of such allowances, losses or donations after deducting expenses, donations, allowances or losses

allowable under this Act against the income subject to tax at a lower rate of tax.

[37/2002; 21/2003; 49/2004; 34/2005; 7/2007; 53/2007; 34/2008; 29/2010; 22/2011; 19/2013]

Group relief for Singapore companies

37C.—(1) Subject to the provisions of this section, a transferor company may transfer any qualifying deduction for any year of assessment to a claimant company of the same group which has claimed the qualifying deduction against its assessable income for the same year of assessment.

[37/2002]

(2) A transfer of a qualifying deduction for any year of assessment shall be made only if the transferor company and the claimant company, for that year of assessment —

(*a*) are members of the same group on the last day of the basis period;

(*b*) have accounting periods ending on the same day; and

(*c*) have made an election under subsection (11).

[37/2002]

(3) For the purposes of this section, 2 Singapore companies are members of the same group if —

(*a*) at least 75% of the total number of issued ordinary shares in one company are beneficially held, directly or indirectly, by the other; or

(*b*) at least 75% of the total number of issued ordinary shares in each of the 2 companies are beneficially held, directly or indirectly, by a third Singapore company.

[37/2002; 34/2005]

(4) Notwithstanding that a Singapore company beneficially holds, directly or indirectly, at least 75% of the total number of issued ordinary shares in another Singapore company, it shall not be treated to have satisfied subsection (3) unless additionally it is beneficially entitled to at least 75% of —

(*a*) any residual profits of the other company available for distribution to that company's equity holders; and

(*b*) any residual assets of the other company available for distribution to that company's equity holders on a winding up.

[37/2002; 34/2005]

(5) For the purpose of subsection (3), where a Singapore company beneficially owns, directly or indirectly, a fraction of the total number of issued ordinary shares of a second Singapore company which in turn beneficially owns, directly or indirectly, a fraction of the total number of issued ordinary shares of a third Singapore company, the Singapore company shall be deemed to have a beneficial ownership of the number of issued ordinary shares of the third Singapore company equal to such fraction of the total number as results from the multiplication of those 2 fractions; and where the third Singapore company beneficially owns, directly or indirectly, a fraction of the total number of issued ordinary shares of a fourth Singapore company, the Singapore company shall be deemed to have a beneficial ownership of the number of issued ordinary shares of the fourth Singapore company equal to such fraction of the total number as results from the multiplication of those 3 fractions, and so on.

[37/2002; 34/2005]

(6) A transfer of qualifying deduction may be —

(*a*) made by a transferor company to more than one claimant company, provided that the amount of qualifying deduction transferred is fully deducted against the assessable income of the first claimant company before any excess qualifying deduction is transferred and deducted against the assessable income of the second claimant company and so on; or

(*b*) claimed by a claimant company from more than one transferor company, provided that the amount of qualifying deduction transferred from the first transferor company is fully deducted against the assessable income of the claimant company before any qualifying deduction transferred from a second transferor company is

deducted against the assessable income of the claimant company and so on.

[37/2002]

(7) Qualifying deductions shall be transferred to a claimant company in accordance with the priority specified in the election made under subsection (11), and in the following order:

(*a*) any allowance specified in subsection (14)(*a*);

(*b*) any loss specified in subsection (14)(*b*); and

(*c*) any donation specified in subsection (14)(*c*).

[37/2002]

(8) Where, in any year of assessment, a transfer of qualifying deduction cannot be effected in accordance with the order of priority specified by any transferor company or claimant company in its election made under subsection (11), the transfer shall be allowed in such manner as the Comptroller thinks reasonable and proper.

[37/2002]

(9) Subject to subsection (10), the amount of qualifying deduction that may be transferred to a claimant company from a transferor company for any year of assessment shall be —

(*a*) the available assessable income of the claimant company equal to

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

where A is the number of days in the continuous period ending on the last day of the basis period for that year of assessment during which the companies are members of the same group or, if the continuous periods of the transferor company and the claimant company are different, the number of days in the shorter of the continuous periods;

B is the number of days in the basis period of the claimant company for that year of assessment; and

C is the assessable income of the claimant company for that year of assessment; or

(*b*) the available qualifying deduction of the transferor company equal to

$$\frac{A}{D} \times E,$$

where A has the same meaning as in paragraph (*a*);

D is the number of days in the basis period of the transferor company for that year of assessment; and

E is the amount of qualifying deduction of the transferor company for that year of assessment,

whichever is the lower.

[37/2002]

(10) Where, for any year of assessment, there are 2 or more —

(*a*) claims for any qualifying deduction by a claimant company, the available assessable income of the claimant company shall, for the purpose of subsection (9)(*a*), be

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

where A, B and C have the same meanings as in subsection (9)(*a*); and

F is the aggregate of the amounts of qualifying deductions previously claimed from any other transferor company for the same year of assessment, if any;

(*b*) transfers of any qualifying deduction by a transferor company, the available qualifying deduction of the transferor company shall, for the purpose of subsection (9)(*b*), be

$$\frac{A}{D} \times E - G,$$

where A, D and E have the same meanings as in subsection (9)(*b*); and

G is the aggregate of the amounts of qualifying deductions previously transferred to any other claimant company for the same year of assessment, if any.

[37/2002]

(11) Every transferor company and every claimant company of the same group shall, at the time of lodgment of their returns of income for any year of assessment or within such further time as the Comptroller may allow, make an irrevocable election to transfer or claim qualifying deductions, as the case may be.

[37/2002]

(12) An election under subsection (11) shall be accompanied by —

(*a*) such particulars as the Comptroller may require; and

(*b*) a list of companies, in order of priority, to which qualifying deductions would be transferred or from which such deductions would be claimed, as the case may be.

[37/2002]

(13) Notwithstanding subsection (11), where at the time of furnishing its return of income under section 62(1) for any year of assessment —

(*a*) a company has assessable income, but is subsequently determined by the Comptroller to have any qualifying deduction for that year of assessment; or

(*b*) a company has any qualifying deduction, but is subsequently determined by the Comptroller to have assessable income for that year of assessment,

the Comptroller may —

(i) allow the company to make an election under subsection (11); and

(ii) allow any company of the same group to include that company in its list of companies submitted previously by it under subsection (11),

within such time and in such manner as the Comptroller may determine.

[37/2002]

(14) For the purposes of this section, subject to subsection (15) and sections 35, 37 and 37B, qualifying deductions, in relation to a transferor company, for each year of assessment, are —

(*a*) any allowance falling to be made under section 16, 17, 18A (repealed), 18B, 18C, 19, 19A, 19B, 19C, 19D or 20 for that year of assessment that is in excess of the transferor company's income from all sources chargeable to tax for that year of assessment;

(*b*) any loss incurred by the transferor company in the basis period for that year of assessment in any trade or business which, if it had been a profit would have been assessable under this Act, and which is not deducted for that year of assessment because of insufficiency of statutory income of the transferor company; and

(*c*) any donation made by the transferor company under section 37(3)(*b*), (*c*), (*d*) or (*f*) in the year preceding that year of assessment that is not deducted for that year of assessment because of insufficiency of statutory income of the transferor company.

[37/2002; 21/2003; 34/2005; 29/2010]

(15) Notwithstanding subsection (14), the following companies shall not be entitled to transfer the following items of qualifying deductions:

(*a*) any company to which section 10E applies, in respect of qualifying deductions under subsection (14)(*a*) (except in relation to allowances falling under sections 16, 17, 18B and 18C) and (*b*);

(*b*) any company to which section 97D or 97G of the Economic Expansion Incentives (Relief from Income

Tax) Act (Cap. 86) in force immediately before 28th April 2004 or section 97V of the Economic Expansion Incentives (Relief from Income Tax) Act in force immediately before the date the Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2016 is published in the *Gazette* applies, in respect of qualifying deductions under subsection (14)(*b*) where the loss is deemed to be a loss incurred from a trade or business for the purposes of any of those sections;

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

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

(*c*) any company, in respect of qualifying deductions under subsection (14) relating to any income that is fully exempt from tax under the provisions of this Act or the Economic Expansion Incentives (Relief from Income Tax) Act;

(*d*) any company, in respect of qualifying deductions under subsection (14) relating to any income the tax on which is remitted under the provisions of this Act, unless the Minister otherwise approves;

(*e*) any company, in respect of qualifying deductions under subsection (14)(*b*) relating to any loss arising from any unutilised deduction under section 14Q for any year of assessment up to and including the year of assessment 2012; and

(*f*) any qualifying start-up company, in respect of qualifying deductions under subsection (14)(*b*) relating to any loss incurred by the company for which any cash grant is given under section 37H.

[37/2002; 11/2004; 7/2007; 34/2008; 29/2010; 29/2012]

(16) Notwithstanding subsections (9) and (10), where the Comptroller discovers that any transfer or claim of qualifying deduction which has been made from or to any company is or has become excessive, he may make an assessment upon the company under section 74 on the amount which, in his opinion, ought to have been charged to tax.

[37/2002]

(17) Section 37B shall apply, with the necessary modifications, to the transfer of any qualifying deduction from a transferor company to a claimant company, where applicable, and for the purpose of such application, any reference in section 37B(2) and (3) to —

(*a*) unabsorbed allowances, losses or donations shall be read as a reference to qualifying deductions;

(*b*) corresponding allowances, losses or donations shall be read as a reference to allowances, losses or donations;

(*c*) income of a company subject to tax at a higher or lower rate of tax, as the case may be, shall be read as a reference to income of a transferor company subject to tax at a higher or lower rate of tax, respectively; and

(*d*) chargeable income of the company shall be read as a reference to chargeable income of a claimant company.

[37/2002]

(18) For the purposes of this section, the Minister may make regulations to provide generally for giving full effect to or for carrying out the purposes of this section.

[37/2002]

(19) In this section —

"assessable income", in relation to a claimant company or transferor company, means assessable income of the company as determined under section 37 after deducting any deduction allowed under section 37G, investment allowance under Part X of the Economic Expansion Incentives (Relief from Income Tax) Act and integrated investment allowance under Part XIIID of that Act;

"claimant company" or "transferor company" means a Singapore company that claims or transfers, respectively, any qualifying deduction under subsection (1) but shall not include a company approved as —

(*a*) a technology company under section 94(2) of the Economic Expansion Incentives (Relief from Income

Tax) Act in force immediately before 28th April 2004;

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

(*b*) a venture company under section 97B(2) of the Economic Expansion Incentives (Relief from Income Tax) Act in force immediately before 28th April 2004;

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

(*c*) a technology investment company under section 97C(2) of the Economic Expansion Incentives (Relief from Income Tax) Act in force immediately before 28th April 2004;

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

(*d*) an overseas investment company under section 97C(4) of the Economic Expansion Incentives (Relief from Income Tax) Act in force immediately before 28th April 2004; or

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

(*e*) a start-up company under section 97T(2) of the Economic Expansion Incentives (Relief from Income Tax) Act in force immediately before the date the Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2016 is published in the *Gazette*;

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

"commercial loan" means any borrowing which entitles the creditor to any return which is of only —

(*a*) a fixed amount or at a fixed rate per cent of the amount of the borrowing; or

(*b*) a fixed rate per cent of the profits of the company;

"equity holder", in relation to a Singapore company, means any holder of ordinary shares in the company or any creditor of the company in respect of any non-commercial loan;

"non-commercial loan" means any borrowing other than a commercial loan;

"ordinary share" means any share other than a treasury share or a share which carries only a right to any dividend which is of —

(*a*) a fixed amount or at a fixed rate per cent of the value of the shares; or

(*b*) a fixed rate per cent of the profits of the company;

"qualifying start-up company" has the same meaning as in section 37H;

"residual assets", in relation to a Singapore company, means net assets of the company after distribution made to —

(*a*) creditors of the company in respect of commercial loans; and

(*b*) holders of shares other than ordinary shares,

and where the company has no residual asset, a notional amount of $100 is deemed to be the residual assets of the company;

"residual profits", in relation to a Singapore company, means profits of the company after deducting any dividend which is of —

(*a*) a fixed amount or at a fixed rate per cent of the value of the shares of the company; or

(*b*) a fixed rate per cent of the profits of the company,

but before deducting any return due to any non-commercial loan creditor which is not of —

(i) a fixed amount or at a fixed rate per cent of the amount of the borrowing; or

(ii) a fixed rate per cent of the profits of the company,

and where the company has no residual profit, a notional amount of $100 is deemed to be the residual profits of the company;

"Singapore company" means any company incorporated in Singapore.

[37/2002; 11/2004; 48/2004; 34/2005; 34/2008; 2/2013]

Transfer of qualifying deduction between spouses

37D.—(1) Subject to the provisions of this section, an individual may transfer any qualifying deduction for any year of assessment to a spouse living with him or her who has claimed the qualifying deduction against her or his assessable income for the same year of assessment.

[49/2004]

(1A) No transfer may be made under subsection (1) of —

(*a*) any allowance made to the individual for the year of assessment 2016 or a subsequent year of assessment;

(*b*) any loss incurred by the individual in the basis period for the year of assessment 2016 or a subsequent year of assessment; or

(*c*) any donation made by the individual in the year immediately preceding the year of assessment 2016 or a subsequent year of assessment.

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

(1B) No transfer of any qualifying deduction under subsection (1) may be made for the year of assessment 2018 or any subsequent year of assessment.

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

(2) Qualifying deductions shall be transferred to a claimant spouse in the following order:

(*a*) any allowance specified in subsection (8)(*a*);

(*b*) any loss specified in subsection (8)(*b*); and

(*c*) any donation specified in subsection (8)(*c*).

[49/2004]

(3) For each type of qualifying deduction to be transferred in the order specified in subsection (2), any allowance, loss or donation (as the case may be) arising to the transferor in an earlier year of assessment shall be transferred first before any allowance, loss or donation arising to the transferor in a later year of assessment.

[49/2004]

(4) The amount of qualifying deduction to be transferred by a transferor to a claimant spouse is the lower of —

(*a*) the amount of qualifying deduction available for transfer; and

(*b*) the assessable income of the claimant spouse.

[49/2004]

(5) Any individual transferring or claiming a qualifying deduction under this section shall notify the Comptroller and make an election to transfer or claim qualifying deductions, as the case may be, not later than 30 days from the date of the service of the notice of assessment on the individual or his or her spouse, whichever is the later.

[49/2004]

(6) An election made by an individual under subsection (5) shall be irrevocable unless the Comptroller otherwise allows and shall be accompanied by such particulars as the Comptroller may require.

[49/2004]

(7) Where the Comptroller discovers that any transfer or claim of qualifying deduction which has been made from or to any individual is or has become excessive, he may make an assessment upon that individual under section 74 on the amount which, in his opinion, ought to have been charged to tax.

[49/2004]

(8) For the purposes of this section, subject to sections 35 and 37, qualifying deductions, in relation to an individual, for each year of assessment, are —

(*a*) any allowance falling to be made under section 16, 17, 18B, 18C, 19, 19A, 19C, 19D or 20 that is in excess of the individual's income from all sources chargeable with tax for that year of assessment;

(*b*) any loss incurred by the individual in any trade, business, profession or vocation which, if it had been a profit, would have been assessable under this Act, and which is not deducted for that year of assessment because of insufficiency of statutory income of the individual; and

(*c*) any donation made by the individual under section 37(3)(*b*), (*c*), (*e*) or (*f*) that is not deducted for

that year of assessment because of insufficiency of statutory income of the individual.

[49/2004; 34/2005; 29/2010]

Carry-back of capital allowances and losses

37E.—(1) Subject to the provisions of this section, a person may deduct any qualifying deduction for any year of assessment against his assessable income for the immediate preceding year of assessment.

[34/2005]

(1A) Notwithstanding subsection (1) but subject to the other provisions of this section, a person may deduct any qualifying deduction for the years of assessment 2009 and 2010 against his assessable income for the 3 years of assessment immediately preceding the year of assessment 2009 or 2010, as the case may be.

[27/2009]

(1B) Any qualifying deduction under subsection (1A) for any year of assessment shall so far as possible be made against the person's assessable income for the third year of assessment immediately preceding that year of assessment, with any remaining balance of the qualifying deduction made —

(*a*) against his assessable income for the second year of assessment immediately preceding that year of assessment; and

(*b*) thereafter against his assessable income for the first year of assessment immediately preceding that year of assessment.

[27/2009]

(1C) Where in any year of assessment a person is entitled to make more than one deduction under subsection (1A) or under subsections (1) and (1A) against his assessable income for that year of assessment, the assessable income for that year of assessment shall so far as possible be deducted by the amount of qualifying deduction for the earliest year of assessment the person is entitled to so deduct under subsection (1) or (1A), and any remaining balance of the assessable income for the first-mentioned year of assessment shall

so far as possible be deducted by the amount of qualifying deduction for the next earliest year of assessment, and so on.

[27/2009]

(2) Qualifying deductions shall be deducted in the following order:

(*a*) any allowance specified in subsection (9)(*a*); and

(*b*) any loss specified in subsection (9)(*b*).

[34/2005]

(3) The amount of qualifying deduction to be deducted for any year of assessment is the lower of —

(*a*) the amount of qualifying deduction available for deduction for that year of assessment; and

(*b*) the assessable income of the person for the immediate preceding year of assessment.

[34/2005]

(3A) Notwithstanding subsection (3), the amount of qualifying deduction to be deducted for the year of assessment 2009 or 2010 against the assessable income for any of the 3 years of assessment immediately preceding the year of assessment 2009 or 2010, as the case may be, is the lower of —

(*a*) an amount equivalent to the difference between the amount of qualifying deduction available for deduction for the year of assessment 2009 or 2010, as the case may be, and the aggregate amount of such qualifying deductions which had already been deducted under subsection (1A); and

(*b*) the balance of the assessable income of the person for the year of assessment after such assessable income has been deducted by the qualifying deduction for any year of assessment prior to the year of assessment 2009 or 2010, as the case may be, under subsection (1C).

[27/2009]

(4) Subject to the provisions of this section, section 37B shall apply, with the necessary modifications, to the deduction of any qualifying deduction by any company for any year of assessment against its assessable income for the immediate preceding year of assessment or any of the 3 immediate preceding years of assessment (as the case

may be), where applicable, as if the income for the immediate preceding year of assessment or any of the 3 immediate preceding years of assessment (as the case may be) is income for that year of assessment, and for the purpose of such application, any reference in section 37B(2) and (3) to —

(*a*) unabsorbed allowances, losses or donations shall be read as a reference to qualifying deductions;

(*b*) corresponding allowances, losses or donations shall be read as a reference to allowances or losses; and

(*c*) chargeable income of the company shall be read as a reference to assessable income for the immediate preceding year of assessment or any of the 3 immediate preceding years of assessment (as the case may be) of the company.

[34/2005; 27/2009]

(4A) For the purposes of applying section 37B to the provisions of this section under subsection (4), the reference to "higher rate of tax" or "lower rate of tax" in section 37B shall be read as a reference to —

(*a*) the rate of tax under section 43(1)(*a*) applicable to the year of assessment for which the assessable income is deducted by any qualifying deduction;

(*b*) the concessionary rate of tax applicable to the year of assessment for which any allowance specified in subsection (9)(*a*) is made to or any loss specified in subsection (9)(*b*) is incurred by a company; or

(*c*) the concessionary rate of tax applicable to the assessable income which is deducted by any qualifying deduction,

as the case may be.

[27/2009]

(5) The amount of qualifying deduction to be deducted for any year of assessment shall not exceed $100,000; and in the case of a company shall be determined by the formula

$$A + B,$$

where A is any amount deducted against assessable income subject to tax at the rate of tax specified in section 43(1)(*a*); and

B is any amount deducted against assessable income subject to tax at any concessionary rate of tax divided by the adjustment factor for that concessionary rate of tax.

[34/2005]

(5A) Notwithstanding subsection (5), the amount of qualifying deduction to be deducted for the year of assessment 2009 or 2010 shall not exceed $200,000; and in the case of a company shall be determined by the formula

$$A + B,$$

where A is any amount deducted against assessable income subject to tax at the rate of tax specified in section 43(1)(*a*); and

B is any amount deducted against assessable income subject to tax at any concessionary rate of tax divided by the adjustment factor for that concessionary rate of tax.

[27/2009]

(6) Any person deducting any qualifying deduction for any year of assessment against his assessable income for the immediate preceding year of assessment or any of the 3 immediate preceding years of assessment (as the case may be) under this section shall notify the Comptroller and make an election to make such deduction —

(*a*) in the case of an individual, not later than 30 days from the date of service of the notice of assessment on him; and

(*b*) in the case of any other person, not later than the time of lodgment of his return of income for the year of assessment,

or within such further time as the Comptroller may allow.

[34/2005; 27/2009]

(7) Any election made under subsection (6) shall be irrevocable and shall be accompanied by such particulars as the Comptroller may require.

[34/2005]

(8) Where the Comptroller discovers that any deduction made under this section against the assessable income of any person for any year of assessment is or has become excessive, he may make an assessment on the person on the amount which, in his opinion, ought to have been charged to tax in that year of assessment within 7 years (if that year of assessment is 2007 or a preceding year of assessment) or 5 years (if that year of assessment is 2008 or a subsequent year of assessment) after the expiration of that year of assessment.

[34/2005; 53/2007]

(8A) Notwithstanding subsection (8), where the Comptroller discovers that any qualifying deduction for the year of assessment 2010 made under subsection (1A) against the assessable income of any person for the year of assessment 2008 is or has become excessive, he may make an assessment on the person on the amount which, in his opinion, ought to have been charged to tax in the year of assessment 2008, within 6 years after the expiration of that year of assessment.

[27/2009]

(9) For the purposes of this section, subject to sections 35, 37 and 37B, qualifying deductions, in relation to any person, for each year of assessment, are —

(*a*) any allowance falling to be made under section 16, 17, 18B, 18C, 19, 19A, 19B, 19C, 19D or 20 that is in excess of the person's income from all sources chargeable to tax for that year of assessment and is not transferred under section 37C or 37D; and

(*b*) any loss incurred by the person in any trade, business, profession or vocation which is not deducted for that year of assessment because of insufficiency of statutory income

of the person and is not transferred under section 37C or 37D.

[34/2005; 29/2010]

(10) Notwithstanding subsection (9), any loss deemed to be a loss incurred from a trade or business for the purpose of section 97V of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86) in force immediately before the date the Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2016 is published in the Gazette shall not be deductible.

[34/2005]

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

(11) Notwithstanding subsection (9), any allowance specified in subsection (9)(*a*) made to a person for any year of assessment shall not be deductible against assessable income for the immediate preceding year of assessment or any one of the 3 immediate preceding years of assessment (as the case may be) if the person did not carry on that trade, business or profession in the basis period for that preceding year of assessment.

[34/2005; 27/2009]

(12) Notwithstanding subsection (9), any allowance specified in subsection (9)(*a*) made to or any loss specified in subsection (9)(*b*) incurred by a company for any year of assessment shall not be deductible against income for the immediate preceding year of assessment or any one of the 3 immediate preceding years of assessment (as the case may be) unless the Comptroller is satisfied that the shareholders of the company on the first day of the year in which the allowances arose or in which the loss was incurred, as the case may be, were substantially the same as the shareholders of the company on the last day of that preceding year of assessment.

[34/2005; 27/2009]

(13) For the purposes of subsection (12) —

(*a*) the shareholders of a company at any date shall not be deemed to be substantially the same as the shareholders at any other date unless, on both those dates, not less than 50% of the total number of issued shares of the company are held by or on behalf of the same persons;

(*b*) shares in a company held by or on behalf of another company shall be deemed to be held by the shareholders of the last-mentioned company; and

(*c*) shares held by or on behalf of the trustee of the estate of a deceased shareholder or by or on behalf of the person entitled to those shares as beneficiaries under the will or any intestacy of a deceased shareholder shall be deemed to be held by that deceased shareholder.

[34/2005]

(14) For the purpose of subsection (13)(*a*), where any part of a share of a shareholder is not fully paid up, there shall be disregarded a proportion equal to

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

where A is the amount that has not been paid in respect of the share; and

B is the total amount payable in respect of the share.

[34/2005]

(15) The Minister or such person as he may appoint may, where there is a substantial change in the shareholders of a company and he is satisfied that such change is not for the purpose of deriving any tax benefit or obtaining any tax advantage, exempt that company from the provisions of subsection (12).

[34/2005]

(16) Upon an exemption under subsection (15), any allowance specified in subsection (9)(*a*) made to or any loss specified in subsection (9)(*b*) incurred by a company may only be deducted against the profits from the same trade or business of the company in respect of which the allowance was made or the loss was incurred.

[34/2005]

(17) In this section —

"adjustment factor", in relation to a concessionary rate of tax, means the factor ascertained in accordance with the formula

$$\frac{C}{D},$$

where C is the rate of tax specified in section 43(1)(*a*); and

D is the concessionary rate of tax;

"assessable income" means —

(*a*) in relation to a company, assessable income of the company as determined under section 37 after deducting any deduction allowed under section 37G, investment allowance under Part X of the Economic Expansion Incentives (Relief from Income Tax) Act, integrated investment allowance under Part XIIID of that Act and any deductions claimed under section 37C;

(*b*) in relation to an individual, assessable income of the individual as determined under section 37 after deducting any deductions claimed under section 37D; and

(*c*) in relation to any other person, assessable income of the person as determined under section 37;

"concessionary rate of tax" means any rate of tax lower than the rate specified in section 43(1)(*a*) in accordance with —

(*a*) any order made under section 13(12);

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

(*b*) section 43A, 43C (in respect of those relating to offshore general insurance business only), 43D (repealed), 43E, 43F (repealed), 43G, 43H (repealed), 43I, 43J, 43K (repealed), 43L (repealed), 43N, 43P, 43Q, 43R, 43S (repealed), 43T (repealed), 43U, 43V (repealed), 43W, 43X, 43Y, 43Z, 43ZA, 43ZB, 43ZC, 43ZD, 43ZE, 43ZF, 43ZG or 43ZH, or the regulations made under any of them, as the case may be; or

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

(*c*) section 19J(5C) or (5E) or 19KA(1)(*b*) (as the case may be) of the Economic Expansion Incentives (Relief from Income Tax) Act.

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

(18) This section shall not apply to —

(*a*) any company to which section 10E applies; or

(*b*) any person, in respect of qualifying deductions under subsection (9) relating to any income the tax on which is remitted under the provisions of this Act for any year of assessment unless —

(i) no such remission would be given to any income in the following year of assessment; or

(ii) the remission is to effect a deduction for any outgoing or expense incurred by him not otherwise deductible under section 14.

[7/2007]

Carry-back of capital allowances and losses between spouses

37F.—(1) Subject to the provisions of this section, an individual may transfer any qualifying deduction for any year of assessment to a spouse living with him or her who has claimed any qualifying deduction under this section against her or his assessable income for the immediate preceding year of assessment.

[34/2005]

(1AA) No transfer may be made under subsection (1) of —

(*a*) any allowance made to the individual for the year of assessment 2016 or a subsequent year of assessment; or

(*b*) any loss incurred by the individual in the basis period for the year of assessment 2016 or a subsequent year of assessment.

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

(1A) Notwithstanding subsection (1) but subject to the other provisions of this section, an individual may transfer any qualifying deduction for the years of assessment 2009 and 2010 to a spouse living with him or her who has claimed any qualifying deduction under this section against her or his assessable income for

the 3 years of assessment immediately preceding the year of assessment 2009 or 2010, as the case may be.

[27/2009]

(1B) Any qualifying deduction transferred to a claimant spouse under subsection (1A) for any year of assessment shall so far as possible be made against her or his assessable income for the third year of assessment immediately preceding that year of assessment, with any remaining balance of the qualifying deduction made —

(*a*) against her or his assessable income for the second year of assessment immediately preceding that year of assessment; and

(*b*) thereafter against her or his assessable income for the first year of assessment immediately preceding that year of assessment.

[27/2009]

(1C) Where in any year of assessment a claimant spouse is entitled to make more than one deduction under subsection (1A) or under subsections (1) and (1A) against her or his assessable income for that year of assessment, the assessable income for that year of assessment shall so far as possible be deducted by the amount of qualifying deduction for the earliest year of assessment the claimant spouse is entitled to so deduct under subsection (1) or (1A), and any remaining balance of the assessable income for the first-mentioned year of assessment shall so far as possible be deducted by the amount of qualifying deduction for the next earliest year of assessment, and so on.

[27/2009]

(2) Qualifying deductions shall be transferred to a claimant spouse in the following order:

(*a*) any allowance specified in subsection (10)(*a*); and

(*b*) any loss specified in subsection (10)(*b*).

[34/2005]

(3) The amount of qualifying deduction for any year of assessment to be transferred by a transferor to a claimant spouse is the lower of —

(*a*) the amount of qualifying deduction available for transfer for that year of assessment; and

(*b*) the assessable income of the claimant spouse for the immediate preceding year of assessment.

[34/2005]

(3A) Notwithstanding subsection (3), the amount of qualifying deduction for the year of assessment 2009 or 2010 to be transferred by a transferor to a claimant spouse for any of the 3 years of assessment immediately preceding the year of assessment 2009 or 2010, as the case may be, is the lower of —

(*a*) an amount equivalent to the difference between the amount of qualifying deduction available for transfer for the year of assessment 2009 or 2010, as the case may be, and the aggregate amount of such qualifying deductions which had already been transferred under subsection (1A); and

(*b*) the balance of the assessable income of the claimant spouse for the year of assessment after such assessable income is deducted by the qualifying deduction for any year of assessment prior to the year of assessment 2009 or 2010, as the case may be, under subsection (1C).

[27/2009]

(4) The amount of qualifying deduction for any year of assessment to be transferred by a transferor to a claimant spouse shall not exceed an amount equal to

$$\$100,000 - A,$$

where A is any amount deducted by the transferor against his or her assessable income for the immediate preceding year of assessment under section 37E.

[34/2005]

(4A) Notwithstanding subsection (4), the amount of qualifying deduction for the year of assessment 2009 or 2010 to be transferred by a transferor to a claimant spouse shall not exceed an amount equal to

$$\$200,000 - A,$$

where A is the aggregate of the amounts deducted by the transferor against his or her assessable income for the 3 years of assessment immediately preceding the year of assessment 2009 or 2010, as the case may be, under section 37E.

[27/2009]

(5) No transfer shall be allowed under subsection (1) or (1A) in any year of assessment if the transferor has assessable income for the immediate preceding year of assessment or any of the 3 immediate preceding years of assessment (as the case may be) but no claim for relief has been made under section 37E.

[34/2005; 27/2009]

(6) No transfer shall be allowed under subsection (1) or (1A) in any year of assessment if the claimant spouse has assessable income for the year of assessment but no transfer of any qualifying deduction from the transferor to the claimant spouse has been made under section 37D.

[34/2005; 27/2009]

(7) Any individual transferring or claiming a qualifying deduction under this section shall notify the Comptroller and make an election to transfer or claim qualifying deductions, as the case may be, not later than 30 days from the date of the service of the notice of assessment on the individual or his or her spouse, whichever is the later.

[34/2005]

(8) An election made by an individual under subsection (7) shall be irrevocable and shall be accompanied by such particulars as the Comptroller may require.

[34/2005]

(9) Where the Comptroller discovers that any transfer of qualifying deduction under this section against the assessable income of a claimant spouse for any year of assessment is or has become excessive, he may make an assessment on the claimant spouse on the amount which, in his opinion, ought to have been charged to tax in that year of assessment within 7 years (if that year of assessment is 2007 or a preceding year of assessment) or 5 years (if that year of

assessment is 2008 or a subsequent year of assessment) after the expiration of that year of assessment.

[34/2005; 53/2007]

(9A) Notwithstanding subsection (9), where the Comptroller discovers that any qualifying deduction for the year of assessment 2010 transferred under subsection (1A) and made against the assessable income of the claimant spouse for the year of assessment 2008 is or has become excessive, he may make an assessment on the claimant spouse on the amount which, in his opinion, ought to have been charged to tax in the year of assessment 2008, within 6 years after the expiration of that year of assessment.

[27/2009]

(10) For the purposes of this section, subject to sections 35 and 37, qualifying deductions, in relation to an individual, for each year of assessment, are —

(*a*) any allowance falling to be made under section 16, 17, 18B, 18C, 19, 19A, 19C, 19D or 20 that is in excess of the individual's income from all sources chargeable to tax for that year of assessment and is not deducted under section 37E or transferred under section 37D; and

(*b*) any loss incurred by the individual in any trade, business, profession or vocation which is not deducted for that year of assessment because of insufficiency of statutory income of the individual and is not deducted under section 37E or transferred under section 37D.

[34/2005; 29/2010]

(11) Notwithstanding subsection (10), any loss deemed to be a loss incurred from a trade or business for the purpose of section 97V of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86) shall not be transferable.

[34/2005]

(12) Notwithstanding subsection (10), any allowance specified in subsection (10)(*a*) made to a transferor for any year of assessment shall not be transferable if the transferor did not carry on that trade, business or profession in the basis period for the immediate preceding

year of assessment or any one of the 3 immediate preceding years of assessment, as the case may be.

[34/2005; 27/2009]

(13) In this section, "assessable income", in relation to an individual, means assessable income of the individual as determined under section 37 after deducting any deductions claimed under sections 37D and 37E.

[34/2005]

Deduction for incremental expenditure on research and development

37G.—(1) Subject to this section, where any company incurs during the basis period for any year of assessment between the year of assessment 2010 and the year of assessment 2016 (both years inclusive) any incremental qualifying research and development expenditure, then there shall be allowed to that company, on due claim, a deduction against its assessable income computed in accordance with this section.

[34/2008]

(2) For the purposes of this section, the company shall keep an account to be known as its research and development account.

[34/2008]

(3) If —

(*a*) the company derives any income chargeable to tax under this Act during the basis period for any year of assessment between the year of assessment 2009 and the year of assessment 2010 (both years inclusive); and

(*b*) the amount standing to its research and development account on the last day of that basis period is less than $300,000,

then there shall be credited to the research and development account on the last day of that basis period the lowest of —

(i) an amount computed in accordance with the specified formula;

(ii) the difference between $300,000 and the amount standing to the research and development account on the last day of that basis period; and

(iii) $150,000.

[34/2008; 29/2010]

(4) For the purposes of subsection (3), the specified formula means —

$$(A - B - C - D - E) \times 50\%,$$

where A is the assessable income of the company for the year of assessment;

B is the amount of deduction allowed against the assessable income of the company under subsection (5) for the year of assessment (if applicable);

C is the amount of investment allowance deducted under Part X of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86) against the chargeable income of the company for the year of assessment (if any);

D is the amount of qualifying deduction transferred to the company under section 37C (if any) and qualifying deduction allowed to the company under section 37E for the year of assessment (if any); and

E is the amount of income of the company not charged to tax under section 43(6) or (6A) for the year of assessment.

[34/2008]

(5) Where on the first day of the basis period for any year of assessment between the year of assessment 2010 and the year of assessment 2016 (both years inclusive), the research and development account of the company is in credit, and —

(*a*) the company has assessable income for that year of assessment; and

(*b*) the company has incurred incremental qualifying research and development expenditure during that basis period,

then there shall be deducted from the assessable income of the company for that year of assessment an amount equal to the lowest of —

(i) the incremental qualifying research and development expenditure incurred by that company during the basis period;

(ii) the amount of credit standing in the research and development account as at the first day of the basis period; and

(iii) the assessable income of the company for that year of assessment.

[34/2008]

(6) As soon as an amount is deducted against the assessable income of a company under subsection (5), the research and development account shall be debited with such amount.

[34/2008]

(7) Any deduction under this section shall so far as possible be made against the part of its assessable income that is subject to the highest rate of tax, and any remaining balance of the deduction shall so far as possible be made against the part of its assessable income that is subject to the next highest rate of tax, and so on.

[34/2008]

(8) For the purpose of this section, the Minister may make regulations to give effect to or for carrying out the purposes of this section.

[34/2008]

(9) A company to which a deduction has been given under this section shall deliver to the Comptroller a copy of the audited account made up to any date specified by him whenever called upon to do so by notice in writing.

[34/2008]

(9A) No deduction shall be allowed to a company under this section for any year of assessment if a deduction for that expenditure has been allowed under section 14DA(2) for that year of assessment.

[29/2010; 22/2011]

(10) In this section, unless the context otherwise requires —

"assessable income", in relation to a company for any year of assessment, means the remainder of its statutory income for the year of assessment after making the deductions under sections 37 and 37B;

"base qualifying research and development expenditure" means the amount of qualifying research and development expenditure incurred in the base year;

"base year" —

(*a*) in relation to a company incorporated in the basis period relating to the year of assessment 2009 or any subsequent year of assessment, means the basis period in which the company is incorporated; or

(*b*) in relation to any other company, means the basis period relating to the year of assessment 2008;

"incremental qualifying research and development expenditure", in relation to the basis period for any year of assessment, means the excess of qualifying research and development expenditure incurred during the basis period relating to the year of assessment over the base qualifying research and development expenditure;

"qualifying research and development expenditure" means any research and development expenditure which —

(*a*) qualifies for deduction under section 14D;

(*b*) is incurred in respect of research and development activities carried out in Singapore; and

(*c*) is not funded by any grant or subsidy from the Government or a statutory board.

[34/2008; 29/2010]

Cash grant for research and development expenditure for start-up company

37H.—(1) Subject to this section and such conditions as may be prescribed by the Minister by regulations, a qualifying start-up company may apply to the Comptroller for any of its first 3 years of assessment falling between the year of assessment 2009 and the year of assessment 2010 (both years inclusive) for a cash grant of the specified amount, or $20,250, whichever is the lower, if the qualifying start-up company —

(*a*) has incurred at least $150,000 of qualifying research and development expenditure in the basis period relating to that year of assessment;

(*b*) where the qualifying start-up company has commenced any trade or business before or in the basis period relating to that year of assessment, has incurred any tax adjusted loss in that basis period; and

(*c*) carries on research and development in Singapore at the time the application under this section is made.

[34/2008; 29/2010]

(2) An application made to the Comptroller under subsection (1) shall be —

(*a*) made at the time of lodgment by the qualifying start-up company of a return of its income for that year of assessment or within such earlier or extended time as the Comptroller may allow; and

(*b*) accompanied by a copy of the audited account of the qualifying start-up company for the basis period relating to that year of assessment, as well as such information and supporting documentation to be given in such form and manner as the Comptroller may specify.

[34/2008]

(3) The specified amount for any year of assessment under subsection (1) shall be computed in accordance with the formula

$$A \times 9\%,$$

where A is —

(*a*) where the qualifying start-up company has not commenced any trade or business, the lower of —

(i) the sum total of qualifying research and development expenditure incurred by the company in the basis period relating to that year of assessment and any amounts described under section 14DA(1) for that year of assessment; and

(ii) $225,000; or

(*b*) where the qualifying start-up company has commenced any trade or business, the lowest of —

(i) the tax adjusted loss of the company for the basis period relating to that year of assessment;

(ii) the sum total of qualifying research and development expenditure incurred by the company in the basis period relating to that year of assessment and any amounts described under section 14DA(1) for that year of assessment; and

(iii) $225,000.

[34/2008; 22/2011]

(4) Where any tax, duty, interest or penalty is due under this Act, the Goods and Services Tax Act (Cap. 117A), the Property Tax Act (Cap. 254) or the Stamp Duties Act (Cap. 312) by the qualifying start-up company to the Comptroller of Income Tax, the Comptroller of Goods and Services Tax, the Comptroller of Property Tax or the Commissioner of Stamp Duties, as the case may be, the amount of cash grant payable by the Comptroller to the company shall be reduced by the amount so due.

[34/2008]

(5) Any amount reduced under subsection (4) shall be deemed to be tax, duty, interest or penalty paid by the qualifying start-up company under the relevant Act and shall (if it is due under an Act other than this Act) be paid by the Comptroller to the Comptroller of Goods and

Services Tax, the Comptroller of Property Tax or the Commissioner of Stamp Duties, as the case may be.

[34/2008]

(6) For the purposes of sections 14D(2) and 37(3)(*a*), the expenditure and loss incurred by a qualifying start-up company shall be reduced by the amount in respect of which a cash grant has been given to the company under subsection (1).

[34/2008]

(7) Where a qualifying start-up company has not commenced any trade or business, any amount of expenditure in respect of which a cash grant has not been given to that company under subsection (1) shall not qualify for any cash grant under that subsection in any subsequent year of assessment.

[34/2008]

(8) Where a company has received an amount under subsection (1) —

(*a*) without having satisfied all of the requirements in that subsection; or

(*b*) that is in excess of that which may be given to it under this section,

such amount shall be recoverable by the Comptroller from the company as a debt due to the Government.

[34/2008]

(9) The amount recoverable under subsection (8) shall be payable at the place stated in a notice served by the Comptroller on the company within one month after the service of the notice.

[34/2008]

(10) The Comptroller may, in his discretion and subject to such terms and conditions, including the imposition of interest, as he may impose, extend the time limit within which payment is to be made.

[34/2008]

(11) Sections 87(1) and (2), 89(1) to (4) and 90 shall apply to the collection and recovery by the Comptroller of the amount recoverable under subsection (8) and any interest imposed under subsection (10) as they apply to the collection and recovery of tax, and for the purpose of such application, references in section 87(1) to the provisions of

this Act relating to the collection and recovery of tax are references to sections 89(1) to (4) and 90.

[34/2008]

(12) Where the Comptroller has recovered any amount under subsection (8), the amount of the expenditure or loss referred to in subsection (6) shall be increased by an amount determined in accordance with regulations made by the Minister under this subsection, unless disallowed by the Comptroller under subsection (13).

[34/2008]

(13) The Comptroller may disallow the increase under subsection (12) if he is satisfied that the company has —

(*a*) provided the Comptroller with any information or document, in connection with an application under subsection (1), which is false or misleading in a material particular; or

(*b*) made use of any fraud, art or contrivance whatsoever or authorised the use of any such fraud, art or contrivance, in connection with an application under subsection (1).

[34/2008]

(14) In this section —

"first 3 years of assessment", in relation to a qualifying start-up company, means the year of assessment relating to the basis period during which the company is incorporated in Singapore and the 2 consecutive years of assessment immediately following that year of assessment;

"qualifying research and development expenditure" has the same meaning as in section 37G;

"qualifying start-up company" means any company —

(*a*) which is incorporated in Singapore;

(*b*) which has any of its first 3 years of assessment falling within the period from the year of assessment 2009 to the year of assessment 2010 (both years inclusive);

(*c*) which is resident in Singapore for the year of assessment for which the company makes an application under subsection (1); and

(*d*) the total share capital of which is beneficially held directly by no more than 20 shareholders —

(i) all of whom are individuals throughout the basis period for the year of assessment for which the company makes an application under subsection (1); or

(ii) at least one of whom is an individual holding at least 10% of the total number of issued ordinary shares of the company throughout the basis period for the year of assessment for which the company makes an application under subsection (1);

"tax adjusted loss", in relation to a qualifying start-up company, means any loss in its trade or business —

(*a*) which is incurred in the basis period referred to in subsection (1)(*b*);

(*b*) which, had it been a profit, would have been assessable under this Act; and

(*c*) which is not deducted for the year of assessment to which the basis period relates because of insufficiency of statutory income of the qualifying start-up company.

[34/2008; 29/2010]

Cash payout under Productivity and Innovation Credit Scheme

37I.—(1) Subject to this section, where any qualifying person has incurred expenditure —

(*a*) during the basis period relating to the year of assessment 2011 or the year of assessment 2012; or

(*b*) during any quarter of a basis period relating to the year of assessment 2013, the year of assessment 2014, the year of

assessment 2015, the year of assessment 2016, the year of assessment 2017 or the year of assessment 2018,

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

for which a deduction or an allowance is allowable or can be made to him under any of the provisions of this Act mentioned in subsection (2A) (as qualified by that subsection), he may, in lieu of one or more of the deductions or allowances or any part thereof, and in respect of —

(i) the expenditure qualifying for it or them; or

(ii) any part of such expenditure,

(referred to in this section as the selected expenditure) the total amount of which (together with the cash price of any PIC automation equipment or intellectual property rights in respect of which an election under subsection (4A) is made at the same time) is at least $400, make an irrevocable written election for a cash payout computed in accordance with subsection (3) or (4), as the case may be.

[29/2012]

(2) The irrevocable written election under subsection (1) shall —

(*a*) in respect of the year of assessment 2011 or the year of assessment 2012, be made to the Comptroller by the qualifying person at any time after the end of the basis period for that year of assessment but before the expiration of the time the qualifying person must deliver a return of his income for that year of assessment or within such extended time as the Comptroller may allow;

(*b*) in respect of the year of assessment 2013, the year of assessment 2014, the year of assessment 2015, the year of assessment 2016, the year of assessment 2017 or the year of assessment 2018, be made to the Comptroller by the qualifying person at any time after the end of the quarter of the basis period for that year of assessment but before the expiration of the time the qualifying person must deliver a

return of his income for that year of assessment or within such extended time as the Comptroller may allow;

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

[Act 15 of 2016 wef 01/08/2016]

(*ba*) if made on or after 1 August 2016, be made using the electronic service, except that the Comptroller may in any particular case or class of cases permit the election to be made in any other manner; and

[Act 15 of 2016 wef 01/08/2016]

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

[29/2012]

(2A) For the purposes of subsection (1), the provisions of this Act are —

(*a*) section 14 in respect of —

(i) expenditure that falls within the definition of "qualifying training expenditure" under section 14R for which a deduction may be given under that section;

(ii) expenditure that falls within the definition of "qualifying design expenditure" under section 14S for which a deduction may be given under that section;

(iii) expenditure on the leasing of a PIC automation equipment under a qualifying lease for which a deduction may be given under section 14T; or

(iv) expenditure on the licensing from another person of any qualifying intellectual property rights for which a deduction may be given under section 14W;

(*b*) section 14A;

(*c*) section 14D in respect of expenditure that falls within the definition of "qualifying expenditure" under section 14DA;

(*d*) section 14DA;

(*e*) section 14R;

(*f*) section 14S;

(*g*) section 14T;

(*ga*) section 14W;

(*h*) section 19 or 19A(1), (1B), (2), (2A), (2B), (2BAA) or (10), in respect of expenditure incurred on the provision of any PIC automation equipment (including any expenditure that is treated as expenditure incurred on the provision of PIC automation equipment under section 19A(16A)), other than any equipment acquired —

(i) under a hire-purchase agreement signed before the basis period for the year of assessment 2012 with a payment period that spans over 2 or more basis periods; or

(ii) under a hire-purchase agreement signed in the basis period for the year of assessment 2012, the year of assessment 2013, the year of assessment 2014, the year of assessment 2015, the year of assessment 2016, the year of assessment 2017 or the year of assessment 2018;

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

(*i*) section 19B other than —

(i) a writing-down allowance made in a case where the requirement under section 19B(2A) is waived;

(ii) a writing-down allowance made under section 19B(2C);

(iii) a writing-down allowance made in respect of any intellectual property rights acquired under an IPR instalment agreement signed before the basis period for the year of assessment 2012 with a payment period that spans over 2 or more basis periods; or

(iv) a writing-down allowance made in respect of any intellectual property rights acquired under an IPR instalment agreement signed in the basis period for

the year of assessment 2012, the year of assessment 2013, the year of assessment 2014, the year of assessment 2015, the year of assessment 2016, the year of assessment 2017 or the year of assessment 2018; and

[29/2012; 19/2013]

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

(*j*) section 37IC.

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

(3) For the year of assessment 2011 and the year of assessment 2012, the amount of cash payout shall be calculated in accordance with the formula

$$A \times 30\%,$$

where A is —

(*a*) for the year of assessment 2011, the lower of the following:

(i) the amount of the selected expenditure;

(ii) $200,000; and

(*b*) for the year of assessment 2012, the lower of the following:

(i) the amount of the selected expenditure;

(ii) the balance after deducting from $200,000 the lower of the amounts specified in paragraph (*a*)(i) and (ii).

[22/2011]

(3A) In subsection (3), the amount under paragraph (*a*)(ii) shall be substituted with "$100,000" if the person does not carry on any trade, profession or business during the basis period for the year of assessment 2012, and the balance under paragraph (*b*)(ii) shall be substituted with "$100,000" if he does not carry on any trade, profession or business during the basis period for the year of assessment 2011.

[22/2011]

(4) For the year of assessment 2013, the year of assessment 2014, the year of assessment 2015 and the year of assessment 2016, the amount of cash payout for each year of assessment shall be

$$A \times 60\%,$$

where A is the lower of the following:

(*a*) the aggregate amount of selected expenditure for all quarters of the basis period relating to that year of assessment;

(*b*) $100,000.

[29/2012]

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

[Act 15 of 2016 wef 01/08/2016]

(4AA) For the year of assessment 2017, the amount of cash payout is —

(*a*) if the last day of the basis period for that year of assessment is before 1 August 2016, the amount computed in accordance with subsection (4) (as applied with the necessary modifications); or

(*b*) if the last day of the basis period for that year of assessment is on or after 1 August 2016

$$(A \times 60\%) + (B \times 40\%),$$

where A is the lower of the following:

(i) the aggregate amount of selected expenditure for one or more quarters (or part of such quarter) between the first day of the basis period for that year of assessment and 31 July 2016 (both dates inclusive);

(ii) $100,000; and

B is the lower of the following:

(i) the aggregate amount of selected expenditure for one or more quarters (or part of such quarter) between 1 August 2016 and the last day of the basis period for that year of assessment (both dates inclusive);

(ii) the balance after deducting the lower of the amounts specified in paragraphs (i) and (ii) of the definition of A from $100,000.

[Act 15 of 2016 wef 01/08/2016]

(4AB) For the year of assessment 2018, the amount of cash payout is —

(*a*) if the first day of the basis period for that year of assessment is before 1 August 2016, the amount computed in accordance with subsection (4AA)(*b*) (as applied with the necessary modifications); or

(*b*) if the first day of the basis period for that year of assessment is on or after 1 August 2016

$$B \times 40\%,$$

where B is the lower of the following:

(i) the aggregate amount of selected expenditure for all quarters of the basis period for that year of assessment;

(ii) $100,000.

[Act 15 of 2016 wef 01/08/2016]

(4A) Where —

(*a*) a qualifying person has, in the basis period relating to the year of assessment 2012, the year of assessment 2013, the year of assessment 2014, the year of assessment 2015, the year of assessment 2016, the year of assessment 2017 or the year of assessment 2018, signed a hire-purchase agreement to acquire any PIC automation equipment for the purposes of a trade, profession or business carried on by him, or an IPR instalment agreement to acquire any intellectual property rights for use in his trade or business;

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

(*b*) allowances may be made to him under section 19, 19A(1), (2), (2A), (2B) or (2BAA) or 19B for capital expenditure to be incurred under the agreement; and

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

(*c*) the cash price for the equipment or intellectual property rights (together with any selected expenditure referred to in subsection (1) in respect of which an election is made under that subsection at the same time) is at least $400,

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

[29/2012]

(4B) The irrevocable written election under subsection (4A) shall —

(*a*) if the hire-purchase agreement or IPR instalment agreement is signed in the basis period for the year of assessment 2012, be made to the Comptroller by the qualifying person at any time after the end of the basis period but before the expiration of the time the qualifying person must deliver a return of his income for that year of assessment or within such extended time as the Comptroller may allow;

(*b*) if the hire-purchase agreement or IPR instalment agreement is signed in any quarter of the basis period for the year of assessment 2013, the year of assessment 2014, the year of assessment 2015, the year of assessment 2016, the year of assessment 2017 or the year of assessment 2018, be made to the Comptroller by the qualifying person at any time after the end of that quarter but before the expiration of the time the qualifying person must deliver a return of his income for that year of assessment or within such extended time as the Comptroller may allow;

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[Act 15 of 2016 wef 01/08/2016]

(*ba*) if made on or after 1 August 2016, be made using the electronic service, except that the Comptroller may in any

particular case or class of cases permit the election to be made in any other manner; and

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(*c*) be accompanied by such information and supporting documents to be given in such form and manner as the Comptroller may specify.

[29/2012]

(4C) Where an election under subsection (4A) is made, then subsections (3), (4), (4AA) and (4AB) shall apply with the following modifications:

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

(i) the cash price of the PIC automation equipment or intellectual property rights; and

(ii) the expenditure referred to in subsection (1) incurred in that basis period or all the quarters of that basis period (as the case may be), for which a deduction or an allowance is allowable or may be made to him, and in respect of which an election has been made under that subsection;

(*b*) a reference to the amount of selected expenditure or the aggregate amount of selected expenditure for any year of assessment excludes the amount of any capital expenditure made by him under that agreement in the basis period for that year of assessment.

[29/2012]

[Act 15 of 2016 wef 01/08/2016]

(4D) The maximum amount of cash payout for each equipment that is the subject of a hire-purchase agreement, or any intellectual property rights that are the subject of an IPR instalment agreement, is the amount computed under subsection (3), (4), (4AA) or (4AB) (as modified by subsection (4C)), as the case may be, that is attributable to —

(*a*) the cash price of the equipment or rights; or

(*b*) such part of the price of the equipment or rights that the qualifying person elects to be used for computing the cash payout for the year of assessment if the selected expenditure or the aggregate amount of selected expenditure for the cash payout is —

(i) the amount mentioned in subsection (3)(*a*)(ii) in the case of the year of assessment 2011, or subsection (3)(*b*)(ii) in the case of the year of assessment 2012;

(ii) $100,000 in the case of the year of assessment 2013, 2014, 2015 or 2016;

(iii) $100,000 —

(A) in the case of the year of assessment 2017, where the last day of the basis period for that year of assessment is before 1 August 2016; or

(B) in the case of the year of assessment 2018, where the first day of the basis period for that year of assessment is on or after 1 August 2016; or

(iv) the amount mentioned in paragraph (ii) of the definition of A or paragraph (ii) of the definition of B in subsection (4AA)(*b*) —

(A) in the case of the year of assessment 2017, where the last day of the basis period for that year of assessment is on or after 1 August 2016; or

(B) in the case of the year of assessment 2018, where the first day of the basis period for that year of assessment is before 1 August 2016.

[Act 15 of 2016 wef 01/08/2016]

[Act 15 of 2016 wef 01/08/2016]

(4DA) Sub-paragraphs (i) to (iv) of subsection (4D)(*b*) have effect for all cash payouts for the respective years of assessment mentioned in those sub-paragraphs.

[Act 15 of 2016 wef 01/08/2016]

(4DB) In subsections (4C)(*a*)(i) and (4D)(*a*), a reference to the cash price of intellectual property rights is, in a case where the Comptroller has treated the open-market price mentioned in section 19B(10I) as the amount mentioned in section 19B(1C)(*a*)(i) in relation to those rights, a reference to the open-market price.

[Act 34 of 2016 wef 25/03/2016]

(4E) The cash payout under subsection (4A) for each equipment that is the subject of a hire-purchase agreement, or any intellectual property rights that are the subject of an IPR instalment agreement, shall be made to the qualifying person in the following manner:

(*a*) the qualifying person may claim an amount of cash payout for the year of assessment relating to a basis period or a quarter thereof during which he incurred capital expenditure under the agreement for that equipment or those rights;

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

(i) $A \times B$,

where A is the amount of such capital expenditure; and

B is the percentage in the second column of the following table set out opposite the period in the first column of the table:

If the agreement is signed	*Percentage*
In the basis period for the year of assessment 2012	30%

In the basis period for the year of assessment 2013, 2014, 2015 or 2016	60%
On or before 31 July 2016 in the basis period for the year of assessment 2017 or 2018	60%
On or after 1 August 2016 in the basis period for the year of assessment 2017 or 2018	40%

[Act 15 of 2016 wef 01/08/2016]

(ii) the maximum amount referred to in subsection (4D) after deducting any cash payout made earlier for that equipment or those rights under this subsection;

(*c*) no cash payout may be made for that equipment or those rights if the amount referred to in paragraph (*b*)(ii) is zero;

(*d*) each claim shall be made in such form and be accompanied by such information and supporting document relating to the capital expenditure as the Comptroller may specify; and

(*e*) for the avoidance of doubt, a claim may be made for any year of assessment after the year of assessment 2018.

[29/2012]

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

(5) For the purposes of subsections (1), (3), (4), (4AA), (4AB) and (4A), an individual carrying on one or more trades, professions or businesses through 2 or more firms (excluding partnerships) must not be granted a cash payout that exceeds the amount computed in accordance with subsection (3), (4), (4AA) or (4AB) (as the case may be).

[Act 15 of 2016 wef 01/08/2016]

(6) [*Deleted by Act 19 of 2013*]

(7) Where a qualifying person has elected for a cash payout in lieu of a deduction or an allowance under section 14A, 19, 19A(1), (1B), (2), (2A), (2B), (2BAA) or (10) or 19B, the election so made shall be treated as having been made on the full amount of the expenditure qualifying for such deduction or allowance and incurred on —

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

(*b*) the provision of each PIC automation equipment; or

(*c*) the acquisition of each intellectual property right,

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

[29/2010; 22/2011]

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

(8) Notwithstanding subsections (1), (4A) and (7), where a qualifying person has incurred capital expenditure —

(*a*) on the provision of any PIC automation equipment for the purpose of leasing such equipment; or

(*b*) in acquiring any intellectual property rights in any software for the purpose of licensing all or any part of those rights,

he shall not be allowed to exercise an election under subsection (1) or (4A) in respect of such expenditure.

[22/2011; 29/2012]

(8A) Where a qualifying person incurs capital expenditure during the basis period for the year of assessment 2016 or a subsequent year of assessment on the provision of any PIC automation equipment, he shall only be allowed to make an election under subsection (1) or (4A) in respect of that expenditure if he proves to the satisfaction of the Comptroller that the PIC automation equipment is in use for the purposes of his trade, profession or business.

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(8B) The Comptroller may, subject to such conditions as he may impose, waive the application of subsection (8A) if he is satisfied that there is a reasonable cause for the PIC automation equipment not

being in use for the purposes of the person's trade, profession or business.

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

(9) No part of the amount of any expenditure referred to in subsection (7) for which an election is made or treated as having been made under subsection (1) or (4A) shall be eligible for a deduction or an allowance against the income of the qualifying person for any year of assessment.

[29/2012]

(9A) [*Deleted by Act 29 of 2012*]

(10) Where a cash payout has been made under this section in lieu of —

(*a*) a deduction under section 14A and the intellectual property rights or the application for the registration or grant of the rights for which the deduction is made is sold, transferred or assigned within one year from the date of filing of the application for the registration or grant of such rights; or

(*b*) an allowance under section 19 or 19A(1), (1B), (2), (2A), (2B), (2BAA) or (10) and the PIC automation equipment for which the allowance is made is sold, transferred, assigned or leased out within one year from the provision of such PIC automation equipment,

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the following provisions shall apply:

(i) the qualifying person shall give notice in writing to the Comptroller of such sale, transfer, assignment or lease in the manner specified by the Comptroller within 30 days from the date of such sale, transfer, assignment or lease;

(ii) the cash payout in respect of the intellectual property rights, the application for the registration or grant of such rights, or the PIC automation equipment shall be recoverable by the Comptroller from the qualifying person as a debt due to the Government; and

(iii) in the case of a PIC automation equipment that is the subject of a hire-purchase agreement, no cash payout shall

be made to the qualifying person for any capital expenditure under the agreement incurred in the basis period or the quarter thereof (as the case may be) in which the sale, transfer, assignment or lease occurs and for any subsequent basis period or quarter thereof.

[29/2010; 22/2011; 29/2012]

(10A) The Minister, or such person he may appoint, may waive the application of subsection (10) in respect of an event referred to in paragraph (*b*) of that subsection in the same circumstances as those referred to in section 19A(2HA).

[29/2010; 22/2011]

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

(*a*) the intellectual property rights for which the writing-down allowance is made come to an end without being subsequently revived;

(*b*) all or any part of the intellectual property rights for which the writing-down allowance is made are sold, transferred or assigned;

(*c*) the qualifying person permanently ceases to carry on the trade or business for which the intellectual property rights are used;

(*d*) all or any part of the intellectual property rights in any software for which the writing-down allowance is granted are licensed to another,

then the following provisions shall apply:

(i) the qualifying person shall give notice in writing to the Comptroller of such event in the manner specified by the Comptroller within 30 days from the date of such event; and

(ii) an amount computed in accordance with the following formula shall be recoverable by the Comptroller from the qualifying person as a debt due to the Government:

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

[29/2010; 22/2011; 29/2012]

(11A) Where —

(*a*) an election has been made under subsection (4A) for a cash payout in lieu of a writing-down allowance under section 19B; and

(*b*) any of the events referred to in subsection (11)(*a*) to (*d*) occurs within 5 years from the acquisition of the intellectual property rights,

then the following provisions shall apply:

(i) the qualifying person shall give notice in writing to the Comptroller of such event in the manner specified by the Comptroller within 30 days from the date of such event;

(ii) where any amount of the cash payout has been made to the qualifying person before the occurrence of the event, an amount computed in accordance with the formula in subsection (11)(ii) shall be recoverable by the Comptroller from the qualifying person as a debt due to the Government;

(iii) for the purposes of paragraph (ii), the reference in the formula to the amount of cash payout is a reference to the total amount of the cash payout that has been made to the qualifying person before the occurrence of the event;

(iv) the amount of the cash payout that may be made to the qualifying person for the basis period or a quarter thereof (as the case may be) in which the event occurs and thereafter shall, instead of the amount computed in accordance with subsection (4E)(*b*), be an amount computed in accordance with the following formula:

$$\text{Cash payout computed in accordance with subsection } (4E)(b) \times \frac{\text{Number of complete years the intellectual property rights were held by the qualifying person}}{5}$$

[29/2012]

(12) Where any tax, duty, interest or penalty is due under this Act, the Goods and Services Tax Act (Cap. 117A), the Property Tax Act (Cap. 254) or the Stamp Duties Act (Cap. 312) by the qualifying person to the Comptroller of Income Tax, the Comptroller of Goods and Services Tax, the Comptroller of Property Tax or the Commissioner of Stamp Duties, the amount of cash payout made by the Comptroller to the qualifying person shall be reduced by the amount so due.

[29/2010]

(13) Any amount reduced under subsection (12) shall be deemed to be tax, duty, interest or penalty paid by the qualifying person under the relevant Act and shall (if it is due under an Act other than this Act) be paid by the Comptroller to the Comptroller of Goods and Services Tax, the Comptroller of Property Tax or the Commissioner of Stamp Duties, as the case may be.

[29/2010]

(14) If an election has been made under subsection (1) or (4A) in respect of an amount of expenditure qualifying for a deduction or an allowance under section 14, 14A(1), 14D, 14DA(1), 19, 19A(1), (1B), (2) or (10) or 19B(1) or (1AA), the amount of expenditure qualifying for the deduction or allowance under that provision shall, notwithstanding anything in that provision, be reduced by the first-mentioned amount.

[22/2011; 29/2012]

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

[Act 34 of 2016 wef 25/03/2016]

(14A) If an election has been made under subsection (1) or (4A) in respect of an amount of expenditure qualifying for a deduction or allowance under section 14A(1A), (1B) or (1BA), 14DA(2), 14R, 14S, 14T, 14W, 19A(2A), (2B) or (2BAA) or 19B(1A), (1B) or

(1BAA), the amount of expenditure qualifying for the deduction or allowance under that provision shall, notwithstanding anything in that provision, not exceed the difference between —

(*a*) the maximum amount of expenditure in respect of which the deduction or allowance may be allowed or made under that provision for the year of assessment in question; and

(*b*) the first-mentioned amount.

[22/2011; 29/2012; 19/2013]

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

(15) Where a qualifying person has received a cash payout under subsection (1) or (4A) —

(*a*) in respect of any expenditure that is subsequently found not to qualify for the allowance or deduction under the relevant provision of this Act mentioned in subsection (2A) or (4A);

(*b*) without having satisfied all of the requirements in this section (excluding the requirements in subsections (10) and (11)) for the payout; or

(*c*) that is in excess of that which may be given to it under this section,

the amount of the cash payout or the excess amount of the cash payout, as the case may be, shall be recoverable by the Comptroller from the qualifying person as a debt due to the Government.

[29/2010; 22/2011; 29/2012]

(16) The amount to be repaid under subsection (10), (11), (11A) or (15) shall be payable at the place stated in the notice served by the Comptroller on the qualifying person within 30 days after the service of the notice.

[29/2010; 19/2013]

(17) The Comptroller may, in his discretion and subject to such terms and conditions as he may impose, extend the time limit within which payment under subsection (16) is to be made.

[29/2010]

(18) Sections 86(1) to (6), 87(1) and (2), 89, 90 and 91 shall apply to the collection and recovery by the Comptroller of the amounts

recoverable under subsections (10), (11), (11A) and (15) as they apply to the collection and recovery of tax.

[29/2010; 19/2013]

(19) Unless disallowed by the Comptroller under subsection (20), where the Comptroller has recovered any amount under subsection (15)(*b*) or (*c*), the amount of the relevant expenditure mentioned in subsection (14) or (14A) is to be increased by an amount determined in accordance with the formula

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

where A is the amount recovered by the Comptroller under subsection (15)(*b*) or (*c*); and

B is the percentage in the second column of the following table if the amount recovered is for a cash payout for —

(*a*) expenditure incurred;

(*b*) equipment acquired under a hire-purchase agreement signed; or

(*c*) intellectual property rights acquired under an IPR instalment agreement signed,

in the period set out opposite in the first column of the table:

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When the expenditure was incurred, or the hire-purchase agreement or IPR instalment agreement was signed	*Percentage*
In the basis period for the year of assessment 2011 or 2012	30%
In the basis period for the year of assessment 2013, 2014, 2015 or 2016	60%
On or before 31 July 2016 in the basis period for the year of assessment 2017 or 2018	60%

On or after 1 August 2016 in the basis period for the year of assessment 2017 or 2018	40%

(20) The Comptroller may disallow the increase under subsection (19) if he is satisfied that the qualifying person has —

(*a*) provided the Comptroller with any information or document, in connection with an election under subsection (1) or (4A), which is false or misleading in a material particular;

(*b*) omitted any material particular from any information or document given in connection with an election under subsection (1) or (4A);

(*c*) prepared or maintained or authorised the preparation or maintenance of any false books of account or other records or falsified or authorised the falsification of any books of account or records in connection with an election under subsection (1) or (4A); or

(*d*) made use of any fraud, art or contrivance whatsoever or authorised the use of such fraud, art or contrivance, in connection with an election under subsection (1) or (4A).

[29/2010; 29/2012]

(21) In this section —

"cash price" —

(*a*) in relation to any PIC automation equipment that is the subject of a hire-purchase agreement, means the price (including capital expenditure incurred on alterations to an existing building incidental to the installation of the equipment but excluding any finance charges) at which the qualifying person in question might have purchased the equipment for cash at the time of the signing of the agreement; or

(*b*) in relation to any intellectual property rights that are the subject of an IPR instalment agreement, means the price at which the qualifying person in question

might have purchased those rights for cash at the time of the signing of the agreement;

"central hirer" and "central hiring arrangement" have the same meanings as in section 14R(6);

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

"local employee", in relation to a qualifying person who elects for a cash payout under subsection (1) or (4A), means any Singapore citizen or Singapore permanent resident, but excludes —

(*a*) a shareholder who is also a director of the qualifying person if the qualifying person is a company within the meaning of section 4 of the Companies Act (Cap. 50); and

(*b*) a partner under a contract for service of the qualifying person if the qualifying person is a partnership;

"local person", in relation to a qualifying person who elects for a cash payout under subsection (1) or (4A), means any citizen or permanent resident of Singapore, but excludes —

(*a*) a shareholder who is also a director of the qualifying person if the qualifying person is a company within the meaning of section 4 of the Companies Act (Cap. 50); and

(*b*) a partner under a contract for service of the qualifying person if the qualifying person is a partnership;

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"PIC automation equipment" has the same meaning as in section 19A;

"qualifying person" means any company or firm (including a partnership) that —

(*a*) carries on a trade, profession or business in Singapore; and

(*b*) employs and makes contributions to the Central Provident Fund in respect of not less than 3 local employees based on the payroll for —

(i) in the case of the basis period for the year of assessment 2011 or the year of assessment 2012, the last month (or such other month as the Comptroller may determine) of the basis period;

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(ii) in the case of a quarter of the basis period for the year of assessment 2013, the year of assessment 2014 or the year of assessment 2015, the last month of the quarter; and

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(iii) in the case of a quarter of the basis period, for the year of assessment 2016, the year of assessment 2017 or the year of assessment 2018, all 3 months of the quarter;

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

"quarter", in relation to a basis period, means a period of 3 months beginning with —

(*a*) the first month of the basis period;

(*b*) the 4th month of the basis period;

(*c*) the 7th month of the basis period; or

(*d*) the 10th month of the basis period,

or any of several non-overlapping periods within the basis period as the Comptroller may specify for the qualifying person;

[29/2010; 22/2011; 29/2012]

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

"related parties" has the same meaning as in section 13(16).

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

(21A) For the purpose of paragraph (*b*)(ii) and (iii) of the definition of "qualifying person" in subsection (21), the reference to a local employee of a qualifying person based on the qualifying person's

payroll for any part of the basis period for the year of assessment 2014 or a subsequent year of assessment, includes a reference to —

(*a*) a local person —

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

(ii) who is deployed to work solely for the qualifying person in that part of the basis period;

(iii) who is on the payroll of the central hirer or the qualifying person for that part of the basis period; and

(iv) whose salary and other remuneration (including training expenditure incurred in respect of the person) for that part of the basis period is borne, directly or indirectly, by the qualifying person; and

(*b*) a local person —

(i) who, being an employee of another person (referred to in this subsection and subsection (21B) as the employer), is seconded to the qualifying person under a bona fide commercial arrangement to work solely for the qualifying person in that part of the basis period;

(ii) who is on the payroll of the employer or the qualifying person for that part of the basis period; and

(iii) whose salary and other remuneration (including training expenditure incurred in respect of the person) for that part of the basis period is borne, directly or indirectly, by the qualifying person,

and the local person shall be treated as employed by the qualifying person for the purpose of paragraph (*b*) of the definition.

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

(21B) In determining whether the central hirer or employer referred to in subsection (21A) satisfies the definition of "qualifying person"

in subsection (21), the person referred to in subsection (21A)(*a*) or (*b*) shall not be treated as being employed by the central hirer or the employer based on the payroll of the central hirer or employer for the part of the basis period referred to in subsection (21A).

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

(21C) In subsections (7), (8), (8A), (8B) and (10), a reference to expenditure incurred on the provision of a PIC automation equipment includes a reference to expenditure incurred on the provision of a website for the purposes of a trade, profession or business, and a reference to PIC automation equipment includes a reference to such a website.

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

(21D) To avoid doubt, where the Comptroller has treated the open-market price mentioned in section 19B(10E) as the capital expenditure incurred for the acquisition of intellectual property rights, then the reference in this section to selected expenditure, insofar as it relates to that capital expenditure, is a reference to such open-market price.

[Act 34 of 2016 wef 25/03/2016]

(22) The Comptroller may allow an election under subsection (1) or (4A), or both, to be made in respect of 2 or more consecutive quarters of the basis period for the year of assessment 2013, the year of assessment 2014, the year of assessment 2015, the year of assessment 2016, the year of assessment 2017 or the year of assessment 2018, and for that purpose —

(*a*) the reference in the definition of "qualifying person" in subsection (21) to the last month of a quarter shall be read as a reference to the last month of the combined consecutive quarters or, if the election is in respect of the entire basis period, the last month of the basis period or such other month as the Comptroller may determine;

(*aa*) the reference in sub-paragraph (*b*)(iii) of the definition of "qualifying person" in subsection (21) to all 3 months of the quarter shall be read as a reference to the last 3 months of the combined consecutive quarters or such other months as the Comptroller may determine or, if the election is in respect of the entire basis period, the last 3 months of the

basis period or such other months as the Comptroller may determine;

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(*b*) the requirement under subsection (1) or (4A), or both (as the case may be) that the expenditure and cash price for a quarter of a basis period must be at least $400 shall be applied to all the expenditure or cash price, or both (as the case may be), for the combined consecutive quarters for which he intends to make the election; and

(*c*) the reference in subsection (2) or (4B), or both (as the case may be), to the end of a quarter shall be read as a reference to the end of the combined consecutive quarters.

[29/2012]

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

Productivity and Innovation Credit bonus

37IA.—(1) For each of the years of assessment 2013, 2014 and 2015, a person, being a company or firm (including a partnership) (referred to in this section as an eligible person), shall be entitled to be given an amount in cash (referred to in this section as the Productivity and Innovation Credit Scheme bonus or PIC bonus) if the Comptroller is satisfied, based on the return of his income for that year of assessment and other information available to the Comptroller, that —

(*a*) the person has incurred during the basis period for the year of assessment PIC expenditure of at least $5,000 in total;

(*b*) he is carrying on a trade, profession or business in Singapore; and

(*c*) he employed and made contributions to the Central Provident Fund in respect of at least 3 local employees based on the payroll for the last month (or such other month as the Comptroller may determine) of the basis period.

[19/2013]

(2) The amount of the PIC bonus to be given to the eligible person for any year of assessment shall be the lower of the following:

(*a*) the amount of PIC expenditure incurred by him during the basis period for that year of assessment;

(*b*) $15,000 less any PIC expenditure incurred by him during the basis period or periods for the other year or years of assessment (whether earlier or later than the first-mentioned basis period) for which he has already been given the PIC bonus.

[19/2013]

(3) Notwithstanding subsection (1), the eligible person shall be entitled to be given the PIC bonus for the year of assessment 2013, 2014 or 2015 before the expiration of the time he must deliver the return of his income for that year of assessment, if he has made an election under section 37I for a cash payout in respect of PIC expenditure incurred for a period comprising the whole or a part of the basis period for the year of assessment (referred to in this section as the elected period), and the Comptroller is satisfied, based on information given by the person pursuant to the election and other information available to the Comptroller, that —

(*a*) the person has incurred PIC expenditure of at least $5,000 in total from the beginning of the basis period to the end of the elected period;

(*b*) the person is a qualifying person within the meaning of section 37I in respect of the elected period; and

(*c*) the person is carrying on a trade, profession or business in Singapore.

[19/2013]

(4) The amount of the PIC bonus to be given to the eligible person under subsection (3) shall be the lower of the following:

(*a*) an amount that corresponds to the PIC expenditure incurred from the beginning of the basis period to the end of the elected period, less any expenditure incurred in that period for which he has already been given the PIC bonus;

(*b*) $15,000 less any PIC expenditure incurred by him during the basis period or periods for the other year or years of

assessment (whether earlier or later than the first-mentioned basis period) for which he has already been given the PIC bonus.

[19/2013]

(5) Where —

(*a*) one or more payments of the PIC bonus for a year of assessment has been made to an eligible person under subsection (3); and

(*b*) as of the date the eligible person delivers the return of his income for that year of assessment, he has not been given the maximum amount of the PIC bonus which he may be given under subsection (2) for that year of assessment,

then he shall be entitled to be given the balance of the PIC bonus in respect of any PIC expenditure incurred in the basis period for the year of assessment for which no PIC bonus has been given, if the Comptroller is satisfied, based on the return and other information available to the Comptroller, that the person —

(i) is carrying on a trade, profession or business in Singapore; and

(ii) employed and made contributions to the Central Provident Fund in respect of at least 3 local employees based on the payroll for the last month (or such other month as the Comptroller may determine) of the basis period.

[19/2013]

(5A) For the purpose of subsections (1)(*c*) and (5)(ii), a reference to a local employee of an eligible person based on the eligible person's payroll for any part of the basis period for the year of assessment 2014 or a subsequent year of assessment, includes a reference to —

(*a*) a local person —

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

(ii) who is deployed to work solely for the eligible person in that part of the basis period;

(iii) who is on the payroll of the central hirer or the eligible person for that part of the basis period; and

(iv) whose salary and other remuneration (including training expenditure incurred in respect of the person) for that part of the basis period is borne, directly or indirectly, by the eligible person; and

(*b*) a local person —

(i) who, being an employee of another person (referred to in this subsection and subsection (5B) as the employer), is seconded to the eligible person under a bona fide commercial arrangement to work solely for the eligible person in that part of the basis period;

(ii) who is on the payroll of the employer or the eligible person for that part of the basis period; and

(iii) whose salary and other remuneration (including training expenditure incurred in respect of the person) for that part of the basis period is borne, directly or indirectly, by the eligible person,

and the local person shall be treated as employed by the eligible person for the purpose of those provisions.

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(5B) In determining whether the central hirer or employer referred to in subsection (5A) satisfies subsection (1)(*c*) or (5)(ii), the person referred to in subsection (5A)(*a*) or (*b*) shall not be treated as being employed by the central hirer or the employer based on the payroll of the central hirer or employer for the part of the basis period referred to in subsection (5A).

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(6) For the purposes of this section, an individual carrying on one or more trades, professions or businesses through 2 or more firms (excluding partnerships) shall not be given a PIC bonus for any year of assessment that exceeds the amount computed in accordance with subsection (2) for that year of assessment.

[19/2013]

(7) Notwithstanding subsections (1), (3) and (5), no PIC bonus may be given in respect of —

(*a*) any qualifying intellectual property registration costs under section 14A relating to any intellectual property rights or any application for the registration or grant of such rights, if the rights or application have or has been sold, transferred or assigned within one year from the date of filing of the application for the registration or grant of those rights;

(*b*) any capital expenditure on the provision of any PIC automation equipment —

(i) if it has been sold, transferred, assigned or leased out within one year from the date of provision; and

(ii) a waiver under section 19A(2HA) (in the case of subsection (1) or (5)) or 37I(10A) (in the case of subsection (3)) has not been granted in respect of the sale, transfer, assignment or lease; and

(*c*) any capital expenditure on the acquisition of any intellectual property rights if any of the following has occurred within one year from the date of acquisition:

(i) the intellectual property rights have come to an end without being subsequently revived;

(ii) all or any part of the intellectual property rights have been sold, transferred or assigned;

(iii) the eligible person has permanently ceased to carry on the trade or business for which the intellectual property rights were used;

(iv) all or any part of the intellectual property rights in any software have been licensed to another.

[19/2013]

(8) Where a PIC bonus has been given to an eligible person in respect of —

(*a*) qualifying intellectual property registration costs under section 14A relating to any intellectual property rights or

any application for the registration or grant of such rights, and the rights or application are or is sold, transferred or assigned within one year from the date of filing of the application for the registration or grant of those rights; or

(*b*) capital expenditure on the provision of any PIC automation equipment and that equipment is sold, transferred, assigned or leased out within one year from the date of provision,

then all of the following provisions shall apply:

(i) the eligible person shall give notice in writing to the Comptroller of such event in the manner specified by the Comptroller within 30 days from the date of such event;

(ii) the PIC bonus given for the PIC expenditure in respect of the application for the registration or grant of intellectual property rights or the PIC automation equipment, shall be recoverable by the Comptroller from the person as a debt due to the Government;

(iii) where the PIC automation equipment is the subject of a hire-purchase agreement, no PIC bonus shall be given to the person for any PIC expenditure under the agreement incurred in the basis period in which the event occurs and for any subsequent basis period thereof.

[19/2013]

(8A) For the purposes of subsections (7) and (8), a reference to capital expenditure on the provision of any PIC automation equipment includes a reference to capital expenditure on the provision of a website for the purposes of a trade, profession or business, and a reference to PIC automation equipment includes a reference to such a website.

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(9) The Minister, or such person as he may appoint, may waive the application of subsection (8) in respect of an event referred to in paragraph (*b*) of that subsection in the same circumstances as those referred to in section 19A(2HA).

[19/2013]

(10) Where a PIC bonus has been given to an eligible person in respect of capital expenditure on the acquisition of any intellectual

property rights and any of the following occurs within 5 years from the date of acquisition:

(*a*) the intellectual property rights come to an end without being subsequently revived;

(*b*) all or any part of the intellectual property rights are sold, transferred or assigned;

(*c*) the person permanently ceases to carry on the trade or business for which the intellectual property rights are used;

(*d*) all or any part of the intellectual property rights in any software are licensed to another,

then both of the following provisions shall apply:

(i) the person shall give notice in writing to the Comptroller of such event in the manner specified by the Comptroller within 30 days from the date of such event;

(ii) an amount computed in accordance with the following formula shall be recoverable by the Comptroller from the person as a debt due to the Government:

$$\text{Amount of PIC bonus} \times \frac{\left(\begin{array}{c}5 - \text{Number of complete years}\\ \text{the intellectual property rights}\\ \text{were held by the person}\end{array}\right)}{5}.$$

[19/2013]

(11) Where a PIC bonus has been given to an eligible person in respect of capital expenditure on the acquisition of any intellectual property rights under an IPR instalment agreement and any of the events in subsection (10)(*a*) to (*d*) occurs within 5 years from the date of acquisition of the intellectual property rights, then all the following provisions shall apply:

(*a*) the person shall give notice in writing to the Comptroller of such event in the manner specified by the Comptroller within 30 days from the date of such event;

(*b*) where any amount of the PIC bonus has been given to the person before the occurrence of the event, an amount computed in accordance with the formula in subsection (10)(ii) shall be recoverable by the Comptroller from the person as a debt due to the Government;

(*c*) for the purpose of paragraph (*b*), the reference in the formula to the amount of PIC bonus is a reference to the total amount of the PIC bonus that has been given to the person before the occurrence of the event;

(*d*) the amount of the PIC bonus that may be given to the person in respect of those intellectual property rights for the basis period or elected period (as the case may be) in which the event occurs and thereafter shall be the part of the PIC bonus that corresponds to the intellectual property rights multiplied by the following:

$$\frac{\left(\begin{array}{c}\text{Number of complete years the intellectual}\\ \text{property rights were held by the person}\end{array}\right)}{5}.$$

[19/2013]

(12) Where any tax, duty, interest or penalty is due under this Act, the Goods and Services Tax Act (Cap. 117A), the Property Tax Act (Cap. 254) or the Stamp Duties Act (Cap. 312) by an eligible person to the Comptroller, the Comptroller of Goods and Services Tax, the Comptroller of Property Tax or the Commissioner of Stamp Duties, the amount of PIC bonus that may be given by the Comptroller to him shall be reduced by the amount so due.

[19/2013]

(13) Any amount reduced under subsection (12) shall be deemed to be tax, duty, interest or penalty paid by the eligible person under the relevant Act and shall (if it is due under an Act other than this Act) be paid by the Comptroller to the Comptroller of Goods and Services Tax, the Comptroller of Property Tax or the Commissioner of Stamp Duties, as the case may be.

[19/2013]

(14) Where an eligible person has received a PIC bonus —

(*a*) in respect of any expenditure that is subsequently found not to qualify for the deduction or allowance under the relevant PIC provision;

(*b*) without having satisfied all of the requirements in this section for the PIC bonus; or

(*c*) that is in excess of that which may be given to him under this section,

the amount of the PIC bonus or the excess amount of the PIC bonus, as the case may be, shall be recoverable by the Comptroller from the person as a debt due to the Government.

[19/2013]

(15) The amounts to be repaid under subsections (8), (10), (11) and (14) shall be payable at the place stated in the notice served by the Comptroller on the eligible person within 30 days after the service of the notice.

[19/2013]

(16) The Comptroller may, in his discretion and subject to such terms and conditions as he may impose, extend the time limit within which payment under subsection (15) is to be made.

[19/2013]

(17) Sections 86(1) to (6), 87(1) and (2), 89, 90 and 91 shall apply to the collection and recovery by the Comptroller of the amounts recoverable under subsections (8), (10), (11) and (14) as they apply to the collection and recovery of tax.

[19/2013]

(18) In this section —

"IPR instalment agreement" has the same meaning as in section 37I(21);

"local employee", in relation to an eligible person, means any Singapore citizen or Singapore permanent resident, but excludes —

(*a*) a shareholder who is also a director of the eligible person if the eligible person is a company within the

meaning of section 4 of the Companies Act (Cap. 50); and

(*b*) a partner under a contract for service of the eligible person if the eligible person is a partnership;

"local person", in relation to an eligible person, means any citizen or permanent resident of Singapore, but excludes —

(*a*) a shareholder who is also a director of the eligible person if the eligible person is a company within the meaning of section 4 of the Companies Act (Cap. 50); and

(*b*) a partner under a contract for service of the eligible person if the eligible person is a partnership;

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"PIC automation equipment" has the same meaning as in section 19A(15);

"PIC provision" means any of the provisions of this Act in the second column of the table in the definition of "PIC expenditure";

"Productivity and Innovation Credit Scheme expenditure" or "PIC expenditure", in relation to an eligible person who incurs the expenditure, means any of the expenditure in the first column of the following table for which a deduction or an allowance may be allowed or made to him under the provision of this Act that corresponds to it in the second column of the table:

	Expenditure	*Provision of Act*
(*a*)	Qualifying intellectual property registration costs as defined in section 14A	Section 14A(1B)
(*b*)	Qualifying expenditure as defined in section 14DA	Section 14DA(2)
(*c*)	Qualifying training expenditure as defined in section 14R	Section 14R(2)

Expenditure	*Provision of Act*
(*d*) Qualifying design expenditure as defined in section 14S	Section 14S(2)
(*e*) Expenditure on the leasing of any PIC automation equipment, or procuring of cloud computing services as defined in section 14T	Section 14T(2)
(*f*) Expenditure on the licensing from another of any intellectual property rights	Section 14W(1)
(*g*) Capital expenditure on the provision of any PIC automation equipment (including any expenditure that is treated as expenditure incurred on the provision of PIC automation equipment under section 19A(16A))	Section 19A(2B)
(*h*) Capital expenditure on acquiring any intellectual property rights	Section 19B(1B).

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[19/2013]

Modification of sections 37I and 37IA in their application to partnership

37IB.—(1) A reference to a qualifying person in section 37I (including the person who has to satisfy the conditions for a cash payout), and a reference to an eligible person in section 37IA (including the person who has to satisfy the conditions for the PIC bonus) shall in each case, where the person is a partnership, be a reference to the partnership; except that a reference in those sections to any deduction or allowance that may be allowed or made to a

qualifying person or an eligible person under a provision of this Act, is a reference to such deduction or allowance that may be allowed or made to all of the partners of the partnership.

[19/2013]

(2) In subsection (1) —

"cash payout" means a payment under section 37I;

"PIC bonus" means a payment under section 37IA.

[19/2013]

Enhanced deduction or allowance under Productivity and Innovation Credit Plus Scheme

37IC.—(1) A person who —

(*a*) during the basis period for the year of assessment 2015, 2016, 2017 or 2018, has incurred any expenditure mentioned in the first column of the following table;

(*b*) is a qualifying person for that year of assessment within the meaning of the regulations made under subsection (3); and

(*c*) has made an application in accordance with subsection (2),

shall be entitled to an enhanced deduction or allowance under the provision in the second column (in the case of the year of assessment 2015) or the third column (in the case of any of the other years of assessment) of the table that corresponds to that expenditure, computed in accordance with the regulations made under subsection (3):

First column	*Second column*	*Third column*
Expenditure	*Year of assessment 2015*	*Year of assessment 2016, 2017 or 2018*
1. Qualifying intellectual property registration costs as defined in section 14A	Section 14A(1B)	Section 14A(1BA)

First column	*Second column*	*Third column*
Expenditure	*Year of assessment 2015*	*Year of assessment 2016, 2017 or 2018*
2. Qualifying expenditure as defined in section 14DA	Section 14DA(2)	Section 14DA(2)
3. Qualifying training expenditure as defined in section 14R	Section 14R(2)	Section 14R(2A)
4. Qualifying design expenditure as defined in section 14S	Section 14S(2)	Section 14S(2AA)
5. Expenditure on the leasing of any PIC automation equipment, or procuring of cloud computing services as defined in section 14T	Section 14T(2)	Section 14T(2A)
6. Expenditure on the licensing from another of any qualifying intellectual property rights	Section 14W(1)	Section 14W(4)

First column *Expenditure*	*Second column* *Year of assessment 2015*	*Third column* *Year of assessment 2016, 2017 or 2018*
as defined in section 14W		
7. Capital expenditure on the provision of any PIC automation equipment (including any capital expenditure treated as capital expenditure incurred on the provision of PIC automation equipment under section 19A (16A))	Section 19A(2B)	Section 19A(2BAA)
8. Capital expenditure on acquiring any intellectual property rights	Section 19B(1B)	Section 19B(1BAA)

(2) The application under subsection (1)(*c*) —

(*a*) shall be made to the Comptroller at the time of lodgment by the qualifying person of the return of income for that year of assessment or within such extended time as the Comptroller may allow; and

(*b*) shall be accompanied by such information and supporting document, given in such form and manner, as the Comptroller may specify.

(3) The Minister may make regulations —

(*a*) to define a qualifying person for each year of assessment for the purposes of subsection (1);

(*b*) to provide for the computation of the amount of the enhanced deduction or allowance under that subsection; and

(*c*) to make provisions generally for giving effect to or for carrying out the purposes of this section.

(4) All regulations made under subsection (3) shall be presented to Parliament as soon as possible after publication in the *Gazette*.

(5) To avoid doubt, an enhanced deduction or allowance referred to in subsection (1) is a deduction or allowance under the applicable provision under the second or third column of the table in that subsection, and the provisions of section 14A, 14DA, 14R, 14S, 14T, 14W, 19A or 19B (whichever is applicable) shall apply to the deduction or allowance.

(6) In this section, "person" means a company or firm (including a partnership).

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Abusive PIC arrangements

37ID.—(1) Notwithstanding the provisions of this Act, the Comptroller may disallow an amount referred to in subsection (2) of a claim for —

(*a*) a PIC enhanced deduction; or

(*b*) a PIC cash payout,

and disallow the payment of an amount referred to in subsection (2) of a PIC bonus based on that claim, if the Comptroller has reasonable grounds to suspect that the claim arises from an abusive PIC arrangement.

(2) The amount of the PIC enhanced deduction, PIC cash payout or PIC bonus that may be disallowed under subsection (1) is the amount resulting from the PIC arrangement being abusive as defined under subsection (10).

(3) Notwithstanding the provisions of this Act, the amount referred to in subsection (4) of a PIC cash payout or PIC bonus paid to a person that was based on a claim that arose from an abusive PIC arrangement shall be recoverable by the Comptroller from the person as a debt due to the Government.

(4) The amount of the PIC cash payout or PIC bonus that is recoverable under subsection (3) is the amount resulting from the PIC arrangement being abusive as defined under subsection (10).

(5) The amount that is recoverable under subsection (3) shall be payable at the place stated in the notice served by the Comptroller on the person within 30 days after the service of the notice.

(6) The Comptroller may, in his discretion, and subject to such terms and conditions as he may impose, extend the time within which payment under subsection (3) is to be made.

(7) Sections 86(1) to (6), 87(1) and (2), 89, 90 and 91 shall apply to the collection and recovery by the Comptroller of the amount recoverable under subsection (3) as they apply to the collection and recovery of tax.

(8) In this section, an arrangement is a PIC arrangement if the obtaining of a PIC cash payout, PIC bonus or PIC enhanced deduction, or a higher amount of a PIC cash payout, PIC bonus or PIC enhanced deduction, was the purpose or one of the purposes of the arrangement (referred to in this section as the relevant purpose).

(9) In this section, a PIC arrangement is abusive if —

(*a*) it consists or makes use of one or more artificial, contrived or fraudulent steps that is intended to achieve the relevant purpose;

(*b*) the arrangement results in the consideration paid or payable for the property or services in question being of a greater value than the open market value of the property

or services, and there is no bona fide commercial reason for the difference in the values apart from the relevant purpose; or

(*c*) in any other case, there is no bona fide commercial reason for entering into the arrangement or a transaction forming part of the arrangement apart from the relevant purpose.

(10) In this section, the amount of PIC enhanced deduction, PIC cash payout or PIC bonus resulting from a PIC arrangement being abusive is —

(*a*) if the arrangement is abusive by reason of subsection (9)(*a*), the amount that results or has resulted from the use of the artificial, contrived or fraudulent step or steps, excluding any amount the person concerned is entitled to if the step or steps had not been used;

(*b*) if the arrangement is abusive by reason of subsection (9)(*b*), the amount that corresponds to the difference in the values mentioned in that provision; or

(*c*) if the arrangement is abusive by reason of subsection (9)(*c*), the full amount.

Examples

(i) A enters into a contract for training for his employees. The right to training may be exchanged for goods. Expenditure for the goods is not eligible for a PIC cash payout. A exchanged the right to training for those goods and made a claim for a PIC cash payout in respect of the expenditure. The contract and the exchange together form an abusive PIC arrangement. The amount of the PIC cash payout that results from the arrangement being abusive for the purposes of subsections (1) and (3) is the full amount of the payout.

(ii) A, in order to obtain a higher amount of PIC cash payout, purchases more equipment than he needs for his business. The purchase of the excess equipment is an abusive PIC arrangement. The amount of the PIC cash payout that results from the arrangement being abusive for the purposes of subsections (1) and (3) is the amount corresponding to the price paid for the excess equipment.

(iii) A and B, in order to help each other obtain a PIC cash payout, sell to each other equipment that performs the same function. The sales are abusive PIC arrangements. The amount of the PIC cash payout that results from the

arrangement being abusive for the purposes of subsections (1) and (3) is the full amount of the payout.

(iv) A enters into a contract for training for his employees. The contract price for the training includes both the value of the training and the value of other goods to be given to the trainees. Expenditure for those goods is not eligible for a PIC cash payout. The purpose for setting the price for the training in this way is to enable a higher PIC cash payout to be paid to A. The contract is an abusive PIC arrangement. The amount of the PIC cash payout that results from the arrangement being abusive for the purposes of subsections (1) and (3) is the amount corresponding to the price for those other goods.

(11) This section applies only to arrangements made or entered into on or after the date of commencement of section 42 of the Income Tax (Amendment) Act 2014.

(12) In this section —

"arrangement" includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable);

"PIC bonus" means a payment under section 37IA;

"PIC cash payout" means a payment under section 37I;

"PIC enhanced deduction" means a deduction or an allowance under section 14A(1B) or (1BA), 14DA(2), 14R(2) or (2A), 14S(2) or (2AA), 14T(2) or (2A), 14W(1) or (4), 19A(2B) or (2BAA), 19B(1B) or (1BAA), or 37IC.

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Promoters of abusive PIC arrangements

37IE.—(1) A person who promotes any PIC arrangement knowing or having reasonable grounds to believe that the arrangement is abusive shall be guilty of an offence and shall be liable on conviction to a fine not exceeding $10,000 or to imprisonment for a term not exceeding 3 years or to both.

(2) In subsection (1), a person promotes a PIC arrangement if the person —

(*a*) designs, facilitates, organises or manages that arrangement or any part of that arrangement; or

(*b*) publishes, disseminates or communicates any information, by any means or in any form, for the purpose of inducing or encouraging (whether directly or indirectly) any other person to enter into the arrangement or any transaction forming part of the arrangement.

(3) In subsection (1), a PIC arrangement is abusive if —

(*a*) it consists or makes use of one or more artificial, contrived or fraudulent steps that is intended to assist any person who enters into the arrangement or a transaction forming part of the arrangement to achieve the relevant purpose;

(*b*) the arrangement will result in the consideration payable for any property or services being of a greater value than the open market value of the property or services, and there is no bona fide commercial reason for the difference in the values apart from the relevant purpose; or

(*c*) in any other case, there is no bona fide commercial reason for a person to enter into the arrangement or a transaction forming part of the arrangement apart from the relevant purpose.

(4) The examples of abusive PIC arrangements in section 37ID(10) apply for the purposes of subsection (3).

(5) Where, in any proceedings for an offence under subsection (1), it is proved that the arrangement in question consists or makes use of an artificial, contrived or fraudulent step which is capable of assisting any person who enters into the arrangement or a transaction forming part of the arrangement to achieve the relevant purpose, then it is presumed that the step is intended for the relevant purpose, unless the contrary is proved.

(6) Where, in any proceedings for an offence under subsection (1), it is proved that —

(*a*) the arrangement in question will result or has resulted in the consideration paid or payable for any property or

services being of a greater value than the open market value of the property or services; and

(*b*) the difference in the values cannot be justified on the basis of any prevailing practice of the trade, profession or business concerned (not being a practice adopted for the purpose of achieving the relevant purpose),

then it is presumed that there is no bona fide commercial reason for the difference in the values apart from the relevant purpose, unless the contrary is proved.

(7) The Comptroller may compound any offence under subsection (1).

(8) In this section —

"PIC arrangements", "PIC cash payout", "PIC bonus" and "PIC enhanced deduction" have the respective meanings given to them in section 37ID;

"relevant purpose" means the purpose of obtaining a PIC cash payout, PIC bonus or PIC enhanced deduction, or a higher amount of PIC cash payout, PIC bonus or PIC enhanced deduction.

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

Penalties for false information, etc., resulting in payment under section 37I or 37IA

37J.—(1) Any person who gives to the Comptroller any information under section 37I(2) that is false in any material particular, or who omits any material particular from any information or document given under that provision, shall be guilty of an offence and shall on conviction be punished with a penalty that is equal to the amount of cash payout or PIC bonus (or both, as the case may be) that has been made to him or any other person as a result of the offence, or which would have been made to him or any other person if the offence had not been detected.

[29/2010; 19/2013]

(2) Any person who without reasonable excuse or through negligence gives to the Comptroller any information under

section 37I(2) that is false in any material particular, or omits any material particular from any information or document given under that provision, shall be guilty of an offence and shall on conviction be punished with a penalty that is double the amount of cash payout or PIC bonus (or both, as the case may be) that has been made to him or any other person as a result of the offence, or which would have been made to him or any other person if the offence had not been detected, and shall also be liable to a fine not exceeding $5,000 or to imprisonment for a term not exceeding 3 years or to both.

[29/2010; 19/2013]

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

(*a*) gives to the Comptroller any information under section 37I(2) that is false in any material particular or omits any material particular from any information or document given under that provision; or

(*b*) gives any false answer, whether verbally or in writing, to any question or request for information asked or made by the Comptroller,

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

[29/2010; 19/2013]

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

(*a*) prepares or maintains or authorises the preparation or maintenance of any false books of account or other records

or falsifies or authorises the falsification of any books of account or records; or

(*b*) makes use of any fraud, art or contrivance or authorises the use of such fraud, art or contrivance,

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

[29/2010; 19/2013]

(4A) Where an individual has been convicted for —

(*a*) 3 or more offences under subsection (3) or section 96;

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

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

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

[19/2013]

(4B) Where in any proceedings under subsection (3) it is proved that any information that is false in a material particular is given to the Comptroller under section 37I(2) by or on behalf of any person, the person who gave the information is presumed, unless the contrary is proved, to have given it with intent to obtain, or to assist the person on whose behalf the information is given to obtain, a cash payout or PIC bonus (or both) or a higher amount of cash payout or PIC bonus (or both), as the case may be.

[19/2013]

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

higher amount of cash payout or PIC bonus (or both), as the case may be.

[19/2013]

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

[29/2010]

(5A) In this section, a reference to the amount of cash payout or PIC bonus that has been made to a person as a result of an offence, or which would have been made to the person if the offence had not been detected, excludes an amount of the cash payout or PIC bonus that the person is entitled to.

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

(6) In this section —

"cash payout" means a payment under section 37I;

"PIC bonus" means a payment under section 37IA.

[19/2013]

Deduction for qualifying investments in qualifying start-up companies

37K.—(1) Where an individual proposes to make one or more qualifying investments that complies with subsection (4) in a qualifying start-up company or companies, he may apply to the Minister, or such person as he may appoint, between 1st July 2010 and 31st March 2020 (both dates inclusive) to be approved as a qualifying person for the purposes of claiming a deduction under this section in respect of the expenditure incurred by him in making the investments.

[29/2010]

[Act 2 of 2016 wef 11/04/2016]

(2) Where the Minister or the person appointed by him is satisfied that the individual possesses the necessary experience, skills or expertise to nurture and grow a qualifying start-up company, he may approve, by notice in writing, the individual as a qualifying person, subject to such conditions as he may impose.

[29/2010]

(3) Where a qualifying person —

(*a*) has incurred expenditure in making a qualifying investment that complies with subsection (4) in a qualifying start-up company or companies; and

(*b*) has directly and beneficially held the shares or convertible loans which are the subject of the qualifying investment for a continuous period of 2 years from the relevant date,

he shall be allowed on due claim, for the year of assessment relating to the basis period in which the last day of the 2-year period falls, a deduction, computed in accordance with subsection (5), against the remainder of his statutory income (excluding specified income) after making the deduction (if any) under section 37(3)(*a*).

[29/2010]

(4) For the purposes of subsection (3), the qualifying investment must be made —

(*a*) either —

(i) during the period between 1st July 2010 and 31st March 2020 (both dates inclusive); or

[Act 2 of 2016 wef 11/04/2016]

(ii) if the Minister or such person as he may appoint so approves, during the period between 1st March 2010 and 30th June 2010 (both dates inclusive);

(*b*) if it is the first qualifying investment made by the qualifying person in the qualifying start-up company since he is approved as such under subsection (2) and paragraph (*d*) does not apply, on the date of such approval or within one year from that date;

(*c*) if it is not the first qualifying investment made by the qualifying person in the qualifying start-up company since he is approved as such under subsection (2) and paragraph (*d*) does not apply, within one year from the date of the first qualifying investment referred to in paragraph (*b*) that complies with that paragraph; and

(*d*) if approval has been obtained under paragraph (*a*)(ii) and the qualifying person has made at least one qualifying

investment in the qualifying start-up company during the period between 1st March 2010 and 30th June 2010 (both dates inclusive), within one year from the date such qualifying investment or the first of such qualifying investments was made.

[29/2010]

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

(5) The amount of deduction allowable to a qualifying person under subsection (3) shall be ascertained by the formula

$$0.5 \times A,$$

where A is the aggregate amount of expenditure incurred by the qualifying person on the qualifying investment in a qualifying start-up company or companies or $500,000, whichever is less.

[29/2010]

(6) For the purpose of computing the aggregate amount of expenditure incurred by a qualifying person in respect of a qualifying investment in a qualifying start-up company or companies under subsection (5), no expenditure incurred by the qualifying person in respect of qualifying investment in any one qualifying start-up company shall be included —

(*a*) if the total amount of any such expenditure that is incurred on the date of first investment and within one year from that date (but excluding any expenditure incurred on qualifying investment that is disposed of during the relevant holding period) is less than $100,000;

(*b*) to the extent that the expenditure, being expenditure incurred before 24 February 2015, is matched by any investment in the company by the company known as SPRING SEEDS Capital Pte Ltd under the SPRING Start-up Enterprise Development Scheme administered by the second-mentioned company or any other scheme designated by the Minister or such person as he may appoint;

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(*c*) if all the shares which are the subject of the qualifying investment are disposed of during the relevant holding period;

(*d*) where the loan which is the subject of the qualifying investment is partially or fully repaid during the relevant holding period;

(*e*) if all the share capital of the qualifying start-up company is acquired by a person or partnership other than the qualifying person, or the qualifying start-up company merges with or is consolidated with another company or is wound up, at any time during a period of 2 years from the relevant date;

(*f*) [*Deleted by Act 22 of 2011*]

(*g*) if the qualifying start-up company is not resident in Singapore for the years of assessment relating to the basis periods falling within the relevant holding period; or

(*h*) the qualifying person has acquired more than 50% of the issued share capital, or has provided more than 50% of the debt capital, of the qualifying start-up company at any time during the relevant holding period.

[29/2010; 22/2011]

(7) For the purpose of computing the aggregate amount of expenditure incurred by a qualifying person in respect of a qualifying investment under subsection (5), where any of the shares which are the subject of the qualifying investment are disposed of during the relevant holding period, no account shall be taken of such expenditure incurred by him in relation to the shares that are disposed.

[29/2010]

(8) The Minister or such person as he may appoint may, subject to such conditions as he may impose in a particular case, waive the requirement in subsection (6)(*c*), (*d*) or (*e*).

[29/2010; 22/2011]

(9) Any amount of deduction for any year of assessment computed for a qualifying person in accordance with subsection (5) which is in excess of the remainder of his statutory income (excluding specified

income) after making the deduction (if any) under section 37(3)(*a*) shall not be available as a deduction against his income for any subsequent year of assessment and shall be disregarded.

[29/2010]

(10) Where —

(*a*) a person disposes of, after 2 years from the relevant date, the shares which are the subject of a qualifying investment in respect of which a deduction has been allowed to him in any year of assessment under this section; and

(*b*) the gains or profits from the disposal of those shares is chargeable to tax under this Act,

the amount of expenditure for which a deduction is allowed to him under this section in respect of those shares in any year of assessment shall not form part of his costs of investment deductible under section 14 in computing his gains or profits from the disposal which is chargeable to tax.

[29/2010]

(11) A qualifying person shall maintain and deliver to the Minister or such person as he may appoint, in such form and manner and within such reasonable time as the Minister or person may determine, the relevant records of the qualifying investment made by him in any qualifying start-up company and such other particulars as may be required for the purposes of this section.

[29/2010]

(12) In this section —

"date of first investment", in relation to a qualifying investment by a qualifying person in a qualifying start-up company, means —

(*a*) unless paragraph (*b*) applies, the date on which a qualifying investment is first made by the qualifying person in the qualifying start-up company since he was approved as such under subsection (2); or

(*b*) if approval has been obtained under subsection (4)(*a*)(ii) and the qualifying person has made at least one qualifying investment in the

qualifying start-up company during the period between 1st March 2010 and 30th June 2010 (both dates inclusive), the date of that qualifying investment or the first of such qualifying investments;

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

"qualifying investment", in relation to a qualifying start-up company, means —

(*a*) the acquisition using cash of —

(i) new shares not being of a preferential nature, issued by the company;

(ii) new shares of a preferential nature issued by the company which do not fall within sub-paragraph (iii) and which do not provide for payment of a fixed or guaranteed dividend for the relevant holding period; or

(iii) new redeemable shares of a preferential nature issued by the company which do not carry a right to redemption during the relevant holding period and which do not provide for payment of a fixed or guaranteed dividend for the relevant holding period,

other than shares which are issued pursuant to a stock option or share award scheme or any conversion of any loan or debt securities; or

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

(*b*) the provision of convertible loans of cash to the company where there is no provision for interest payment for the relevant holding period or loan repayment during the relevant holding period;

"qualifying start-up company" means a company which is not one limited by guarantee and which —

(*a*) on the date of first investment, was incorporated in Singapore for 3 years or less and whose shares are not

listed on any stock exchange in Singapore or elsewhere;

(*b*) on the date of first investment, does not have any shareholder who is a relative of the qualifying person, except that this requirement may be waived for the company by the Minister or a person appointed by him;

(*c*) on the date of first investment, has more than 50% of its total issued share capital beneficially held by no more than 20 individual shareholders (excluding any qualifying person);

(*d*) has no more than 25% of its issued share capital or 25% of its debt capital beneficially held by the qualifying person (including any of his relatives) at any time within a period of 2 years prior to the date of first investment; and

(*e*) throughout the relevant holding period, does not engage in any activity specified by the Minister or such person as he may appoint for the purposes of this section;

"relative", in relation to any individual, means —

(*a*) his spouse;

(*b*) his children, step-children, grandchildren, step-grandchildren and their spouses;

(*c*) his parents, including step-parents;

(*d*) his grandparents, including step-grandparents;

(*e*) his parents-in-law, including step-parents-in-law;

(*f*) his brother, step-brother, sister, step-sister and their spouses;

(*g*) his spouse's grandparents, including step-grandparents;

(*h*) his spouse's brother, step-brother, sister, step-sister and their spouses;

(*i*) his parent's brother, step-brother, sister, step-sister and their spouses;

(*j*) his parent-in-law's brother, step-brother, sister, step-sister and their spouses;

(*k*) the children of the brother, step-brother, sister or step-sister of his parent or step-parent, including step-children, and their spouses;

(*l*) the children of the brother, step-brother, sister or step-sister of his parent-in-law or step-parent-in-law, including step-children, and their spouses;

(*m*) the children of his brother, step-brother, sister or step-sister, including step-children, and their spouses; and

(*n*) the children of his spouse's brother, step-brother, sister or step-sister, including step-children, and their spouses;

"relevant date", in relation to a qualifying person making a qualifying investment in a qualifying start-up company, means —

(*a*) where only one qualifying investment in the company is made by the qualifying person in accordance with subsection (4) — the date of first investment; or

(*b*) where more than one qualifying investment in the company is made by the qualifying person in accordance with subsection (4) — the date on which the last qualifying investment is made by the qualifying person in that company within one year after the date of first investment;

[Act 41 of 2020 wef 01/03/2010]

"relevant holding period", in relation to a qualifying person making a qualifying investment in a qualifying start-up company, means the period commencing from the date of first investment in the qualifying start-up company to the end of the 2-year period from the relevant date;

"specified income" means any income of the qualifying person not resident in Singapore which is subject to tax at the rate specified in section 43(3), (3A) or (4)(*a*).

[29/2010]

(13) In the definition of "relative" in subsection (12), relationships that may be established by blood may also be established by adoption in accordance with any written law relating to the adoption of children.

[29/2010]

(14) In this section, a qualifying investment is made when —

(*a*) in the case of an acquisition of shares in paragraph (*a*) of the definition of "qualifying investment" in subsection (12), the consideration for the shares is paid; or

(*b*) in the case of a provision of a convertible loan in paragraph (*b*) of the definition of "qualifying investment" in subsection (12), the loan is disbursed.

[29/2010]

Deduction for acquisition of shares of companies

37L.—(1) Subject to this section, where —

(*a*) a Singapore company (referred to in this section as the acquiring company);

(*b*) any one or more subsidiaries of the Singapore company that is or are wholly owned by the Singapore company, and is incorporated for the primary purpose of acquiring and holding shares in other companies (referred to in this section as the acquiring subsidiary); or

(*c*) both the acquiring company and any one or more acquiring subsidiaries,

incurs or incur capital expenditure during the period from 1st April 2010 to 31st March 2020 (both dates inclusive) for any qualifying acquisition of ordinary shares in another company (referred to in this section as the target company), the acquiring company may claim the

deductions specified in subsection (1A), in accordance with this section.

[29/2010; 29/2012]

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

(1A) The deductions for the purposes of subsection (1) are as follows:

(*a*) a deduction for the capital expenditure referred to in that subsection; and

(*b*) a deduction of an amount equivalent to twice the amount of transaction costs incurred for qualifying acquisitions made during the period from 17th February 2012 to 31st March 2020 (both dates inclusive).

[29/2012]

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

(2) Any claim for deduction under this section shall be made at the time of lodgment of the return of income for the year of assessment relating to the basis period of the acquiring company in which the capital expenditure is incurred or within such further time as the Comptroller may, in his discretion, allow.

[29/2010; 22/2011]

(3) For the purposes of subsections (1) and (2), capital expenditure for an acquisition of ordinary shares in a target company shall be treated as being incurred on the date of the acquisition of those shares.

[29/2010]

Qualifying acquisitions

(4) In this section, a qualifying acquisition of ordinary shares in a target company by an acquiring company or an acquiring subsidiary is any of the following:

(*a*) an acquisition made during the period from 1 April 2010 to 31 March 2015 (both dates inclusive) that results in the acquiring company and its acquiring subsidiaries owning together in total more than 50% of the total number of ordinary shares in the target company where, before the date of the acquisition, such total ownership was 50% or

less of the total number of ordinary shares in the target company;

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(*b*) any other acquisition the date of which falls in the same basis period of the acquiring company as that of the acquisition referred to in paragraph (*a*);

(*c*) an acquisition made during the period from 1 April 2010 to 31 March 2015 (both dates inclusive) that results in the acquiring company and its acquiring subsidiaries owning together in total 75% or more of the total number of ordinary shares in the target company where —

(i) before the date of the acquisition, such total ownership was more than 50% but less than 75% of the total number of ordinary shares in the target company; and

(ii) the date of the acquisition does not fall in the same basis period of the acquiring company as the date of the acquisition referred to in paragraph (*a*);

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(*d*) any other acquisition the date of which falls in the same basis period of the acquiring company as that of the acquisition referred to in paragraph (*c*) and is before 1 April 2016,

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provided that at the end of that basis period of the acquiring company, such total ownership is more than 50% (in the case of paragraphs (*a*) and (*b*)) or 75% or more (in the case of paragraphs (*c*) and (*d*)) of the total number of ordinary shares in the target company.

[29/2010; 22/2011; 29/2012]

(4A) In this section, and subject to the applicable condition in subsection (4B) being met, each of the following is also a qualifying acquisition of ordinary shares in a target company by an acquiring company or an acquiring subsidiary:

(*a*) an acquisition made during the period from 1 April 2015 to 31 March 2020 (both dates inclusive) that results in the acquiring company and its acquiring subsidiaries owning

together in total 20% or more but 50% or less of the total number of ordinary shares in the target company, where —

(i) before the date of the acquisition, such total ownership was less than 20% of the total number of ordinary shares in the target company; and

(ii) the date of the acquisition does not fall in the same basis period of the acquiring company as the date of the acquisition referred to in paragraph (*c*);

(*b*) any other acquisition made during the period from 1 April 2015 to 31 March 2020 (both dates inclusive) the date of which falls in the same basis period of the acquiring company as that of the acquisition referred to in paragraph (*a*);

(*c*) an acquisition made during the period from 1 April 2015 to 31 March 2020 (both dates inclusive) that results in the acquiring company and its acquiring subsidiaries owning together in total more than 50% of the total number of ordinary shares in the target company where, before the date of the acquisition, such total ownership was 50% or less of the total number of ordinary shares in the target company;

(*d*) any other acquisition the date of which falls in the same basis period of the acquiring company as that of the acquisition referred to in paragraph (*c*);

(*e*) an acquisition made on or after 1 April 2015 but before 1 April 2016 that results in the acquiring company and its acquiring subsidiaries owning together in total 75% or more of the total number of ordinary shares in the target company where —

(i) before the date of the acquisition, such total ownership was more than 50% but less than 75% of the total number of ordinary shares in the target company;

(ii) the date of the acquisition does not fall in the same basis period of the acquiring company as the date of the acquisition referred to in paragraph (*c*); and

(iii) before 1 April 2015 and not earlier than 12 months before the acquisition, the acquiring company or its acquiring subsidiary had made an acquisition of ordinary shares of any amount in the target company;

(*f*) any other acquisition the date of which falls in the same basis period of the acquiring company as that of the acquisition referred to in paragraph (*e*) and is before 1 April 2016.

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

(4B) In subsection (4A), the conditions are —

(*a*) in the case of paragraphs (*a*) and (*b*) of that subsection, at the end of that basis period of the acquiring company, the total ownership of ordinary shares in the target company referred to in paragraph (*a*) of that subsection is between 20% and 50% (both inclusive);

(*b*) in the case of paragraphs (*c*) and (*d*) of that subsection, at the end of that basis period of the acquiring company, the total ownership of ordinary shares in the target company referred to in paragraph (*c*) of that subsection is more than 50%;

(*c*) in the case of paragraphs (*e*) and (*f*) of that subsection, at the end of that basis period of the acquiring company, the total ownership of ordinary shares in the target company referred to in paragraph (*e*) of that subsection is 75% or more.

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

(5) An acquiring company may elect for its qualifying acquisitions to be, instead of those referred to in the provisions in the first column of the following table, acquisitions —

(*a*) the dates of which fall within a prescribed period; and

(*b*) which include an acquisition referred to in the provisions set out opposite in the second column of the table,

and the provisions of this section apply to the acquisitions so elected subject to such modifications as may be prescribed:

Original acquisitions under:	*Elected acquisitions to include an acquisition under:*
subsection (4)(*a*) and (*b*), or subsection (4)(*c*) and (*d*)	subsection (4)(*a*) or (*c*)
subsection (4A)(*c*) and (*d*), or subsection (4A)(*e*) and (*f*)	subsection (4A)(*c*) or (*e*)

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

(5A) The election under subsection (5) may only be made for acquisitions made during the period from 1 April 2010 to 31 March 2016 (both dates inclusive).

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

(6) The election under subsection (5) shall be made by the acquiring company at the time of lodgment of the return of its income for the year of assessment relating to the basis period of the acquiring company in which the date of the acquisition referred to in subsection (4)(*a*) or (*c*) or subsection (4A)(*c*) or (*e*), as the case may be, falls, or within such further time as the Comptroller may, in his discretion, allow.

[29/2010; 22/2011]

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

Deductions allowable in respect of capital expenditure claimed

(7) For the purpose of subsection (1) and subject to subsections (11), (11A), (11AB), (11B), (11C) and (19) and the regulations made under subsection (24), deductions in respect of capital expenditure for a qualifying acquisition of ordinary shares in a target company by an acquiring company or an acquiring subsidiary, as the case may be, are to be allowed as follows:

(*a*) to the extent the capital expenditure is not contingent consideration or, if it is contingent consideration, is incurred in the same basis period of the acquiring company as that in which the date of the acquisition of

the shares falls, the deduction allowed shall be the amount specified in subsection (8) for acquisitions referred to in subsection (4), and the amount specified in subsection (8A) for acquisitions referred to in subsection (4A), for each of 5 successive years of assessment (referred to in this section as the 1st, 2nd, 3rd, 4th and 5th years of assessment, respectively), beginning with the year of assessment relating to the basis period of the acquiring company in which the date of the acquisition of the shares falls; and

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

(*b*) to the extent the capital expenditure is contingent consideration that is incurred in a basis period of the acquiring company after the basis period of the acquiring company for the 1st year of assessment, the deduction allowed shall be —

(i) where the contingent consideration is incurred in the basis period of the acquiring company for the 2nd, 3rd or 4th year of assessment, the amount specified in subsection (9) for acquisitions referred to in subsection (4), and the amount specified in subsection (9A) for acquisitions referred to in subsection (4A), for that year of assessment and for each successive year of assessment up to and including the 5th year of assessment; or

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(ii) where the contingent consideration is incurred in the basis period of the acquiring company for the 5th year of assessment or a subsequent year of assessment, the amount specified in subsection (10) for acquisitions referred to in subsection (4), and the amount specified in subsection (10A) for acquisitions referred to in subsection (4A), for that year of assessment.

[29/2010; 22/2011]

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

[Act 34 of 2016 wef 01/04/2016]

(8) Subject to subsections (13) and (19), the amount referred to in subsection (7)(*a*) for an acquisition referred to in subsection (4) shall be calculated in accordance with the formula

$$\frac{0.05 \times A}{5},$$

where A is the capital expenditure to the extent that it is not contingent consideration or, if it is contingent consideration, is incurred in the same basis period of the acquiring company as that in which the date of the acquisition of the shares falls.

[29/2010; 22/2011]

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

(8A) Subject to subsections (13) and (19), the amount referred to in subsection (7)(*a*) for an acquisition referred to in subsection (4A) is to be calculated in accordance with the formula

$$\frac{0.25 \times A}{5},$$

where A is the capital expenditure to the extent that it is not contingent consideration or, if it is contingent consideration, is incurred in the same basis period of the acquiring company as that in which the date of the acquisition of the shares falls.

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

(9) Subject to subsections (13) and (19), the amount referred to in subsection (7)(*b*)(i) for an acquisition referred to in subsection (4) shall be calculated in accordance with the formula

$$\frac{0.05 \times B}{6 - C},$$

where B is the contingent consideration that is incurred in the basis period of the acquiring company for the 2nd, 3rd or 4th year of assessment, whichever is applicable; and

C is —

(*a*) 2 (where the contingent consideration is incurred in the basis period of the acquiring company for the 2nd year of assessment);

(*b*) 3 (where the contingent consideration is incurred in the basis period of the acquiring company for the 3rd year of assessment); or

(*c*) 4 (where the contingent consideration is incurred in the basis period of the acquiring company for the 4th year of assessment),

whichever is applicable.

[29/2010; 22/2011]

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

(9A) Subject to subsections (13) and (19), the amount referred to in subsection (7)(*b*)(i) for an acquisition referred to in subsection (4A) is to be calculated in accordance with the formula

$$\frac{0.25 \times \mathrm{B}}{6 - \mathrm{C}},$$

where B is the contingent consideration that is incurred in the basis period of the acquiring company for the 2nd, 3rd or 4th year of assessment, whichever is applicable; and

C is —

(*a*) 2 (where the contingent consideration is incurred in the basis period of the acquiring company for the 2nd year of assessment);

(*b*) 3 (where the contingent consideration is incurred in the basis period of the acquiring company for the 3rd year of assessment); or

(*c*) 4 (where the contingent consideration is incurred in the basis period of the acquiring company for the 4th year of assessment),

whichever is applicable.

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

(10) Subject to subsections (13) and (19), the amount referred to in subsection (7)(*b*)(ii) for an acquisition referred to in subsection (4) shall be calculated in accordance with the formula

$$0.05 \times D,$$

where D is the contingent consideration that is incurred in the basis period of the acquiring company for the 5th year of assessment or the subsequent year of assessment, whichever is applicable.

[29/2010; 22/2011]

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

(10A) Subject to subsections (13) and (19), the amount referred to in subsection (7)(*b*)(ii) for an acquisition referred to in subsection (4A) is to be calculated in accordance with the formula

$$0.25 \times D,$$

where D is the contingent consideration that is incurred in the basis period of the acquiring company for the 5th year of assessment or the subsequent year of assessment, whichever is applicable.

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(11) The following provisions shall apply in determining the amount of deductions under subsection (7) to be allowed to the acquiring company for all qualifying acquisitions of ordinary shares in one or more target companies whose dates of acquisition fall within one basis period of the acquiring company:

(*a*) where the aggregate of the amounts of "A" referred to in subsection (8) in respect of all such qualifying acquisitions exceeds $100 million, the amount by which the aggregate exceeds $100 million shall be disregarded for the purposes of the deduction to be allowed under this section; and

(*b*) where the aggregate referred to in paragraph (*a*) does not exceed $100 million but the aggregate of the following exceeds $100 million:

(i) the aggregate referred to in paragraph (*a*); and

(ii) the aggregate of all contingent consideration in respect of all such qualifying acquisitions incurred in the basis period of the acquiring company for any year of assessment subsequent to the 1st year of assessment and in any earlier year of assessment other than the 1st year of assessment,

the amount by which the aggregate of sub-paragraphs (i) and (ii) exceeds $100 million shall be disregarded for the purposes of the deduction to be allowed under this section.

[29/2010; 22/2011]

(11A) The following provisions apply for the purpose of determining the amount of deductions under subsection (7) to be allowed to the acquiring company for all qualifying acquisitions of ordinary shares in one or more target companies whose dates of acquisition fall within one basis period of the acquiring company, and are qualifying acquisitions referred to in subsection (11AA):

(*a*) where the sum of the amounts of "A" referred to in subsection (8A) in respect of all such qualifying acquisitions exceeds $20 million, the amount by which the sum exceeds $20 million is to be disregarded for the purposes of the deduction to be allowed under this section;

(*b*) where the sum referred to in paragraph (*a*) does not exceed $20 million but the sum of the following exceeds $20 million:

(i) the sum referred to in paragraph (*a*);

(ii) the sum of all contingent consideration in respect of all such qualifying acquisitions incurred in the basis period of the acquiring company for any year of assessment subsequent to the 1st year of assessment and in any earlier year of assessment other than the 1st year of assessment,

the amount by which the sum of sub-paragraphs (i) and (ii) exceeds $20 million is to be disregarded for the purposes of the deduction to be allowed under this section.

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

[Act 34 of 2016 wef 01/04/2016]

(11AA) Subsection (11A) applies to the following qualifying acquisitions:

(*a*) a qualifying acquisition made before 1 April 2016 except (if the qualifying acquisitions in that basis period include an acquisition mentioned in subsection (4A)(*a*) or (*c*) (called in this paragraph the anchor acquisition) that is made on or after 1 April 2016) a qualifying acquisition mentioned in subsection (4A)(*b*) or (*d*) (as the case may be) that has the same target company as that of the anchor acquisition;

(*b*) if the qualifying acquisitions in that basis period include an acquisition mentioned in subsection (4A)(*a*) or (*c*) (called in this paragraph the anchor acquisition) that is made before 1 April 2016, a qualifying acquisition mentioned in subsection (4A)(*b*) or (*d*) (as the case may be) made on or after 1 April 2016 that has the same target company as the anchor acquisition.

[Act 34 of 2016 wef 01/04/2016]

(11AB) The following provisions apply for the purpose of determining the amount of deductions under subsection (7) to be allowed to the acquiring company for all qualifying acquisitions of ordinary shares in one or more target companies whose dates of acquisition fall within one basis period of the acquiring company, and are qualifying acquisitions mentioned in subsection (11AC):

(*a*) where the sum of the amounts of "A" mentioned in subsection (8A) in respect of all such qualifying acquisitions exceeds $40 million, the amount by which the sum exceeds $40 million is to be disregarded for the purposes of the deduction to be allowed under this section;

(*b*) where the sum mentioned in paragraph (*a*) does not exceed $40 million but the sum of the following exceeds $40 million:

(i) the sum mentioned in paragraph (*a*);

(ii) the sum of all contingent consideration in respect of all such qualifying acquisitions incurred in the basis period of the acquiring company for any year of assessment subsequent to the first year of assessment and in any earlier year of assessment other than the first year of assessment,

the amount by which the sum of sub-paragraphs (i) and (ii) exceeds $40 million is to be disregarded for the purposes of the deduction to be allowed under this section.

[Act 34 of 2016 wef 01/04/2016]

(11AC) Subsection (11AB) applies to the following qualifying acquisitions:

(*a*) a qualifying acquisition made on or after 1 April 2016 except (if the qualifying acquisitions in that basis period include an acquisition mentioned in subsection (4A)(*a*) or (*c*) (called in this paragraph the anchor acquisition) that is made before 1 April 2016) a qualifying acquisition mentioned in subsection (4A)(*b*) or (*d*) (as the case may be) that has the same target company as the anchor acquisition;

(*b*) if the qualifying acquisitions in that basis period include an acquisition mentioned in subsection (4A)(*a*) or (*c*) (called in this paragraph the anchor acquisition) that is made on or after 1 April 2016, a qualifying acquisition mentioned in subsection (4A)(*b*) or (*d*) (as the case may be) made before 1 April 2016 that has the same target company as the anchor acquisition.

[Act 34 of 2016 wef 01/04/2016]

(11B) Despite subsections (11) and (11A), the following provisions apply in determining the amount of deductions under subsection (7) to be allowed to the acquiring company for all qualifying acquisitions of ordinary shares in target companies whose dates of acquisition fall

within one basis period of the acquiring company, if the qualifying acquisitions in that basis period include at least one acquisition referred to in subsection (4)(*a*) or (*c*), and at least one acquisition referred to in subsection (4A)(*a*), (*c*) or (*e*) that is made before 1 April 2016, but does not include any acquisition referred to in subsection (4A)(*a*) or (*c*) that is made on or after 1 April 2016:

(*a*) where the sum of the following exceeds $5 million:

(i) the amount determined by the formula "0.05 × A" in subsection (8) in respect of those acquisitions which are acquisitions referred to in subsection (4);

(ii) the amount determined by the formula "0.25 × A" in subsection (8A) in respect of those acquisitions which are acquisitions referred to in subsection (4A),

the excess is to be disregarded for the purposes of the deduction to be allowed under this section;

(*b*) where the sum referred to in paragraph (*a*) does not exceed $5 million but the sum of the following exceeds $5 million:

(i) the sum referred to in paragraph (*a*);

(ii) the amount determined by the formula "0.05 × B" in subsection (9) in respect of those acquisitions which are acquisitions referred to in subsection (4);

(iii) the amount determined by the formula "0.25 × B" in subsection (9A) in respect of those acquisitions which are acquisitions referred to in subsection (4A);

(iv) the amount determined by the formula "0.05 × D" in subsection (10) in respect of those acquisitions which are acquisitions referred to in subsection (4);

(v) the amount determined by the formula "0.25 × D" in subsection (10A) in respect of those acquisitions which are acquisitions referred to in subsection (4A),

the excess is to be disregarded for the purposes of the deduction to be allowed under this section.

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

[Act 34 of 2016 wef 01/04/2016]

(11C) Despite subsections (11), (11A) and (11AB), the following provisions apply in determining the amount of deductions under subsection (7) to be allowed to the acquiring company for all qualifying acquisitions of ordinary shares in target companies whose dates of acquisition fall within one basis period of the acquiring company, if the qualifying acquisitions in that basis period include at least one acquisition mentioned in subsection (4)(*a*) or (*c*) or subsection (4A)(*a*), (*c*) or (*e*) that is made before 1 April 2016, and at least one acquisition mentioned in subsection (4A)(*a*) and (*c*) that is made on or after 1 April 2016:

(*a*) where the sum of the following (called in this subsection X) exceeds $5 million:

(i) the sum of the amounts determined by the following formulae in respect of those acquisitions which are acquisitions mentioned in subsection (4):

(A) "0.05 × A" in subsection (8);

(B) "0.05 × B" in subsection (9);

(C) "0.05 × D" in subsection (10);

(ii) the sum of the amounts determined by the following formulae in respect of those acquisitions which are acquisitions mentioned in subsection (11AA):

(A) "0.25 × A" in subsection (8A);

(B) "0.25 × B" in subsection (9A);

(C) "0.25 × D" in subsection (10A),

the excess is to be disregarded for the purposes of the deduction to be allowed under this section in respect of those acquisitions;

(*b*) where the sum of the amounts (called in this subsection Y) determined by the following formulae in respect of those acquisitions which are acquisitions mentioned in subsection (11AC):

(i) "0.25 × A" in subsection (8A);

(ii) "0.25 × B" in subsection (9A);

(iii) "0.25 × D" in subsection (10A);

exceeds $10 million, the excess is to be disregarded for the purposes of the deduction to be allowed under this section in respect of those acquisitions;

(*c*) despite paragraphs (*a*) and (*b*), where the sum of X and Y exceeds $10 million, the excess is to be disregarded for the purposes of the deduction to be allowed under this section for all of the acquisitions mentioned in those paragraphs.

[Act 34 of 2016 wef 01/04/2016]

(12) For the purposes of subsections (8), (8A), (9), (9A), (10), (10A), (11), (11A), (11B) and (11C), the amount of any consideration paid for any qualifying acquisition that comprises shares in the acquiring company, is the market value of the shares in the acquiring company as at the date of the acquisition of the shares and, if it is not possible to determine such value, the net asset value of those shares in the acquiring company at the end of its accounting period immediately before the date of the acquisition of those shares.

[29/2010]

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

[Act 34 of 2016 wef 01/04/2016]

(13) Despite subsections (8), (8A), (9), (9A), (10) and (10A), where any amount of "A" referred to in subsection (8) or (8A), "B" referred to in subsection (9) or (9A), or "D" referred to in subsection (10) or (10A), that is paid by the acquiring company or the acquiring subsidiary, as the case may be, in respect of any qualifying acquisition is greater than the amount which would have been paid if the acquiring company or the acquiring subsidiary, as the case may be, were unrelated to the shareholders in the target company, the first-mentioned amount shall be substituted with the second-mentioned amount, and any question regarding the quantum of the second-mentioned amount shall be determined by the Comptroller.

[29/2010]

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

(14) A deduction under this section to an acquiring company shall be made against the balance of its statutory income after the deductions allowed under sections 37(3), 37B and 37G.

[29/2010]

(15) Section 14D(4) and (5) shall apply in relation to the deduction to be allowed in this section, as they apply in relation to the deduction of the expenditure and payments referred to in section 14D(1)(*aa*), (*c*) and (*f*), subject to the following modifications:

(*a*) a reference to the amount of the expenditure or payments (after deducting any amount in respect of which an election for a cash payout has been made under section 37I) is a reference to the deduction to be allowed in this section; and

(*b*) a reference to a specified amount of the expenditure or payments in section 14D(4) is a reference to an amount computed in accordance with the following formula:

$$\frac{E \times F}{G},$$

where E is the deduction to be allowed in this section;

F is the rate of tax specified in section 43(1)(*a*); and

G is —

(i) in a case where the concessionary income (as defined in section 14D(5)) derived by the person from the trade or business carried on by him is subject to tax at a single concessionary rate of tax, that rate; or

(ii) in a case where the concessionary income derived by the person from the trade or business carried on by him is subject to tax at 2 or more concessionary rates of tax, the higher or highest of those rates.

[29/2010; 29/2012]

Deductions allowable in respect of transaction costs claimed

(15A) For the purpose of subsection (1), a deduction in respect of transaction costs for qualifying acquisitions of ordinary shares in a target company shall be subject to the following:

(*a*) the deduction in relation to any transaction costs incurred shall be allowed for —

(i) the year of assessment in which a claim is first made for the deduction allowable in respect of the capital expenditure incurred on the qualifying acquisition to which those transaction costs relate; or

(ii) the year of assessment which relates to the basis period in which those transaction costs are incurred,

whichever is the later; and

(*b*) the deduction shall be subject to a limit of $100,000 in transaction costs incurred in relation to all qualifying acquisitions of ordinary shares in all target companies (whether by the acquiring company, or by one or more of its acquiring subsidiaries, or by a combination of both) for which claims are first made in the year of assessment referred to in paragraph (*a*)(i) for the deductions allowable in respect of the capital expenditure incurred on those acquisitions.

[29/2012]

Conditions for deductions

(16) A deduction under this section for a qualifying acquisition (called the subject acquisition) may be made to an acquiring company for any year of assessment only if —

(*a*) where the subject acquisition is one referred to in subsection (4)(*a*) or (*c*) or (4A)(*c*) or (*e*) —

(i) the acquiring company satisfies the conditions in subsection (16A);

(ii) where the subject acquisition is made by an acquiring subsidiary, the acquiring subsidiary satisfies the conditions in subsection (16B);

(iii) where the subject acquisition is made by an acquiring subsidiary and, on the date of the acquisition (being a date on or after 17 February 2012), the acquiring subsidiary is indirectly owned by the acquiring

company through one or more intermediate companies, every such intermediate company satisfies the conditions in subsection (16C); and

(iv) the target company, or a subsidiary that is —

(A) if the date of the subject acquisition is before 17 February 2012, wholly owned by the target company directly; or

(B) if the date of the subject acquisition is on or after 17 February 2012, wholly owned by the target company whether directly or indirectly,

satisfies the conditions in subsection (16D);

(*b*) where the subject acquisition is one referred to in subsection (4)(*b*) or (*d*) or (4A)(*d*) or (*f*) —

(i) the acquiring company satisfies the conditions in subsection (16A);

(ii) where the subject acquisition is made by an acquiring subsidiary, the acquiring subsidiary satisfies the conditions in subsection (16B);

(iii) where the subject acquisition is made by an acquiring subsidiary and, on the date of the acquisition (being a date on or after 17 February 2012), the acquiring subsidiary is indirectly owned by the acquiring company through one or more intermediate companies, every such intermediate company satisfies the conditions in subsection (16C);

(iv) the target company, or a subsidiary that is —

(A) if the date of the acquisition is before 17 February 2012, wholly owned by the target company directly; or

(B) if the date of the acquisition is on or after 17 February 2012, wholly owned by the target company whether directly or indirectly,

satisfies the conditions in subsection (16D); and

(v) the conditions in paragraph (*a*) are also satisfied in relation to —

(A) where the subject acquisition is one referred to in subsection (4)(*b*), a qualifying acquisition referred to in subsection (4)(*a*);

(B) where the subject acquisition is one referred to in subsection (4)(*d*), a qualifying acquisition referred to in subsection (4)(*c*);

(C) where the subject acquisition is one referred to in subsection (4A)(*d*), a qualifying acquisition referred to in subsection (4A)(*c*); or

(D) where the subject acquisition is one referred to in subsection (4A)(*f*), a qualifying acquisition referred to in subsection (4A)(*e*);

(*c*) where the subject acquisition is one referred to in subsection (4A)(*a*) —

(i) the acquiring company satisfies the conditions in subsection (16A);

(ii) where the subject acquisition is made by an acquiring subsidiary, the acquiring subsidiary satisfies the conditions in subsection (16B);

(iii) where the subject acquisition is made by an acquiring subsidiary and, on the date of the acquisition, the acquiring subsidiary is indirectly owned by the acquiring company through one or more intermediate companies, every such intermediate company satisfies the conditions in subsection (16C);

(iv) the target company, or a subsidiary that is wholly owned by the target company whether directly or indirectly, satisfies the conditions in subsection (16D); and

(v) the conditions prescribed under subsection (16E) are satisfied; and

(*d*) where the subject acquisition is one referred to in subsection (4A)(*b*) —

(i) the acquiring company satisfies the conditions in subsection (16A);

(ii) where the subject acquisition is made by an acquiring subsidiary, the acquiring subsidiary satisfies the conditions in subsection (16B);

(iii) where the subject acquisition is made by an acquiring subsidiary and, on the date of the acquisition, the acquiring subsidiary is indirectly owned by the acquiring company through one or more intermediate companies, every such intermediate company satisfies the conditions in subsection (16C);

(iv) the target company, or a subsidiary that is wholly owned by the target company whether directly or indirectly, satisfies the conditions in subsection (16D);

(v) the conditions prescribed under subsection (16E) are satisfied; and

(vi) the conditions in paragraph (*c*) are also satisfied in relation to a qualifying acquisition referred to in subsection (4A)(*a*).

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(16A) The conditions in subsection (16)(*a*)(i), (*b*)(i), (*c*)(i) and (*d*)(i) are —

(*a*) the acquiring company is carrying on a trade or business in Singapore on the date of the acquisition of the shares;

(*b*) the acquiring company has in its employment at least 3 local employees at all times during the period of 12 months immediately before that date;

(*c*) unless otherwise prescribed under subsection (24), the acquiring company is not connected to the target company for at least 2 years immediately before that date; and

(*d*) in a case where the acquiring company is a subsidiary of another company within the meaning of section 5 of the Companies Act (Cap. 50), the acquiring company has a Singapore company as its ultimate holding company on that date.

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

(16B) The conditions in subsection (16)(*a*)(ii), (*b*)(ii), (*c*)(ii) and (*d*)(ii) are —

(*a*) the acquiring subsidiary does not carry on a trade or business in Singapore or elsewhere on the date of the acquisition of the shares;

(*b*) the acquiring subsidiary does not claim any deduction for any capital expenditure or transaction costs under this section for that year of assessment or any stamp duty relief under section 15A of the Stamp Duties Act (Cap. 312); and

(*c*) the acquiring subsidiary is on that date wholly owned by the acquiring company —

(i) directly, in the case of subsection (16)(*a*)(ii) or (*b*)(ii) where the date of the qualifying acquisition is before 17 February 2012; and

(ii) whether directly or indirectly, in every other case.

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(16C) The conditions in subsection (16)(*a*)(iii), (*b*)(iii), (*c*)(iii) and (*d*)(iii) are —

(*a*) the intermediate company is wholly owned (whether directly or indirectly) by the acquiring company on the date of the acquisition of the shares;

(*b*) the intermediate company is incorporated for the primary purpose of acquiring and holding shares in other companies;

(*c*) the intermediate company does not carry on a trade or business in Singapore or elsewhere on that date; and

(*d*) the intermediate company does not claim any deduction for any capital expenditure or transaction costs under this

section for that year of assessment or any stamp duty relief under section 15A of the Stamp Duties Act.

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(16D) The conditions in subsection (16)(*a*)(iv), (*b*)(iv), (*c*)(iv) and (*d*)(iv) are —

(*a*) the target company or the subsidiary carries on a trade or business in Singapore or elsewhere on the date of the acquisition of the shares; and

(*b*) the target company or the subsidiary has in its employment at least 3 employees at all times during the period of 12 months immediately before that date.

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(16E) For the purposes of subsection (16)(*c*)(v) and (*d*)(v), the Minister may by regulations prescribe such conditions as the Minister considers necessary to ensure that the acquiring company or acquiring subsidiary is not merely a passive shareholder of the target company, including requiring the company or subsidiary to exert significant influence (within the meaning of FRS 28, or SFRS for Small Entities, as amended from time to time) over the target company.

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(16F) In subsection (16E) —

"FRS 28" means the financial reporting standard known as Financial Reporting Standard 28 (Investments in Associates and Joint Ventures) issued by the Accounting Standards Council under Part III of the Accounting Standards Act (Cap. 2B);

"SFRS for Small Entities" means the financial reporting standard known as Singapore Financial Reporting Standard for Small Entities made by the Accounting Standards Council under Part III of the Accounting Standards Act.

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(17) No deduction in respect of any qualifying acquisition of ordinary shares in a target company shall be made to the acquiring company for the year of assessment relating to the basis period of the

acquiring company in which any of the following events occurs or for any subsequent year:

(*a*) where the qualifying acquisition is one referred to in subsection (4) or (4A)(*c*), (*d*), (*e*) or (*f*), after the date of the acquisition of the shares, the target company issues additional ordinary shares which reduces the total ownership of the acquiring company and its acquiring subsidiaries of the ordinary shares in the target company to 50% or less;

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(*aa*) where the qualifying acquisition is one referred to in subsection (4A)(*a*) or (*b*), after the date of the acquisition of the shares, the target company issues additional ordinary shares which reduces the total ownership of the acquiring company and its acquiring subsidiaries of the ordinary shares in the target company to less than 20%;

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(*b*) the acquiring company —

(i) ceases to carry on a trade or business in Singapore; or

(ii) ceases to have at least 3 local employees;

(*c*) where the qualifying acquisition is one referred to in subsection (4)(*a*) or (*b*) or (4A)(*c*) or (*d*), the acquiring company or the acquiring subsidiary (as the case may be) divests of its shares in the target company which reduces the total ownership of the acquiring company and its acquiring subsidiaries of the ordinary shares in the target company to 50% or less, and such divestment occurs in a basis period of the acquiring company other than that for the 1st year of assessment;

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(*d*) where the qualifying acquisition is one referred to in subsection (4)(*c*) or (*d*) or (4A)(*e*) or (*f*), the acquiring company or the acquiring subsidiary (as the case may be) divests of its shares in the target company which reduces the total ownership of the acquiring company and its acquiring subsidiaries of the ordinary shares in the target

company to a percentage below 75%, and such divestment occurs in a basis period of the acquiring company other than that for the 1st year of assessment;

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(*da*) where the qualifying acquisition is one referred to in subsection (4A)(*a*) or (*b*), the acquiring company or the acquiring subsidiary (as the case may be) divests its shares in the target company which reduces the total ownership of the acquiring company and its acquiring subsidiaries of the ordinary shares in the target company to any percentage below 20%, and such divestment occurs in a basis period of the acquiring company other than that for the 1st year of assessment;

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(*e*) the acquiring company or, if the acquiring company is a subsidiary of another company within the meaning of section 5 of the Companies Act, its ultimate holding company, ceases to be a Singapore company; or

(*f*) the acquiring subsidiary and every intermediate company through which the acquiring subsidiary is indirectly owned by the acquiring company —

(i) carries on any trade or business in Singapore or elsewhere;

(ii) claims a deduction under this section for capital expenditure or transaction costs incurred or claims any stamp duty relief under section 15A of the Stamp Duties Act; or

(iii) ceases to be wholly owned by the acquiring company —

(A) directly, in the case of a qualifying acquisition the date of which is before 17th February 2012; and

(B) whether directly or indirectly, in the case of a qualifying acquisition the date of which is on or after 17th February 2012.

[29/2010; 22/2011; 29/2012]

(18) If the Comptroller is satisfied that the shareholders of the acquiring company on the first day of the year of assessment in which the deduction is to be allowed in respect of a qualifying acquisition are not substantially the same as its shareholders on the date of the acquisition of the shares, then no deduction in respect of the qualifying acquisition shall be made to the acquiring company for the year of assessment relating to the basis period of the acquiring company in which the deduction is to be allowed and for any subsequent year of assessment.

[29/2010; 22/2011]

Modifications for groups of companies

(19) Where the acquiring company or the acquiring subsidiary, as the case may be, and the target company are part of the same group of companies on the date of a qualifying acquisition of ordinary shares in a target company by the acquiring company or the acquiring subsidiary, as the case may be, no deduction shall be made under this section in respect of that qualifying acquisition unless the total number of ordinary shares acquired by the acquiring company or the acquiring subsidiary, as the case may be, results in an increase in the total number of ordinary shares of the target company held on that date by all companies in the group (excluding the target company) and, where there is such an increase —

(*a*) a deduction shall only be allowed under this section for; and

(*b*) references in subsections (7) to (10A) to any capital expenditure for a qualifying acquisition shall accordingly be read as references to,

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the capital expenditure in respect of the number of such shares that corresponds to such increase.

[29/2010]

(19A) The Minister or such person as he may appoint may, for any particular qualifying acquisition made on or after 17th February 2012, waive the requirement in subsections (16A)(*d*) and (17)(*e*) in relation to the ultimate holding company of the acquiring company,

subject to such conditions that the Minister or the person he has appointed may impose.

[29/2012]

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Carry forward of deductions

(20) Subject to subsection (21), where in any year of assessment full effect cannot, by reason of an insufficiency of gains or profits chargeable for that year of assessment, be given to any deduction falling to be allowed under this section, the balance of the deduction shall be added to, and be deemed to form part of the corresponding deduction, if any, for the next succeeding year of assessment, and if no such corresponding deduction falls to be allowed for that year, shall be deemed to constitute the corresponding deduction for that year, and so on for subsequent years of assessment.

[29/2010]

(21) No balance shall be added to and be deemed to form part of the corresponding deduction, if any, to be given to an acquiring company under subsection (20) for a year of assessment unless the Comptroller is satisfied that the shareholders of the acquiring company on the last day of the year of assessment in which the deduction was claimed were substantially the same as the shareholders of the acquiring company on the first day of the first-mentioned year of assessment; and such balance shall not be allowed in any subsequent year of assessment.

[29/2010]

Exemption

(22) The Minister or such person as he may appoint may, where there is a substantial change in the shareholders of a company and he is satisfied that such change is not for the purpose of deriving any tax benefit or obtaining any tax advantage, exempt that company from the provisions of subsections (18) and (21).

[29/2010]

Deductions that ought not to have been allowed

(23) Notwithstanding section 74(1) and (4), where it appears to the Comptroller that a deduction or any part thereof under this section

which has been allowed to any acquiring company in any year of assessment ought not to have been allowed by virtue of —

(*a*) the occurrence of any event specified in subsection (17) or (18);

(*b*) the failure of the acquiring company or the acquiring subsidiary, as the case may be, to pay the consideration for acquiring the shares of the target company in full within 6 months from the date of the acquisition of the shares or, in the case of consideration that is contingent consideration, within 6 months from the date the contingent consideration is incurred;

(*c*) a reduction in the consideration paid in relation to the share acquisition upon satisfaction of indemnity conditions as may be specified in the agreement for the sale of the ordinary shares of the target company; or

(*d*) section 33,

the Comptroller may, at any time, for the purposes of making good any loss of tax attributable to the deduction or part thereof, assess the person who has utilised the deduction at such amount or additional amount as according to his judgment ought to have been charged, and this subsection shall also apply with the necessary modifications to any assessment which results in any unabsorbed allowances or losses.

[29/2010]

Regulations

(24) The Minister may make regulations —

(*a*) to provide for the disallowance of or for the adjustments to be made to the amount of any deduction allowed in any year of assessment under this section where the acquiring company or the acquiring subsidiary, as the case may be, divests of any of the ordinary shares it holds in the target company;

(*b*) to provide for the application of this section to a business trust, subject to such modifications as may be prescribed, including treating, in prescribed circumstances, a business

trust and any company whose shares are trust property thereof as companies within a group of companies, and a holding of units in a business trust as a holding of shares in a company;

(*c*) to prescribe such matters as are required or authorised to be prescribed under this section; and

(*d*) generally for giving full effect to or for carrying out the purposes of this section.

[29/2010; 29/2012]

Interpretation

(25) In this section —

"capital expenditure", in relation to any acquisition of shares, means consideration for the shares acquired whether paid in cash or in shares of the acquiring company or both, but excludes transaction costs (including but not limited to due diligence and valuation costs) and any other similar costs;

"contingent consideration", in relation to an acquisition of ordinary shares in a target company, means such part of the total consideration for the acquisition that would be incurred only upon the satisfaction of such conditions in respect of the target company as may be specified in the agreement for the acquisition entered into by the acquiring company or the acquiring subsidiary, as the case may be;

"group of companies" means 2 or more companies each of which is either a holding company or subsidiary of the other or any of the others;

"holding company" and "subsidiary" have the same meanings as in section 5 of the Companies Act;

"local employee" means an employee of the acquiring company —

(*a*) who is a citizen of Singapore or a Singapore permanent resident; and

(*b*) who makes contributions in respect of the income derived from his employment with the acquiring

company to the Central Provident Fund which are obligatory under the Central Provident Fund Act (Cap. 36),

but exclude a director as defined in section 4 of the Companies Act;

"Singapore company" means a company which is incorporated in Singapore and resident in Singapore;

"transaction costs" means professional fees that are necessarily incurred for the qualifying acquisition of ordinary shares in the target company —

(*a*) including legal fees, accounting or tax advisor's fees and valuation fees; but

(*b*) excluding any professional fees (including the fees referred to in paragraph (*a*)) incurred in respect of loan arrangements and costs incidental thereto, borrowing costs, and stamp duty and any other taxes, incurred for the qualifying acquisition of ordinary shares in the target company;

"ultimate holding company" has the same meaning as in section 5A of the Companies Act.

[29/2010; 29/2012]

(26) In this section, the date of acquisition of ordinary shares in a target company is —

(*a*) the date on which the agreement for the sale of those shares is entered into by the acquiring company or the acquiring subsidiary, as the case may be; or

(*b*) in the absence of an agreement referred to in paragraph (*a*), the date of the transfer of those shares from the target company to the acquiring company or the acquiring subsidiary, as the case may be.

[29/2010]

(27) For the purposes of subsections (13) and (16A) —

(*a*) a person is related to another if —

(i) one of them directly or indirectly controls the other; or

(ii) both of them are under the direct or indirect control of a third person; and

(*b*) a company is connected with another if —

(i) at least 75% of the total number of ordinary shares in one company are beneficially held, directly or indirectly, by the other; or

(ii) at least 75% of the total number of ordinary shares in each of the 2 companies are beneficially held, directly or indirectly, by a third company.

[29/2010]

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(28) For the purposes of subsections (18), (21) and (22) —

(*a*) the shareholders of the acquiring company at any date shall not be deemed to be substantially the same as the shareholders of that company at any other date unless, on both those dates, not less than 50% of the total number of issued shares of the company are held by or on behalf of the same persons;

(*b*) shares in the acquiring company held by or on behalf of another company shall be deemed to be held by the shareholders of the last-mentioned company; and

(*c*) shares held by or on behalf of the trustee of the estate of a deceased shareholder or by or on behalf of the person entitled to those shares as beneficiaries under the will or any intestacy of a deceased shareholder shall be deemed to be held by that deceased shareholder.

[29/2010]

(29) In this section, a reference to capital expenditure and transaction costs excludes any such expenditure and costs to the

extent that they are or are to be subsidised by grants or subsidies from the Government or a statutory board.

[29/2012]

Treatment of unabsorbed donations attributable to exempt income

37M.—(1) If —

(*a*) any donation allowable under this Act for the year of assessment 2012 or any preceding year of assessment (referred to in this section as the attributed donation) is to be deducted from any income of a company under a provision of this Act or the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86) in determining the amount of its income that is exempt from tax under that provision for that or any subsequent year of assessment; and

(*b*) part or all of the attributed donation (referred to in this section as the balance) has yet to be fully deducted in determining the amount of income that is exempt from tax for the year of assessment 2012,

then the following provisions shall apply to the balance:

(i) subject to paragraphs (iii) to (vii) and subsection (2), the balance shall be deducted from the statutory income of the company for the year of assessment 2013;

(ii) subject to paragraphs (iii) to (vii) and section 37B, where the deduction under paragraph (i) cannot be made or fully made, the balance shall be deducted from the statutory income of the company for the year of assessment 2014, and so on;

(iii) any balance not deducted against the statutory income of the company for the fifth year of assessment after the year of assessment relating to the basis period in which the donation was made shall be disregarded;

(iv) for the purposes of paragraphs (i) and (ii), any donation made on an earlier date shall be deemed to have been deducted first;

(v) where the part of the balance that may be deducted under paragraph (i) against any type of income in accordance with subsection (2) has been so deducted and a sum remains of that part of the balance after such deduction, a deduction under paragraph (ii) of the sum that so remains, or any sum that remains after one or more applications of this paragraph, shall be made in the following manner:

(A) the sum shall first be deducted against the same type of income;

(B) any sum remaining after that deduction shall be deducted against any other type of income in accordance with section 37B;

(vi) notwithstanding paragraphs (i) and (ii), the balance shall be disregarded if the Comptroller is not satisfied that the shareholders of the company on the last day of the year in which the donation was made, were substantially the same as the shareholders of the company on the first day of the year of assessment in which the balance would otherwise be deductible; and

(vii) section 37(13) to (17) shall apply, with the necessary modifications, for the purposes of paragraph (vi).

[29/2012; 19/2013]

(2) The deduction under subsection (1)(i) shall be made in accordance with the following provisions:

(*a*) section 37B shall not apply to the deduction;

(*b*) if the company only derives normal income for that year of assessment, the balance shall be deducted against the normal income for that year of assessment;

(*c*) if the company only derives concessionary income for that year of assessment, the balance shall be deducted against the concessionary income for that year of assessment;

(*d*) if the company derives both normal income and concessionary income, or concessionary income that is subject to tax at different concessionary rates of tax, for that year of assessment, the balance shall be deducted against each type of income in such proportion as appears reasonable to the Comptroller in the circumstances;

(*e*) if the company only derives income that is exempt from tax for that year of assessment, then section 37B(3) shall, with the necessary modifications, apply for the purpose of making a deduction of the balance under subsection (1)(ii) as if the balance were unabsorbed donation in respect of income of a company subject to tax at the rate of tax specified in section 43(1)(*a*).

[29/2012]

(3) In this section —

"concessionary income" means income that is subject to tax at a concessionary rate of tax;

"concessionary rate of tax" has the same meaning as in section 14C in force immediately before the date the Income Tax (Amendment No. 3) Act 2016 is published in the *Gazette*;

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

"normal income" means income that is subject to tax at the rate of tax specified in section 43(1)(*a*).

[29/2012]

PART X

ASCERTAINMENT OF CHARGEABLE INCOME AND PERSONAL RELIEFS

Chargeable income

38. The chargeable income of any person for any year of assessment shall be the remainder of his assessable income for that year after the reliefs and deductions allowed in this Part have been made.

Relief and deduction for resident individual

39.—(1) In the case of an individual resident in Singapore in the year of assessment, there shall be allowed a deduction, in respect of earned income, which shall be —

(*a*) in the case of an individual not falling within any other paragraph, the sum of $1,000 or the amount of the earned income;

(*b*) without prejudice to any deduction allowable under paragraph (*c*) or (*d*), in the case of an individual who, in the year immediately preceding the year of assessment, was totally blind or suffering from any physical or mental disability which permanently and severely restricted his capacity for work, the sum of $4,000 or the amount of the earned income;

(*c*) in the case of an individual who, at any time in the year immediately preceding the year of assessment, was above 55 years of age but was not above 60 years of age, the sum of $6,000 or the amount of the earned income; and

(*d*) in the case of an individual who, at any time in the year immediately preceding the year of assessment, was above 60 years of age, the sum of $8,000 or the amount of earned income,

whichever is less.

[37/75; 1/82; 15/83; 26/93; 37/2002; 29/2012]

(2) In the case of an individual resident in Singapore in the year of assessment who, in the year immediately preceding the year of assessment —

Deduction for spouse

(*a*) had a spouse, living with or maintained by him or her, whose income was not more than $4,000 in that year, there shall be allowed a deduction of $2,000;

Deduction for alimony

(*b*) [*Deleted by Act 22 of 2011*]

Deduction for payments under order or deed

(*c*) made payments in accordance with an order of court or a deed of separation to a wife from whom he was separated by such order or deed, there shall be allowed a deduction of the amount of such payments or $2,000, whichever is less:

Provided that the total deductions allowed to any individual under this paragraph and paragraph (*a*) shall not exceed $2,000;

Deduction for handicapped spouse

(*d*) maintained a spouse —

(i) who was incapacitated by reason of physical or mental infirmity; and

(ii) [*Deleted by Act 29 of 2010*]

(iii) in respect of whom no deduction has been claimed by another person under paragraph (*i*) or (*j*),

there shall be allowed in respect of —

(A) such spouse a deduction of $5,500; or

[Act 37 of 2014 wef Y/A 2015 and sub Ys/A]

(B) such spouse (being his wife) from whom he was separated by an order of court or a deed of separation, a deduction of the amount of payments made in accordance with such order or deed or $5,500, whichever is less:

[Act 37 of 2014 wef Y/A 2015 and sub Ys/A]

(C) [*Deleted by Act 22 of 2011*]

Provided that the total deductions allowed to the individual under this paragraph and paragraph (*a*) or (*c*) shall not exceed $5,500;

[Act 37 of 2014 wef Y/A 2015 and sub Ys/A]

Deduction for children

(*e*) maintained an unmarried child —

(i) being below the age of 16 years at any time during the year preceding the year of assessment;

(ii) receiving full-time instruction at any university, college, school or other educational institution;

(iii) serving under articles or indentures with a view to qualifying in a trade or profession; or

(iv) incapacitated by reason of physical or mental infirmity,

there shall be allowed in respect of each such child according to his age among those eligible, a deduction in accordance with the Fifth Schedule:

Provided that in the case of any unmarried child incapacitated by reason of physical or mental infirmity and in respect of whom —

(A) a deduction is allowable under paragraph 1 of the Fifth Schedule, the deduction shall be increased to $5,500 (for the year of assessment 2009, 2010, 2011, 2012, 2013 or 2014) or $7,500 (for the year of assessment 2015 or a subsequent year of assessment); or

(B) no deduction is allowable under the Fifth Schedule, there shall be allowed a deduction of $5,500 (for the year of assessment 2009, 2010, 2011, 2012, 2013 or 2014) or $7,500 (for the year of assessment 2015 or a subsequent year of assessment);

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

Deduction for delivery and hospitalisation expenses

(*f*) incurred delivery and hospitalisation expenses in respect of a legitimate 4th child born to him during the period from 1st January 1988 to 31st July 2004 (both dates inclusive) and maintained by him, there shall be allowed a deduction

against his earned income of the amount of such expenses or $3,000, whichever is less:

Provided that where more than one individual is entitled to claim such deduction, the deduction shall be apportioned between the individuals in question in such proportion as they agree, or, in the absence of such agreement, in such proportion as appears to the Comptroller to be reasonable;

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

Deduction for life insurance and contributions to approved pension, provident fund or society

(*g*) has made insurance on his life or on the life of his wife with any insurance company or has contributed as an employee to an approved pension or provident fund or society or has made any contribution or suffered any abatement from his salary or pension under any Act for the time being in force in Singapore relating to widows' and orphans' pensions or under any approved scheme within the meaning of any such Act, there shall be allowed a deduction of the aggregate of all premiums for such insurance and all such contributions and abatements paid, made or suffered by him in that year:

Provided that —

(i) in the case of any policy securing a capital sum on death (whether in conjunction with any other benefit or not), the amount to be deducted in respect of that policy shall not exceed 7% of that capital sum, exclusive of any additional benefit by way of bonus, profits or otherwise;

(ii) where the sum of —

(A) the contributions to any approved pension or provident fund or society under this paragraph; and

(B) the deduction allowed to the individual under paragraph (*q*),

does not exceed $5,000, then the total deductions allowable under this paragraph shall not exceed the difference between $5,000 and the amount of the deduction referred to in sub-paragraph (B);

(ii*a*) where the sum referred to in sub-paragraph (ii) exceeds $5,000, then no deduction shall be allowed under this paragraph, except that the contributions made to an approved pension or a provident fund or the Central Provident Fund under this paragraph shall, subject to subsections (6) to (10), be allowed as a deduction under this paragraph;

(iii) no such deduction shall include any sum contributed to an approved pension or provident fund or society unless the contribution of such sum thereto was obligatory by reason of any contract of employment or of any provision in the rules or constitution of the fund or society;

(iv) no such deduction shall include any sum which has been claimed and allowed to a husband or wife under this paragraph;

(v) no such deduction shall be allowed unless the insurance company has an office or a branch in Singapore but this sub-paragraph shall not apply to any insurance contract entered into by an individual resident in Singapore before 10th August 1973;

(vi) in the case of an individual who has made contributions to an approved pension or provident fund, no such deduction shall exceed the contributions which would have been recoverable under section 7(2) of the Central Provident Fund Act (Cap. 36) had contributions been payable in respect of him to the Central Provident Fund;

(vii) notwithstanding sub-paragraph (iii), no deduction shall be allowed in respect of any sum contributed to the Central Provident Fund for any period on or after 1st January 1999 by an employee who holds a professional visit pass or a work pass;

(viii) no such deduction shall be allowed where the premiums for such insurance are paid with funds standing in his SRS account;

(ix) in the case of an NOR individual who has elected for tax exemption under section 13N(1) for the year of assessment, no deduction shall exceed the contributions which would have been recoverable under section 7(2) of the Central Provident Fund Act in respect of his apportioned employment income for the year immediately preceding the year of assessment;

Deduction for CPF contributions by self-employed

(*h*) has carried on a trade, business, profession or vocation and has made contributions to the Central Provident Fund on his own account, or has derived income from a trade, business, profession or vocation and has made contributions in respect of such income to the Fund which were obligatory under the Central Provident Fund Act, there shall be allowed a deduction, in respect of such contributions, of an amount not exceeding 35% (for the year of assessment 2011), 36% (for the year of assessment 2012, 2013, 2014 or 2015) or 37% (for the year of assessment 2016 or a subsequent year of assessment), or such other rate as may be prescribed of his assessable income for that year of assessment derived from such trade, business, profession or vocation or $26,775 (for the year of assessment 2011), $30,600 (for the year of assessment 2012, 2013, 2014 or 2015), $31,450 (for the year of assessment 2016) or $37,740 (for the year of assessment 2017 or a subsequent year of assessment), or such other amount as may be prescribed, whichever is less:

Provided that —

(i) where the sum of —

(A) the contributions to any approved pension or provident fund or society under paragraph (*g*) and this paragraph; and

(B) the deduction allowed to the individual under paragraph (*q*),

does not exceed $5,000, then the total deductions allowable under paragraph (*g*) and this paragraph shall not exceed the difference between $5,000 and the amount of the deduction referred to in sub-paragraph (B);

(i*a*) where the sum referred to in sub-paragraph (i) exceeds $5,000, then no deduction shall be allowed under paragraph (*g*) in respect of premiums for life insurance;

(ii) the total deductions allowable under paragraph (*g*) and this paragraph in respect of contributions to any approved pension or provident fund or society shall not exceed $26,775 (for the year of assessment 2011), $30,600 (for the year of assessment 2012, 2013, 2014 or 2015), $31,450 (for the year of assessment 2016) or $37,740 (for the year of assessment 2017 or a subsequent year of assessment), or such other amount as may be prescribed where the deduction allowable under paragraph (*g*) is less than $26,775 (for the year of assessment 2011), $30,600 (for the year of assessment 2012, 2013, 2014 or 2015), $31,450 (for the year of assessment 2016) or $37,740 (for the year of assessment 2017 or a subsequent year of assessment), or such other amount as may be prescribed in respect of such contributions;

(iii) no deduction shall be allowed under this paragraph where a deduction of $26,775 (for the year of

assessment 2011), $30,600 (for the year of assessment 2012, 2013, 2014 or 2015), $31,450 (for the year of assessment 2016) or $37,740 (for the year of assessment 2017 or a subsequent year of assessment), or such other amount as may be prescribed or more has been allowed under paragraph (*g*) in respect of contributions to any approved pension or provident fund or society;

(iv) where the total deductions allowable under this paragraph in respect of contributions which are obligatory under the Central Provident Fund Act and under paragraph (*g*) in respect of contributions to any approved pension or provident fund or society exceed $26,775 (for the year of assessment 2011), $30,600 (for the year of assessment 2012, 2013, 2014 or 2015), $31,450 (for the year of assessment 2016) or $37,740 (for the year of assessment 2017 or a subsequent year of assessment), or such other amount as may be prescribed, sub-paragraphs (ii) and (iii) shall not apply to such amount of contributions in excess of $26,775 (for the year of assessment 2011), $30,600 (for the year of assessment 2012, 2013, 2014 or 2015), $31,450 (for the year of assessment 2016) or $37,740 (for the year of assessment 2017 or a subsequent year of assessment), or such other amount as may be prescribed which are allowable under this paragraph;

[Act 37 of 2014 wef Y/A 2015 and sub Ys/A]

[Act 2 of 2016 wef 11/04/2016]

Deduction for aged parents

(*i*) maintained any dependant living in Singapore —

(i) who was his or his spouse's parent, grandparent or great-grandparent; and

(ii) [*Deleted by Act 29 of 2010*]

(iii) in respect of whom no deduction has been claimed by another person under paragraph (*a*), (*c*) or (*d*),

there shall be allowed, under sub-paragraph (A) or (B) but not both, in respect of —

(A) each such dependant who was not less than 55 years of age and whose income was not more than $4,000 in that year —

(AA) a deduction of $9,000, where the dependant was living with him in the same household; or

[Act 37 of 2014 wef Y/A 2015 and sub Ys/A]

(AB) a deduction of $5,500, where the dependant was not living with him in the same household but in respect of whom a sum of not less than $2,000, or such lower sum as the Comptroller may determine, was incurred in that year by the individual in maintaining the dependant; or

[Act 37 of 2014 wef Y/A 2015 and sub Ys/A]

(B) each such dependant who was incapacitated by reason of physical or mental infirmity —

(BA) a deduction of $14,000, where the dependant was living with him in the same household; or

[Act 37 of 2014 wef Y/A 2015 and sub Ys/A]

(BB) a deduction of $10,000, where the dependant was not living with him in the same household but in respect of whom a sum of not less than $2,000, or such lower sum as the Comptroller may determine, was incurred in that year by the individual in maintaining the dependant:

[Act 37 of 2014 wef Y/A 2015 and sub Ys/A]

Provided that —

(I) no individual may obtain a deduction under this paragraph for more than 2 dependants; and

(II) where more than one individual claims a deduction under this paragraph in respect of the same dependant —

(IIA) the deduction shall be apportioned between the claimants in such proportions as they may agree or, failing such agreement, the deduction shall be apportioned equally between all the claimants; and

(IIB) where at least one of the claimants was living with the dependant in the same household in the year immediately preceding the year of assessment, the amount of deduction to be apportioned between the claimants shall be the amount set out in sub-paragraph (A)(AA) or (B)(BA), as the case may be;

[Act 37 of 2014 wef Y/A 2015 and sub Ys/A]

Deduction for maintenance for handicapped siblings

(*j*) maintained any dependant living in Singapore —

(i) who is his or his spouse's brother or sister;

(ii) who was incapacitated by reason of physical or mental infirmity;

(iii) [*Deleted by Act 29 of 2010*]

(iv) in respect of whom no deduction has been claimed by another person under paragraph (*a*), (*c*), (*d*) or (*e*); and

(v) who was living with him in the same household or in respect of whom a sum of not less than $2,000, or such lower sum as the Comptroller may determine, was incurred in that year by the individual in maintaining the dependant,

there shall be allowed in respect of each such dependant a deduction of $5,500; and where more than one individual is entitled to claim a deduction in respect of the same dependant, the deduction shall be apportioned in such manner as appears to the Comptroller to be reasonable;

[Act 37 of 2014 wef Y/A 2015 and sub Ys/A]

Deduction for course fees

(*k*) had attended any course of study, seminar or conference for the purpose of gaining an approved academic, professional or vocational qualification, or had attended such other approved course, seminar or conference as is related to his trade, business, profession, vocation or employment, there shall be allowed a deduction of the amount incurred by him in that year on the fees for such course, seminar or conference (including examination, tuition and registration fees), subject to subsection (12B); but no deduction shall be allowed under this paragraph in respect of any sum which has been allowed under subsection (12A) or section 14;

Deduction for operationally ready national servicemen

(*l*) [*Deleted by Act 7 of 2007*]

(*m*) was the wife or widow of an operationally ready national serviceman and was a citizen of Singapore who had not made a claim under paragraph (*n*), there shall be allowed a deduction of $750 subject to the following provisions:

(i) the marriage to such national serviceman had not been dissolved by divorce or annulment at the end of the basis period for that year of assessment;

(ii) where the wife of such national serviceman dies during the basis period for that year of assessment, her executor shall not be entitled to a deduction under this paragraph if such national serviceman remarries during that basis period;

(iii) where such national serviceman has more than one wife, the deduction under this paragraph in respect of such national serviceman shall be allowed to any one wife as such national serviceman may nominate;

(iv) where such national serviceman has more than one widow, only the widow who was nominated under

sub-paragraph (iii) shall be allowed a deduction under this paragraph;

(v) no deduction under this paragraph shall be allowed to a wife of such national serviceman who is not entitled to a deduction under subsection (2A) or (2B) for that year of assessment; and

(vi) where such national serviceman dies during the basis period for any year of assessment for which he is not entitled to a deduction under subsection (2A) or (2B), no deduction under this paragraph shall be allowed to his widow for that year of assessment;

(*n*) was a parent of an operationally ready national serviceman and was a citizen of Singapore who had not made a claim under paragraph (*m*) or subsection (2A) or (2B), there shall be allowed a deduction of $750 subject to the following provisions:

(i) such national serviceman is a legitimate child, step-child or child adopted under any written law relating to the adoption of children;

(ii) where more than 2 parents claim the deduction under this paragraph in respect of such national serviceman, the deduction in respect of such national serviceman shall be allowed to any 2 parents as such national serviceman may nominate;

(iii) where such national serviceman has died, his parents shall continue to be allowed a deduction under this paragraph, except that where he dies during the basis period for any year of assessment for which he is not entitled to a deduction under subsection (2A) or (2B), his parents shall not be allowed a deduction under this paragraph for that year of assessment;

(iv) where a parent has more than one child who is an operationally ready national serviceman, the deduction under this paragraph shall be allowed to

the parent in respect of only one such national serviceman; and

(v) no deduction under this paragraph shall be allowed to a parent of an operationally ready national serviceman who is not entitled to a deduction under subsection (2A) or (2B) for that year of assessment;

Deduction for contributions under Supplementary Retirement Scheme

(*o*) has contributed by himself or by his employer on his behalf to an SRS account with an SRS operator, there shall be allowed a deduction of the amount of such contribution up to the amount of the SRS contribution cap applicable to him as determined in accordance with regulations made under section 10L(11), except that no deduction shall be allowed if —

(i) his SRS account is suspended as at 31st December of the year immediately preceding the year of assessment under regulations made under section 10L; or

(ii) the amount of such contribution is withdrawn from his SRS account within the year immediately preceding the year of assessment:

Provided that where an SRS member is an NOR individual who has elected for tax exemption under section 13N(1) for the year of assessment, no deduction shall exceed the contributions to the SRS account in respect of his apportioned employment income for the year immediately preceding the year of assessment;

Deduction for grandparent caregiver

(*p*) was a married woman, widow or divorcee whose parent or grandparent, or parent or grandparent of her husband or of her previous husband —

(i) was living in Singapore;

(ii) was looking after any of her children who is a citizen of Singapore and is 12 years old and below at any time during the year preceding the year of assessment; and

(iii) was not carrying on any trade, business, profession, vocation or employment in that year,

there shall be allowed against her earned income a deduction of $3,000 in respect of one such parent or grandparent only:

Provided that a deduction under this paragraph in respect of that parent or grandparent shall be allowed to one woman only and where more than one woman claims a deduction under this paragraph in respect of the same parent or grandparent, a deduction shall be allowed to such claimant as the women may agree or, failing such agreement, to such claimant as determined by the Comptroller whose decision shall be final, and in this paragraph, "children" has the same meaning as "child" in the Fifth Schedule;

Deduction for voluntary contribution to medisave account

(*q*) has made a voluntary contribution to the Central Provident Fund up to the amount allowable under the Central Provident Fund Act and has directed an amount of such contribution that, together with the balance in the individual's medisave account maintained under the Central Provident Fund Act, is within the basic healthcare sum applicable to the individual at the time when the contribution was made, to be paid to the individual's medisave account (referred to in this paragraph as relevant contribution), there shall be allowed a deduction of the amount equal to

[Act 39 of 2017 wef 01/01/2017]

$$A - B,$$

where A is the amount of relevant contribution; and

B is the amount of relevant contribution that is allowed a deduction under paragraph (*h*).

[26/73; 4/75; 37/75; 1/82; 5/83; 31/86; 1/88; 1/90; 23/90; 20/91; 2/92; 28/92; 26/93; 11/94; 32/95; 28/96; 1/98; 32/99; 24/2000; 24/2001; 37/2002; 21/2003; 49/2004; 34/2005; 7/2007; 30/2007; 53/2007; 34/2008; 27/2009; 29/2010; 22/2011]

[Act 2 of 2016 wef 01/01/2016]

(2A) In the case of an individual resident in Singapore in the year of assessment who was an operationally ready national serviceman and who —

(*a*) had performed operationally ready national service during the relevant period; and

(*b*) is certified by the proper authority as being entitled to the deduction under this subsection,

there shall be allowed —

(i) a deduction of $3,000 if the individual is not a NS key command and staff appointment holder at any time during the relevant period; or

(ii) a deduction of $5,000 if the individual is a NS key command and staff appointment holder at any time during the relevant period.

[7/2007]

(2B) In the case of an individual resident in Singapore in the year of assessment who was an operationally ready national serviceman and who —

(*a*) had not performed operationally ready national service during the relevant period; and

(*b*) is certified by the proper authority as being entitled to the deduction under this subsection,

there shall be allowed —

(i) a deduction of $1,500 if the individual is not a NS key command and staff appointment holder at any time during the relevant period; or

(ii) a deduction of $3,500 if the individual is a NS key command and staff appointment holder at any time during the relevant period.

[7/2007]

(3) In the case of an individual resident in Singapore in the year of assessment who, in the year preceding the year of assessment was a citizen or permanent resident of Singapore and has paid money in accordance with section 18 of the Central Provident Fund Act (Cap. 36) to his spouse's, his sibling's, his parent's, his parent-in-law's, his grandparent's or his grandparent-in-law's retirement account or special account or 2 or more of those accounts, there shall be allowed for that year of assessment, a deduction of the lower of —

(*a*) the amount of such payment or (as the case may be) the total amount of all such payments but subject to the maximum relief amount prescribed by rules made under section 7; and

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

(*b*) $7,000,

except that —

(i) no payment made to his spouse's or his sibling's retirement account or special account shall be allowed as a deduction if the income of that spouse or sibling, being one who at the time of such payment is not incapacitated by reason of physical or mental infirmity, exceeds $4,000 in the year preceding the year of payment; and

(ii) a payment to a retirement account that is a prescribed payment shall not be allowed as a deduction.

[22/2011; 29/2012]

(3A) In the case of an individual resident in Singapore in the year of assessment who, in the year preceding the year of assessment, was a citizen or permanent resident of Singapore and who, or whose employer on his behalf, has paid money to his retirement account or special account in accordance with section 18 of the Central Provident Fund Act, there shall be allowed for that year of assessment, a deduction of the lower of —

(*a*) the amount of such payment or (as the case may be) the total amount of all such payments but subject to the maximum relief amount prescribed by rules made under section 7; and

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

(*b*) $7,000,

except that a payment to a retirement account that is a prescribed payment shall not be allowed as a deduction.

[22/2011]

(3B) The rules mentioned in subsections (3) and (3A) may prescribe different maximum relief amounts for different individuals or classes of individuals, and for the retirement account and the special account.

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

(4) For any year of assessment, an individual may only be the subject of a claim or claims for the individual's maintenance under one dependant provision; and if claims are made under more than one dependant provision, then, subject to any priority given to any claim in the applicable dependant provision, the deduction is to be allowed to the claimant or claimants (as the case may be) under only one of those dependant provisions, being —

(*a*) the dependant provision that all the claimants have agreed on; or

(*b*) if the claimants are unable to agree on a dependant provision, the dependant provision determined by the Comptroller.

[Act 2 of 2016 wef 11/04/2016]

(4A) In subsection (4), "dependant provision" means paragraph (*a*), (*c*), (*d*), (*e*), (*i*) or (*j*) of subsection (2).

[Act 2 of 2016 wef 11/04/2016]

(4B) Despite subsection (4), for any year of assessment, an individual may be the subject of claims for the individual's maintenance under paragraphs (*a*), (*c*) and (*d*) of subsection (2), or any 2 of those paragraphs.

[Act 2 of 2016 wef 11/04/2016]

(5) For the purposes of subsections (3) and (3A), a claim for deduction shall only be granted if the claim contains such particulars and is supported by such proof as the Comptroller may require.

[1/88; 34/2008]

(6) Where in any year an individual has made contributions to the Central Provident Fund in respect of additional wages paid to him in that year, no deduction shall be allowed for any contributions in respect of that part of his additional wages which exceeds the specified amount paid to him in that year.

[7/2007]

(7) Where in any year an individual is employed by 2 or more employers and the employers are related to each other within the meaning of section 10C(9), subsection (6) shall apply as if all the ordinary and additional wages from those related employers were paid by one employer.

[7/2007]

(8) Subsections (6) and (7) shall apply, with the necessary modifications, to contributions made by an individual to an approved pension or provident fund as if those contributions were contributions made to the Central Provident Fund; except that subsection (6) shall only apply to an approved pension or provident fund designated by the Minister for this purpose.

[7/2007]

(9) Where in any year an individual has made contributions to the Central Provident Fund or to a pension or provident fund designated under subsection (8), in addition to any other approved pension or provident fund, no deduction shall be allowed in respect of the whole of the contributions made to that approved pension or provident fund.

(10) For the purposes of subsection (2)(*g*), where in any year an individual has made contributions (not being contributions under section 7(2) of the Central Provident Fund Act) to the Central Provident Fund in respect of overseas ordinary wages or overseas additional wages paid to him by any relevant employer in that year, no deduction shall be allowed for any contributions in respect of overseas ordinary wages or overseas additional wages arising from sources outside Singapore.

[34/2005]

(11) In the case of a woman resident in Singapore who, in the year immediately preceding the year of assessment, is —

(*a*) living with her husband;

(*b*) married and her husband is not resident in Singapore; or

(*c*) married but separated from her husband, a divorcee or a widow and who, in the year immediately preceding the year of assessment, has any unmarried child or children living with her in the same household in Singapore in respect of whom she may be allowed a deduction under subsection (2)(*e*),

there shall be allowed a deduction against her earned income equal to twice the amount of levy imposed under the Employment of Foreign Manpower Act (Cap. 91A) (excluding any amount paid by way of penalty) and paid in the year immediately preceding the year of assessment in respect of one domestic servant employed by her or her husband.

[20/91; 49/2004; 30/2007]

(12) Where an individual has commenced a new trade, business, profession, vocation or employment within 2 years of assessment from the year of assessment relating to the year in which he completed any course of study or attended any seminar or conference on or after 1st January 2003 (other than those referred to in subsections (2)(*k*) and (12A) or where a deduction in respect of which has been allowed under section 14) which is related to the new trade, business, profession, vocation or employment, there shall be allowed to him on due claim a deduction of the amount incurred by him on the fees for such course, seminar or conference (including examination, tuition and registration fees), subject to subsection (12B) and the following conditions:

(*a*) the individual is resident in Singapore in the year of assessment for which he makes the claim;

(*b*) the claim is made within 2 years of assessment from the year of assessment relating to the year in which he completed the course or attended the seminar or conference; and

(*c*) the claim is made in the year of assessment relating to the year in which he commences the new trade, business, profession, vocation or employment or in the year of assessment immediately following that year of assessment.

[21/2003; 34/2008]

(12A) Where an individual has incurred in any year an amount on the fees (including examination, tuition and registration fees) of any course of study completed on or after 1st January 2008 or any seminar or conference attended on or after 1st January 2008 for the purpose of gaining an approved academic, professional or vocational qualification, there shall be allowed to him on due claim a deduction in respect of those fees in a year of assessment subsequent to the year in which the fees were incurred, being —

(*a*) the first such year of assessment in which the assessable income of the individual exceeds $22,000; or

(*b*) the second subsequent year of assessment from the year of assessment relating to the year in which he completed the course or attended the seminar or conference for which the fees were incurred,

whichever is the earlier, subject to subsection (12B) and the following conditions:

(i) the individual is resident in Singapore in the year of assessment for which he makes the claim; and

(ii) no deduction of such amount has been allowed under subsection (2)(*k*) or section 14.

[34/2008]

(12B) The total amount of deduction in respect of fees allowed to an individual for any year of assessment in respect of one or more courses of study, seminars or conferences under subsections (2)(*k*), (12) and (12A) shall not exceed $5,500.

[34/2008; 29/2010]

(13) In this section —

"additional wages" has the same meaning as in the Central Provident Fund Act;

"apportioned employment income" has the same meaning as in section 13N(7);

"approved" means approved by the Minister or such person as he may appoint;

[*Deleted by Act 2 of 2016 wef 01/01/2016*]

"basic healthcare sum", in relation to an individual, means the maximum amount directed by the Minister under section 13(6) of the Central Provident Fund Act;

[Act 2 of 2016 wef 01/01/2016]

"NOR individual" has the same meaning as in section 13N(7);

"NS key command and staff appointment holder" means a person appointed as such by the proper authority;

"operationally ready national serviceman" means any person who has completed national service under the Enlistment Act (Cap. 93) or been deemed to have completed such service by the proper authority;

"ordinary wages" has the same meaning as "ordinary wages for the month" in the Central Provident Fund Act;

"overseas additional wages", "overseas ordinary wages", "overseas total wages", "relevant employer" and "specified amount" have the same meanings as in section 10C(12);

"proper authority" means such person as the Minister may appoint;

"relevant period", in relation to any year of assessment, means the period beginning from 1st April of the year immediately preceding the year of assessment and ending on 31st March of the subsequent year;

"total wages", in relation to any year, means the total of the ordinary and additional wages in that year received by an employee;

"year" means any year from 1st January to 31st December (both dates inclusive).

[7/85; 28/92; 11/94; 28/96; 49/2004; 7/2007; 34/2008]

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

Limit on total deduction under section 39

39A. Despite anything in section 39 or the Fifth Schedule, for the year of assessment 2018 and every subsequent year of assessment, the total amount of all deductions allowable to any individual under section 39 must not exceed $80,000 for that year of assessment.

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

Relief for non-resident citizens and certain other non-residents

40.—(1) Any individual who in any year of assessment is not resident in, but is a citizen of, Singapore shall be allowed such relief, if any, as will reduce the amount of tax payable by him in respect of that year to an amount which bears the same proportion to the amount of tax which would be so payable if he were resident in Singapore in that year, and if the tax were charged on his aggregate income, reduced by any deductions which would be allowable under section 39 (except subsections (2)(*k*), (12) and (12A) thereof), as the amount of his assessable income (other than specified income) bears to his aggregate income.

[4/75; 31/86; 3/89; 28/96; 21/2003; 34/2008]

(2) The amount of tax which would be so payable if the person referred to in subsection (1) were resident in Singapore for the purposes of this section shall be ascertained in accordance with the rates of tax specified in Part C of the Second Schedule.

[7/79; 11/94]

(3) Any individual who, in any year of assessment, is neither resident in nor a citizen of Singapore shall, if the tax payable by him in respect of that year is attributable in whole or in part to any pension, be entitled to a like relief to that conferred by subsection (1), but as if —

(*a*) the reference in that subsection to the amount of tax payable by him in respect of that year were a reference to

so much only of that amount as is attributable to the pension; and

(*b*) the reference therein to his assessable income (other than specified income) were a reference to so much only of that income as is so attributable.

(4) Any individual who, in any year of assessment, is neither resident in, nor a citizen of, Singapore, but is resident in another country, which pursuant to any arrangements entered into under section 49, affords to individuals who are residents of Singapore the same personal allowances, reliefs and reductions as are afforded to citizens of that country not resident in that country, shall be entitled to a like relief to that conferred by subsection (1).

(5) In this section —

"aggregate income" means the sum total of all income (other than specified income), whether accruing in, derived from or received in Singapore or elsewhere, computed in accordance with the provisions of this Act other than section 39;

"pension" means any pension or annuity derived from Singapore and payable either in respect of services rendered or pursuant to the provisions or rules of an approved pension or provident fund or society;

"specified income" means any income of a person not resident in Singapore which is subject to tax at the rate specified in section 43(3), (3A) and (4)(*a*).

[28/96; 37/2002; 49/2004]

(6) For the purposes of this section —

(*a*) [*Deleted by Act 27 of 2009*]

(*b*) relief under sections 50, 50A and 50B shall be left out of account in computing the amount of tax which would be payable by an individual if he were resident in Singapore, and charged to tax, as mentioned in subsection (1).

[11/94; 7/2007; 27/2009]

(7) No relief shall be allowed under this section for the year of assessment 2016 or any subsequent year of assessment.

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

Relief for non-resident public entertainers

40A.—(1) This section shall apply to a person who, in any year of assessment, is not resident in Singapore and who derives income as a public entertainer or derives such income and income from any other source in the year preceding that year of assessment which does not include —

(*a*) any withdrawal from his SRS account deemed to be income subject to tax under section 10L; or

(*b*) income from the exercise of any other employment in Singapore.

[24/2001]

(2) Subject to subsection (2A), any person to whom this section applies shall, if the tax payable by him in respect of that year is attributable to income derived as a public entertainer, be allowed relief in respect of that year in the following manner:

(*a*) where the only source of income in Singapore is such activity as a public entertainer, by reduction of the rate of tax to 15% on every dollar of the chargeable income;

(*b*) where such person possesses any other source of income in Singapore and the total assessable income exceeds the statutory income attributable to such activity as a public entertainer, by reduction of the rate of tax to 15% on such part of the chargeable income as bears the same proportion to the total chargeable income as the statutory income attributable to such activity as a public entertainer bears to the total assessable income;

(*c*) where such person possesses any other source of income in Singapore and the total assessable income is equal to or less than the statutory income attributable to such activity as a public entertainer, by reduction of the rate of tax to 15% on every dollar of the chargeable income.

[24/2001; 29/2010]

(2A) For the purpose of subsection (2), in relation to income derived by a person as a public entertainer during the period from

22nd February 2010 to 31st March 2020 (both dates inclusive), the references to 15% shall be read as 10%.

[29/2010]

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

(3) Where any person is entitled to relief under this section and is also entitled to relief under section 40(1) or (4), he shall be entitled to whichever relief is the greater in respect of the income to which this section relates.

[24/2001]

(4) In this section —

"public entertainer" means a stage, radio or television artiste, a musician, an athlete or an individual exercising any profession, vocation or employment of a similar nature;

"statutory income attributable to such activity as a public entertainer" means the statutory income derived from such source ascertained in accordance with section 35(1);

"total assessable income" means the remainder of the statutory income of any person after the deduction allowed under section 37(3)(*a*) has been made.

[48/70; 24/2001]

Relief for non-resident employees

40B.—(1) This section shall apply to a person who, in any year of assessment, is not resident in Singapore and who derives income from the exercise of any employment in Singapore or derives such income and income from any other source in the year preceding that year of assessment which does not include —

(*a*) any withdrawal from his SRS account deemed to be income subject to tax under section 10L; or

(*b*) income derived as a public entertainer within the meaning of section 40A.

[24/2001]

(2) Any person to whom this section applies shall, if the tax payable by him in respect of that year is attributable to income derived from

the exercise of an employment in Singapore, be allowed relief in respect of that year in the following manner:

(*a*) where the only source of income in Singapore is such activity as a non-resident employee, by reduction of the rate of tax to 15% on every dollar of the chargeable income;

(*b*) where such person possesses any other source of income in Singapore and the total assessable income exceeds the statutory income attributable to such activity as a non-resident employee, by reduction of the rate of tax to 15% on such part of the chargeable income as bears the same proportion to the total chargeable income as the statutory income attributable to such activity as a non-resident employee bears to the total assessable income;

(*c*) where such person possesses any other source of income in Singapore and the total assessable income is equal to or less than the statutory income attributable to such activity as a non-resident employee, by reduction of the rate of tax to 15% on every dollar of the chargeable income.

[24/2001]

(3) The relief available to any person under subsection (2) shall be so limited that the tax payable in respect of such income shall not be less than that which would be payable by a resident of Singapore in the same circumstances.

[24/2001]

(3A) To avoid doubt, for the purpose of subsection (3), section 39A applies to the computation of the tax that would be payable by a resident of Singapore in the circumstances mentioned in that subsection.

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

(4) Where any person is entitled to relief under this section and is also entitled to relief under section 40(1) or (4), he shall be entitled to whichever relief is the greater in respect of the income to which this section relates.

[24/2001]

(5) In this section —

"non-resident employee" means an individual who has exercised an employment in Singapore for such period of time as not to qualify for the status of a resident and includes an individual who is in receipt of leave pay attributable to a period of employment in Singapore but excludes a director of a company;

"statutory income attributable to such activity as a non-resident employee" means the statutory income derived from such source ascertained in accordance with section 35(1);

"total assessable income" means the remainder of the statutory income of any person after the deduction allowed under section 37(3)(*a*) has been made.

[26/73; 24/2001]

Relief for non-resident SRS members

40C.—(1) This section shall apply to a person who, in any year of assessment, is not resident in Singapore and who makes any withdrawal from his SRS account which is deemed to be income subject to tax under section 10L or derives such income and income from any other source in the year preceding that year of assessment which does not include —

(*a*) income from the exercise of any employment in Singapore; or

(*b*) income derived as a public entertainer within the meaning of section 40A.

[24/2001]

(2) Any person to whom this section applies shall, if the tax payable by him in respect of that year of assessment is attributable to withdrawals from his SRS account, be allowed relief in respect of that year of assessment in the following manner:

(*a*) where the withdrawals from his SRS account are his only source of income, by reduction of the rate of tax to 15% on every dollar of the chargeable income;

(*b*) where the person possesses any other source of income in Singapore and the total assessable income exceeds the statutory income attributable to the withdrawals from his SRS account, by reduction of the rate of tax to 15% on such part of the chargeable income as bears the same proportion to the total chargeable income as the statutory income attributable to the withdrawals from his SRS account bears to the total assessable income;

(*c*) where the person possesses any other source of income in Singapore and the total assessable income is equal to or less than the statutory income attributable to the withdrawals from his SRS account, by reduction of the rate of tax to 15% on every dollar of the chargeable income.

[24/2001]

(3) The relief available to any person under subsection (2) shall be so limited that the tax payable in respect of such income shall not be less than that which would be payable by a resident of Singapore in the same circumstances.

[24/2001]

(3A) To avoid doubt, for the purpose of subsection (3), section 39A applies to the computation of the tax that would be payable by a resident of Singapore in the circumstances mentioned in that subsection.

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

(4) Where any person is entitled to relief under this section and is also entitled to relief under section 40(1) or (4), he shall be entitled to whichever relief is the greater in respect of the income to which this section relates.

[24/2001]

(5) In this section —

"statutory income attributable to the withdrawals from his SRS account" means the statutory income of a person derived from such source as ascertained under section 35(1);

"total assessable income" means the remainder of the statutory income of a person after the deduction allowed under section 37(3)(*a*) has been made;

"withdrawals from his SRS account" means all withdrawals from the SRS account of a person which are deemed to be income subject to tax under section 10L.

[24/2001]

Relief for non-resident deriving income from activity as public entertainer and employee, etc.

40D.—(1) This section shall apply to a person who, in any year of assessment, is not resident in Singapore and who derives income from 2 or more of the following sources (referred to in this section as relevant income) in the year preceding that year of assessment:

(*a*) income derived as a public entertainer within the meaning of section 40A;

(*b*) income from the exercise of any employment in Singapore; and

(*c*) any withdrawal from his SRS account.

[24/2001]

(2) Any person to whom this section applies shall, if the tax payable by him in respect of that year of assessment is attributable to the relevant income, be allowed relief in respect of that year of assessment in the following manner:

(*a*) where he only derives the relevant income in Singapore, by reduction of the rate of tax to the rate specified under section 40A, 40B or 40C, as the case may be, on every dollar of the chargeable income attributable to the source of income referred to in subsection (1)(*a*), (*b*) or (*c*), respectively;

(*b*) where the person possesses any other source of income in Singapore and the total assessable income exceeds the statutory income attributable to the sources giving rise to the relevant income, by reduction of the rate of tax to —

(i) the rate of tax specified in section 40A(2) on such part of the chargeable income as bears the same proportion to the total chargeable income as the statutory income attributable to such activity as a

public entertainer bears to the total assessable income;

(ii) the rate of tax specified in section 40B(2) on such part of the chargeable income as bears the same proportion to the total chargeable income as the statutory income attributable to such activity as a non-resident employee bears to the total assessable income; and

(iii) the rate of tax specified in section 40C(2) on such part of the chargeable income as bears the same proportion to the total chargeable income as the statutory income attributable to the withdrawals from his SRS account bears to the total assessable income;

(*c*) where the person possesses any other source of income in Singapore and the total assessable income is equal to or less than the statutory income attributable to the sources giving rise to the relevant income, by reduction of the rate of tax to —

(i) the lowest of the rates specified under sections 40A(2), 40B(2), 40C(2) and 43(1)(*b*), as the case may be, on every dollar of the chargeable income or the amount of statutory income attributable to that source which is subject to tax at that lowest rate, whichever is less;

(ii) the second lowest of the rates specified under sections 40A(2), 40B(2), 40C(2) and 43(1)(*b*), as the case may be, on every dollar of the chargeable income in excess of the statutory income taxed at the lowest rate, or the amount of statutory income attributable to that source which is subject to tax at that second lowest rate, whichever is less; and

(iii) the third lowest of the rates specified under sections 40A(2), 40B(2), 40C(2) and 43(1)(*b*), as the case may be, on every dollar of the chargeable income in excess of the statutory income taxed at the other 2 lower rates, or the amount of statutory

income attributable to that source which is subject to tax at that third lowest rate, whichever is less.

[24/2001]

(3) The relief available to any person under subsection (2) shall be so limited that the tax payable in respect of such income referred to in subsection (1)(*b*) or (*c*), shall not be less than that which would be payable by a resident of Singapore in the same circumstances.

[24/2001]

(3A) To avoid doubt, for the purpose of subsection (3), section 39A applies to the computation of the tax that would be payable by a resident of Singapore in the circumstances mentioned in that subsection.

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

(4) For the purposes of computing the tax payable by a resident of Singapore in the same circumstances referred to in subsection (3), the statutory income derived as a public entertainer by a person to whom this section applies shall be excluded.

[24/2001]

(5) Where any person is entitled to relief under this section and is also entitled to relief under section 40(1) or (4), he shall be entitled to whichever relief is the greater in respect of the income to which this section relates.

[24/2001]

(6) In this section —

"non-resident employee" has the same meaning as in section 40B;

"public entertainer" has the same meaning as in section 40A;

"statutory income attributable to such activity as a non-resident employee" has the same meaning as in section 40B;

"statutory income attributable to such activity as a public entertainer" has the same meaning as in section 40A;

"statutory income attributable to the withdrawals from his SRS account" has the same meaning as in section 40C;

"total assessable income" means the remainder of the statutory income of a person after the deduction allowed under section 37(3)(*a*) has been made;

"withdrawals from his SRS account" has the same meaning as in section 40C.

[24/2001]

Proof of claims for deduction or relief

41.—(1) Every individual who claims any deduction or relief under this Part shall make his claim on the proper form.

(2) Such deduction or relief shall be granted if the claim contains such particulars and is supported by such proof as the Comptroller may require.

PART XI

RATES OF TAX

Rates of tax upon individuals

42.—(1) Subject to subsection (2), there shall be levied and paid for each year of assessment upon the chargeable income of every person (other than a body of persons, a company, a person not resident in Singapore, a trustee who is not the trustee of an incapacitated person, or an executor) tax in accordance with the rates specified in Part A of the Second Schedule in respect of the chargeable income of an individual.

[27/2009; 29/2012]

(2) Without prejudice to section 50, the rate of tax applicable to the income of an individual received in Singapore from outside Singapore shall be determined by reference to that income together with all other income and shall be deemed to be the highest rate applicable to his total income.

[31/86; 26/93; 28/96; 34/2005; 29/2012]

(3) [*Deleted by Act 19 of 2013*]

Rebate for children of family

42A.—(1) Where an individual resident in Singapore has —

(*a*) a second child of the family born to him on or after 1st January 2004 who is legitimate at the time of the birth;

(*b*) an illegitimate second child of the family born to him on or after 1st January 2004 and the individual becomes lawfully married to the other natural parent of the child before the child reaches 6 years of age;

(*c*) a second child of the family adopted by him under any written law relating to the adoption of children on or after 1st January 2004 and before 1st January 2006; or

(*d*) a second child of the family adopted by him under any written law relating to the adoption of children on or after 1st January 2006 and before the child reaches 6 years of age,

then there shall, in respect of that child, be allowed for the year of assessment immediately following the year of the birth in the case of paragraph (*a*), the year of the marriage in the case of paragraph (*b*), or the year of the adoption in the case of paragraph (*c*) or (*d*), a rebate of $10,000 against the tax payable by that individual.

[7/2007; 34/2008]

(2) Where an individual resident in Singapore has —

(*a*) a third or fourth child of the family born to him on or after 1st January 2004 who is legitimate at the time of the birth;

(*b*) an illegitimate third or fourth child of the family born to him on or after 1st January 2004 and the individual becomes lawfully married to the other natural parent of the child before the child reaches 6 years of age;

(*c*) a third or fourth child of the family adopted by him under any written law relating to the adoption of children on or after 1st January 2004 and before 1st January 2006; or

(*d*) a third or fourth child of the family adopted by him under any written law relating to the adoption of children on or

after 1st January 2006 and before the child reaches 6 years of age,

then there shall, in respect of that child, be allowed for the year of assessment immediately following the year of the birth in the case of paragraph (*a*), the year of the marriage in the case of paragraph (*b*), or the year of the adoption in the case of paragraph (*c*) or (*d*), a rebate of $20,000 against the tax payable by that individual.

[7/2007]

(2A) Where an individual resident in Singapore has —

(*a*) a first child of the family born to him on or after 1st January 2008 who is legitimate at the time of the birth;

(*b*) an illegitimate first child of the family born to him on or after 1st January 2008 and the individual becomes lawfully married to the other natural parent of the child before the child reaches 6 years of age; or

(*c*) a first child of the family adopted by him under any written law relating to the adoption of children on or after 1st January 2008 and before the child reaches 6 years of age,

then there shall, in respect of that child, be allowed for the year of assessment immediately following the year of the birth in the case of paragraph (*a*), the year of marriage in the case of paragraph (*b*), or the year of the adoption in the case of paragraph (*c*), a rebate of $5,000 against the tax payable by that individual.

[34/2008]

(2B) Where an individual resident in Singapore has —

(*a*) a fifth or subsequent child of the family born to him on or after 1st January 2008 who is legitimate at the time of the birth;

(*b*) an illegitimate fifth or subsequent child of the family born to him on or after 1st January 2008 and the individual becomes lawfully married to the other natural parent of the child before the child reaches 6 years of age; or

(*c*) a fifth or subsequent child of the family adopted by him under any written law relating to the adoption of children

on or after 1st January 2008 and before the child reaches 6 years of age,

then there shall, in respect of that child, be allowed for the year of assessment immediately following the year of the birth in the case of paragraph (*a*), the year of marriage in the case of paragraph (*b*), or the year of the adoption in the case of paragraph (*c*), a rebate of $20,000 against the tax payable by that individual.

[34/2008]

(2C) Where more than one individual is entitled to claim the rebate referred to in subsection (1), (2), (2A) or (2B), the rebate shall be apportioned between them in such proportion as they may agree or, in the absence of any agreement, in such manner as appears to the Comptroller to be reasonable.

[34/2008]

(3) For the purposes of subsections (1) to (2C), where full effect cannot be given to the rebate in respect of any child by reason of an insufficiency of the tax payable by an individual for that year of assessment, the balance of the unabsorbed rebate shall be available for deduction against the tax payable by the individual for the year of assessment immediately following that year of assessment and any subsequent year of assessment.

[49/2004; 7/2007; 34/2008]

(4) Where the child in respect of whom a rebate is allowable to an individual under this section is adopted by another person, the rebate or balance, if any, of the unabsorbed rebate shall not be available for deduction against the tax payable by the individual for any year of assessment following the year in which the child is adopted.

[49/2004; 34/2008]

(5) Where, for the year of assessment 2005 or any subsequent year of assessment, an individual would have been entitled to claim any rebate or balance of the unabsorbed rebate under section 42A(1) and (2)(*a*) in force immediately before 1st January 2005 but for the repeal of that section, such rebate or balance shall, subject to subsection (4), be available for deduction against the tax payable by that individual for the year of assessment 2005 and any subsequent year of assessment; but where more than one individual is entitled to claim such rebate, the rebate shall be apportioned between them in such

proportion as they may agree or, in the absence of any agreement, in such manner as appears to the Comptroller to be reasonable.

[49/2004]

(6) Where, for the year of assessment 2005 or any subsequent year of assessment, a married woman would have been entitled to claim any rebate or balance of the unabsorbed rebate under section 42A(2)(*b*) and (3) in force immediately before 1st January 2005 but for the repeal of that section —

(*a*) such rebate or balance shall, subject to subsection (4), be available for deduction against the tax payable by that woman for the year of assessment 2005 and any subsequent year of assessment up to 9 years of assessment immediately following the year of birth of the third child or fourth child, as the case may be; and

(*b*) where the fourth child is born within 9 years of the birth of the third child and full effect cannot be given to the rebate in respect of the fourth child by reason of an insufficiency of the tax payable by that woman for that year of assessment, the rebate or balance, if any, of the unabsorbed rebate shall, subject to subsection (4), be available for deduction, in the case of the fourth child, against the tax payable by that woman for up to 9 years of assessment immediately following the last year of assessment in which the rebate in respect of the third child may be allowed under paragraph (*a*).

[49/2004]

(7) Where, for the year of assessment 2005 or any subsequent year of assessment, a married woman would have been entitled to claim any rebate or balance of the unabsorbed rebate under section 42A(1), (2) and (3) in force immediately before 1st January 2005 but for the repeal of that section, the rebate or balance of the unabsorbed rebate in respect of the third child or fourth child, as the case may be, under section 42A(2)(*b*) and (3) in force immediately before 1st January 2005 shall —

(*a*) subject to subsection (4), first be allowed for deduction against the tax payable by that woman before the rebate or balance of the unabsorbed rebate under section 42A(1) and

(2)(*a*) in force immediately before 1st January 2005 is allowed; and

(*b*) subject to section 42A(4)(*b*) and (*c*) in force immediately before 1st January 2005, be available for deduction for the year of assessment 2005 and any subsequent year of assessment.

[49/2004]

(8) Where a marriage has been dissolved by divorce or annulment and an individual is entitled to claim —

(*a*) any rebate or balance of the unabsorbed rebate under section 42A(1) or (2) in force immediately before 1st January 2005, but for the repeal of that section, in respect of any child born to the individual from that marriage; and

(*b*) any rebate under section 42A(1) or (2) in force immediately before 1st January 2005, but for the repeal of that section, in respect of any child born to the individual after the dissolution of the marriage,

subsections (5), (6) and (7) shall only apply to any second, third or fourth child, as the case may be, born to the individual after the dissolution of the marriage.

[49/2004]

(9) Where a marriage was dissolved by divorce or annulment before 1st January 2002 and an individual would, but for section 42A(3)(*e*) in force immediately before that date, have been entitled to claim any rebate or balance of the unabsorbed rebate under section 42A(1) or (2) in force immediately before 1st January 2005, such rebate or balance shall, subject to section 42A(4)(*a*) to (*d*) in force immediately before 1st January 2005, be available for deduction against the tax payable by that individual only on due claim by that individual after that date and only for any year of assessment from the year of the claim.

[49/2004]

(10) No rebate shall be allowed under this section for the year of assessment 2008 or a preceding year of assessment, in respect of a child who at the time of his birth or adoption or the marriage of his

natural parents (as the case may be), has more than 3 other siblings who are members of the same household.

[34/2008]

(10A) No rebate shall be allowed under this section in respect of a child who is adopted by an individual before the individual is married.

[34/2008]

(11) In this section —

"first child of the family" means a child of the family who —

(*a*) is a citizen of Singapore at the time of his birth or adoption or the marriage of his natural parents (as the case may be), or within 12 months thereafter; and

(*b*) at the time of his birth, adoption or the marriage of his natural parents (as the case may be), has no other sibling who is a member of the same household;

"second child of the family" means a child of the family who —

(*a*) is a citizen of Singapore at the time of his birth or adoption or the marriage of his natural parents (as the case may be), or within 12 months thereafter; and

(*b*) at the time of his birth, adoption or the marriage of his natural parents (as the case may be), has one other sibling who is a member of the same household;

"third child of the family" means a child of the family who —

(*a*) is a citizen of Singapore at the time of his birth or adoption or the marriage of his natural parents (as the case may be), or within 12 months thereafter; and

(*b*) at the time of his birth, adoption or the marriage of his natural parents (as the case may be), has 2 other siblings who are members of the same household;

"fourth child of the family" means a child of the family who —

(*a*) is a citizen of Singapore at the time of his birth or adoption or the marriage of his natural parents (as the case may be), or within 12 months thereafter; and

(*b*) at the time of his birth, adoption or the marriage of his natural parents (as the case may be), has 3 other siblings who are members of the same household;

"fifth or subsequent child of the family" means a child of the family who —

(*a*) is a citizen of Singapore at the time of his birth or adoption or the marriage of his natural parents (as the case may be), or within 12 months thereafter; and

(*b*) at the time of his birth, adoption or the marriage of his natural parents (as the case may be), has at least 4 other siblings who are members of the same household;

"sibling" means a brother or sister and includes a step-brother, a step-sister and a brother or sister adopted under any written law relating to the adoption of children.

[49/2004; 7/2007; 34/2008]

(12) For the purposes of subsection (11), any sibling who is deceased shall be taken into account in determining the number of siblings a child has at the time of his birth or adoption or the marriage of his natural parents unless otherwise determined by the Comptroller.

[49/2004; 7/2007]

(13) For the purposes of subsection (11), a child is a member of a household if —

(*a*) the members of the household include both the parents of the child or, if there is only one surviving parent, that parent;

(*b*) in the case where the parents of the child are divorced, any member of the household is a parent of the child who has sole legal custody of the child; or

(*c*) in the case where the parents of the child are divorced and neither has sole legal custody of the child, any member of the household is a parent of the child who has been given

rights of care and control in respect of the child by any court.

[53/2007]

(14) If the child is a member of more than one household by virtue of subsection (13)(*c*), he shall be treated as such member of the household of only one parent as determined by the Comptroller (whose decision shall be final) having regard to the circumstances of the case, including the child's living arrangements.

[53/2007]

(15) In subsection (13), "parent" includes an adoptive parent and a step-parent.

[53/2007]

Rate of tax upon companies and others

43.—(1) Subject to section 40, there shall be levied and paid for each year of assessment upon the chargeable income of —

(*a*) every company or body of persons, tax at the rate of 17% on every dollar of the chargeable income thereof;

(*b*) every individual not resident in Singapore, tax at the rate of 22% on every dollar of the chargeable income thereof; and

[Act 2 of 2016 wef 11/04/2016]

(*c*) every other person not resident in Singapore, trustee (other than the trustee of an incapacitated person) and executor, tax at the rate of 17% on every dollar of the chargeable income thereof.

[53/2007; 27/2009; 29/2012]

(2) Where any trustee proves to the satisfaction of the Comptroller that any beneficiary of the trust is entitled to a share of the trust income, a corresponding share of the statutory income of the trustee may be charged at a lower rate or not charged with any tax, as the Comptroller shall determine.

(2A) Subsection (2) shall not apply to —

(*a*) in the case of a real estate investment trust, any income from any trade or business carried on by the trustee, other than the following income distributed by the trustee in cash

or, if the conditions specified in subsection (2B) are satisfied, in units in the trust:

(i) rental income or income from the management or holding of immovable property but not including gains from the disposal of immovable property;

(ii) income that is ancillary to the management or holding of immovable property but not including gains from the disposal of immovable property;

(iii) income that is payable out of rental income or income from the management or holding of immovable property in Singapore, but not out of gains from the disposal of such immovable property;

(iv) distribution from an approved sub-trust of the real estate investment trust out of income referred to in paragraph (*b*)(i), (ii) and (iii);

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

(v) rental support payment in relation to any immovable property, which is paid to the trustee by —

(A) the person (*A*) who sold to the trustee the property or any interest in the owner of the property;

(B) a person who wholly owns (directly or indirectly) *A*; or

(C) any other person approved by the Comptroller;

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

(*b*) in the case of any approved sub-trust of a real estate investment trust, any income from any trade or business carried on by the trustee, other than the following income distributed by the trustee in cash to the trustee of the real estate investment trust:

(i) rental income or income from the management or holding of immovable property but not including gains from the disposal of immovable property;

(ii) income that is ancillary to the management or holding of immovable property but not including gains from the disposal of immovable property;

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

(iii) rental support payment in relation to any immovable property, which is paid to the firstmentioned trustee by —

(A) the person (*A*) who sold to that trustee the property or any interest in the owner of the property;

(B) a person who wholly owns (directly or indirectly) *A*; or

(C) any other person approved by the Comptroller; or

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

(*c*) in the case of any other trust, any income from any trade or business carried on by the trustee.

[7/2007; 53/2007; 27/2009; 19/2013]

(2B) The conditions referred to in subsection (2A)(*a*) are —

(*a*) the distribution is made at any time from 1st July 2009 to 31st December 2010 (both dates inclusive), or on or after 1st April 2012 by the trustee of the real estate investment trust out of income specified in subsection (2A)(*a*)(i) to (v);

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

(*b*) before the distribution, the trustee of the real estate investment trust has given to unitholders receiving the distribution an option to receive the same either in cash or units in the trust; and

(*c*) the trustee of the real estate investment trust has sufficient cash available on the date of such distribution to make the distribution fully in cash had no option been given to those unitholders to receive the distribution in units in the trust.

[27/2009; 29/2012]

(3) Notwithstanding anything in this Act but subject to subsection (3A), tax at the rate of 15% shall be levied and paid on the gross amount of —

(*a*) any income referred to in section 12(6); and

(*b*) any income referred to in section 12(7)(*a*), (*b*) and (*d*) but excluding the incomes specified in subsection (7),

accruing in or derived from Singapore on or after 28th February 1996 by a person not resident in Singapore which is not derived by the person from any trade, business, profession or vocation carried on or exercised by him in Singapore and which is not effectively connected with any permanent establishment in Singapore of the person.

[28/96; 49/2004]

(3A) Notwithstanding anything in this Act, tax at the rate of 10% shall be levied and paid on the gross amount of any income referred to in section 12(7)(*a*) and (*b*) but excluding the incomes specified in subsection (7), accruing in or derived from Singapore on or after 1st January 2005 by a person not resident in Singapore which is not derived by the person from any trade, business, profession or vocation carried on or exercised by him in Singapore and which is not effectively connected with any permanent establishment in Singapore of the person.

[49/2004]

(3B) Notwithstanding anything in this Act, tax at the rate of 10% shall be levied and paid on the gross amount of any distribution made out of any income referred to in subsection (2A)(*a*)(i), (ii), (iii), (iv) and (v) during the period from 18th February 2005 to 31st March 2020 (both dates inclusive) by a trustee of any real estate investment trust to a person (other than an individual) not resident in Singapore —

(*a*) who does not have any permanent establishment in Singapore; or

(*b*) who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds

used by that person to acquire the units in that real estate investment trust are not obtained from that operation.

[34/2005; 7/2007; 53/2007; 29/2010]

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

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

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

(3C) [*Deleted by Act 19 of 2013*]

(4) Notwithstanding anything in this Act but subject to subsection (5) and sections 13(1)(*r*), (*ra*) and (*rb*) and 40A, tax at the rate of 15% shall be levied and paid on the gross amount of any income accruing in or derived from Singapore on or after 3rd May 2002 from any profession or vocation carried on by —

(*a*) an individual not resident in Singapore and whose principal place of business is situated outside Singapore; or

(*b*) a foreign firm.

[37/2002]

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

(5) Any individual or foreign firm to which subsection (4) applies may make an irrevocable option to be taxed under subsection (1)(*b*) by the 15th day of the second month following the month in which the payment of the income is liable to be made to the individual or firm.

[19/2013]

(6) Notwithstanding subsection (1) but subject to subsection (6A), there shall be levied and paid for each year of assessment upon the chargeable income of every company or body of persons —

(*a*) in the case of a company, for the year of assessment 2008 and subsequent years of assessment; and

(*b*) in the case of a body of persons, for the year of assessment 2010 and subsequent years of assessment,

tax at the rate prescribed in subsection (1)(*a*) on every dollar of the chargeable income thereof except that —

(i) for every dollar of the first $10,000 of the chargeable income, only 25% shall be charged with tax; and

(ii) for every dollar of the next $290,000 of the chargeable income, only 50% shall be charged with tax.

[27/2009; 19/2013]

(6A) Notwithstanding subsections (1) and (6), where, in any of the first 3 years of assessment, falling in or after the year of assessment 2008, of a company, the company is a qualifying company, then for that year of assessment there shall be levied and paid upon the chargeable income of the company tax at the rate prescribed in subsection (1)(*a*) on every dollar of the chargeable income thereof except that —

(*a*) every dollar of the first $100,000 of the chargeable income shall be exempt from tax; and

(*b*) for every dollar of the next $200,000 of the chargeable income, only 50% shall be charged with tax.

[53/2007; 27/2009; 19/2013]

(7) The incomes excluded under subsections (3)(*b*) and (3A) are —

(*a*) any royalty and other payments referred to in section 10(14) or (16) which are derived by the person not resident in Singapore; and

(*b*) any payment to a person not resident in Singapore for the rendering of assistance or service in connection with the application or use of scientific, technical, industrial or commercial knowledge or information.

[28/96; 49/2004]

(8) The reference to 17% in subsection (1) shall —

(*a*) for the years of assessment 2005, 2006 and 2007, be read as a reference to 20%; and

(*b*) for the years of assessment 2008 and 2009, be read as a reference to 18%.

[27/2009]

(9) Notwithstanding subsection (1)(*a*), the tax to be levied and paid upon such income of a life insurer (other than a captive insurer) apportioned to the policyholders of the insurer as the Minister may by regulations specify shall be at the rate of 10% or such other prescribed rate.

[28/92; 7/2007; 27/2009]

(10) In this section —

"approved sub-trust", in relation to a real estate investment trust, means any trust —

(*a*) not listed on the Singapore Exchange or elsewhere;

(*b*) where the trustee of the real estate investment trust holds any right or interest in the property of the trust for the benefit of the beneficiaries of the real estate investment trust; and

(*c*) approved by the Comptroller;

"captive insurer" has the same meaning as in section 1A of the Insurance Act (Cap. 142);

"first 3 years of assessment", in relation to a qualifying company, means the year of assessment relating to the basis period during which the company is incorporated in Singapore and the 2 consecutive years of assessment immediately following that year of assessment;

"foreign firm" means an unincorporated body of 2 or more persons who have entered into partnership with one another with a view to carrying on business for profit and whose principal place of business is situated outside Singapore;

"gross amount", in relation to any income referred to in subsections (3), (3A), (3B) and (4), means the full amount of the income without any deduction and relief being allowed against the income under the provisions of this Act;

"immovable property-related assets" means listed or unlisted debt securities and listed shares issued by property corporations, mortgage-backed securities, other property funds, and assets incidental to the ownership of immovable property;

"qualifying company", in relation to a year of assessment, means a company incorporated in Singapore which for that year of assessment —

(*a*) is resident in Singapore; and

(*b*) where the company —

(i) is not a company limited by guarantee, has its total share capital beneficially held directly by no more than 20 shareholders —

(A) all of whom are individuals throughout the basis period for that year of assessment; or

(B) at least one of whom is an individual holding at least 10% of the total number of issued ordinary shares of the company throughout the basis period for that year of assessment; or

(ii) is a company limited by guarantee, has members —

(A) all of whom are individuals throughout the basis period for that year of assessment; or

(B) at least one of whom is an individual throughout the basis period for that year of assessment, and the contribution of that individual under the memorandum of association of the company to the assets of the company in the event of its being wound up, amounts to at least 10% of the total contributions of the members of the company throughout the basis period for that year of assessment;

"real estate investment trust" means a trust that is constituted as a collective investment scheme authorised under section 286 of the Securities and Futures Act (Cap. 289) and listed on the Singapore Exchange, and that invests or proposes to invest in immovable property and immovable property-related assets;

[28/96; 24/2001; 37/2002; 49/2004; 34/2005; 7/2007; 53/2007; 27/2009; 19/2013]

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

"rental support payment", in relation to immovable property, means any payment —

(*a*) made under an agreement —

(i) made at the time of the sale mentioned in subsection (2A)(*a*)(v)(A) or (*b*)(iii)(A); and

(ii) that provides for such payment to be made only for a fixed period of time; and

(*b*) that is intended to compensate a party to the agreement in the event that the amount of rental income from the property over a period of time is less than an amount agreed as the expected rental income for the same period, taking into account prevailing and forecasted market conditions at the time of that sale.

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

(11) Notwithstanding the definition of "qualifying company" in subsection (10), a company that is incorporated on or after 26th February 2013 is not a qualifying company in relation to any year of assessment if —

(*a*) it undertakes property development in the basis period for that year of assessment, whether or not that is the only activity it carries out during the basis period;

(*b*) it is a partner of a partnership which undertakes property development in the basis period for that year of assessment, whether or not that is the only activity the partnership carries out during the basis period;

(*c*) its only activity in that basis period is the holding of investments; or

(*d*) it is a partner of a partnership where the only activity of the partnership during that basis period is the holding of investments, and the company has no activity during that basis period or its only activity during that basis period is the holding of investments.

[19/2013]

(12) For the purposes of subsection (11), a company or partnership undertakes property development if it carries out any of the following activities whether in Singapore or outside Singapore:

(*a*) acquires land or building for the purpose of undertaking development (whether by the company or partnership or an entity to which it transfers the land or building) with a view to the sale or lease (whether by the entity undertaking the development or another entity to which the entity undertaking the development transfers the building or part thereof) of the whole or any part of the building so developed;

(*b*) development with a view to the sale or lease (whether by the company or partnership or another entity to which the company or partnership transfers the building or part thereof) of the whole or any part of the building so developed;

(*c*) the sale or lease of the whole or any part of a building developed by the company or partnership;

(*d*) any other activity that is preparatory to, connected with or incidental to any activity referred to in paragraph (*a*), (*b*) or (*c*).

[19/2013]

(13) In subsection (12) —

"acquire" includes acquire by way of purchase, grant, exchange, gift, settlement or otherwise;

"develop" means to construct or cause to construct a building, including any building operations in, on, over or under the land for the purpose of erecting the building; and "development" shall be construed accordingly.

[19/2013]

Concessionary rate of tax for Asian Currency Unit, Fund Manager and securities company

43A.—(1) Notwithstanding section 43, the Minister may by regulations provide that tax at the rate of 10% shall be levied and

paid for each year of assessment upon such income derived before 1st January 2004 as the Minister may specify of —

(*a*) a financial institution with an Asian Currency Unit;

(*b*) a Fund Manager;

(*c*) a company holding a capital markets services licence under the Securities and Futures Act (Cap. 289) to deal in securities or that is exempted under that Act from holding such a licence,

approved by the Minister or such person as he may appoint.

[1/88; 42/2001; 37/2002; 21/2003]

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

(2) Regulations made under subsection (1) may provide for —

(*a*) exemption from tax of any income referred to in that subsection;

(*b*) exemption from tax of such income as the Minister may specify of —

(i) a bank licensed under the Banking Act (Cap. 19) or a merchant bank approved by the Monetary Authority of Singapore; and

(ii) a company approved under subsection (1)(*c*),

derived by it from any approved syndicated offshore credit or guarantee facility or any other syndicated offshore credit or guarantee facility made before 1st January 2004 which satisfies the prescribed criteria;

(*c*) deduction of losses, capital allowances and donations otherwise than in accordance with this Act;

(*d*) circumstances in which any losses (including impairment loss recognised under FRS 39, as defined in section 34A) incurred in respect of any facility referred to in paragraph (*b*), and capital allowances and donations attributable to income from such facility which has been allowed as a deduction against any income chargeable to

tax, may be deemed as income chargeable to tax (at such rate as may be prescribed) for a specified basis period;

(*e*) adjustment of any amount deemed as income chargeable to tax referred to in paragraph (*d*) for the specified basis period;

(*f*) circumstances in which any income from any facility referred to in paragraph (*b*) to be exempt from tax, may be adjusted for any basis period in which the income from such facility is derived;

(*g*) circumstances in which any impairment loss, bad debt or provision for doubtful debt in respect of any facility referred to in paragraph (*b*), which has previously been allowed as a deduction against any income chargeable to tax and which is subsequently reversed, recovered or written back, may be deemed as income chargeable to tax (at such rate as may be prescribed) for any basis period in which the reversal is recognised or the recovery or write back occurs; and

(*h*) generally for giving full effect to or for carrying out the purposes of this section.

[31/98; 32/99; 21/2003; 34/2008]

Special rate of tax for non-resident shipowner or charterer or air transport undertaking

43B. Notwithstanding section 43, where the tax authority of a foreign country taxes the profits derived by a person resident in Singapore from carrying on the business of a shipowner or charterer or of air transport at a rate which exceeds the rate prescribed by section 43, the Minister may direct that the profits derived in Singapore from the carrying on of such business by a non-resident person who is resident in that foreign country be charged to tax at a rate similar to that charged by the tax authority of that foreign country.

[37/75]

Exemption and concessionary rate of tax for insurance and reinsurance business

43C.—(1) Despite section 43, the Minister may make regulations —

(*a*) to provide for tax at the rate of 10% to be levied and paid for each year of assessment upon such income as the Minister may specify that is derived by an approved insurer from offshore life business within the meaning of section 26, or the business (other than the business of life assurance) of insuring and reinsuring offshore risks;

(*b*) to provide for exemption from tax of such income as the Minister may specify that is derived from insurance and reinsurance business by the following:

(i) an approved specialised insurer whose approval is granted before 1 September 2016;

(ii) an approved captive insurer whose approval is granted before 1 April 2018;

(*c*) to provide for tax at the rate specified in the first column of the following table, to be levied and paid for each year of assessment upon such income as the Minister may specify that is derived from insurance and reinsurance business by an approved insurer set out opposite that rate in the second column of the table:

Tax rate	*Approved insurer*
5%	An approved specialised insurer whose approval is granted between 1 September 2016 and 31 August 2019 (both dates inclusive), and who had not been approved as such at any time before the date of the approval
8%	An approved specialised insurer whose approval is granted on or after 1 September 2019, and who had not been

	approved as such at any time before the date of the approval
10%	(i) An approved specialised insurer whose approval is granted on or after 1 September 2016, and who had been approved as such at any time before the date of the firstmentioned approval
	(ii) An approved captive insurer whose approval is granted on or after 1 April 2018

(*d*) to provide for exemption from tax of such income as the Minister may specify that is derived by an approved insurer whose approval is granted before 1 April 2016, from marine hull and liability insurance and reinsurance business;

(*e*) to provide for tax at the rate specified in the first column of the following table, to be levied and paid for each year of assessment upon such income as the Minister may specify that is derived from marine hull and liability insurance and reinsurance business by an approved insurer set out opposite that rate in the second column of the table:

Tax rate	*Approved insurer*
5%	An approved insurer whose approval was granted between 19 February 2011 and 31 March 2016 (both dates inclusive), and who had been approved as such at any time before the date of the firstmentioned approval
10%	An approved insurer whose approval is granted on or after 1 April 2016

(*f*) to provide for the deduction (otherwise than in accordance with this Act), from the income mentioned in paragraphs (*a*) to (*e*), of allowances under section 19,

19A, 20, 21, 22 or 23, expenses, losses and donations allowable under this Act, including deduction of these allowances, expenses, losses and donations in such manner and to such extent as the Comptroller may determine;

[Act 39 of 2017 wef 01/04/2016]

(*g*) to provide for the period of each approval, and the conditions subject to which a specified insurer may be or may continue to be approved; and

(*h*) to provide for such matters as the Minister may consider necessary or expedient for carrying out the purposes under paragraphs (*a*) to (*g*).

(2) No approval may be granted to an insurer for the purpose of paragraph (*a*), (*b*), (*c*), (*d*) or (*e*) of subsection (1) on or after the date prescribed in the regulations for that paragraph.

(3) In this section —

"approved" means approved by the Minister or such person as the Minister may appoint;

"captive insurer" has the same meaning as in section 1A of the Insurance Act (Cap. 142);

"insurer" means —

(*a*) a company licensed under the Insurance Act to carry on insurance business in Singapore; or

(*b*) a person (including a partnership), other than an individual, permitted under the Insurance Act to carry on insurance business in Singapore under a foreign insurer scheme;

"marine hull and liability insurance and reinsurance business" means the business of insuring and reinsuring risks involving marine hull and liability but excludes cargo, energy and aviation risks;

[Act 39 of 2017 wef 01/04/2016]

"specialised insurer" means an insurer underwriting any of the following insurance risks (whether or not it also underwrites any other type of risk):

(*a*) terrorism risks;

(*b*) political risks;

(*c*) energy risks;

(*d*) aviation and aerospace risks;

(*e*) agriculture risks;

(*f*) risks arising from a natural catastrophe.

[Act 34 of 2016 wef 01/04/2016]

43D. [*Deleted by Act 34 of 2016 wef 29/12/2016*]

Concessionary rate of tax for headquarters company

43E.—(1) Notwithstanding section 43, the Minister may by regulations provide that tax at the rate of 10% shall be levied and paid for each year of assessment upon such income as the Minister may specify of an approved headquarters company derived by it from —

(*a*) the provision of such qualifying services as may be prescribed to its offices, associated companies and other persons where such offices, associated companies and persons are outside Singapore; or

(*b*) such qualifying treasury, investment or financial activities as may be prescribed,

and those regulations may provide for the deduction of losses otherwise than in accordance with section 37(3).

[31/86; 20/91]

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

(1A) This section does not apply to any income derived on or after 1 October 2015.

[Act 2 of 2016 wef 11/04/2016]

(2) The concessionary rate of tax referred to in subsection (1) shall apply to an approved headquarters company —

(*a*) in respect of any qualifying service only where the qualifying service and the office, associated company or person to whom the service is rendered have been

approved in relation to that headquarters company for such concessionary rate;

(*b*) in respect of any qualifying treasury, investment or financial activity only where the qualifying activity has been approved in relation to that headquarters company for such concessionary rate; and

(*c*) subject to such conditions as the Minister or such person as he may appoint may impose.

[20/91]

(3) Regulations made under subsection (1) may provide for exemption from tax of income derived by an approved headquarters company from the provision of any qualifying service if —

(*a*) the qualifying service and the office, associated company or person to whom the service is rendered have been approved in relation to the approved headquarters company for the purposes of the exemption from tax; and

(*b*) the approved headquarters company has global responsibility for the provision of any qualifying service.

[32/99]

(4) In this section —

"approved" means approved by the Minister or such person as the Minister appoints;

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

"associated company", in relation to an approved headquarters company, means a company —

(*a*) the operations of which are or can be controlled, directly or indirectly, by that headquarters company;

(*b*) which controls or can control, directly or indirectly, the operations of that headquarters company; or

(*c*) the operations of which are or can be controlled, directly or indirectly, by a person or persons who control or can control, directly or indirectly, the operations of that headquarters company;

"headquarters company" means a company carrying on the business in Singapore of providing management, technical or other supporting services to its offices outside Singapore or to its associated companies outside Singapore.

(5) For the purposes of subsection (4), a company shall be deemed to be an associated company in relation to an approved headquarters company if —

(*a*) at least 25% of the total number of its issued shares are beneficially owned, directly or indirectly, by the approved headquarters company; or

(*b*) at least 25% of the total number of the issued shares of the approved headquarters company are beneficially owned, directly or indirectly, by the first-mentioned company.

[34/2005]

43F. [*Deleted by Act 34 of 2016 wef 29/12/2016*]

Concessionary rate of tax for Finance and Treasury Centre

43G.—(1) Notwithstanding section 43, the Minister may by regulations provide that tax at the concessionary rate specified in subsection (1A) is levied and must be paid for each year of assessment upon such income as he may specify of a company derived from —

(*a*) the operation of its approved Finance and Treasury Centre in respect of such qualifying activities carried out on its own account as may be prescribed; or

(*b*) such prescribed qualifying services as may be provided by its approved Finance and Treasury Centre to —

(i) its offices and associated companies outside Singapore; or

(ii) such of its offices and associated companies in Singapore as are approved on or after 18th February 2005,

and those regulations may provide for the deduction of losses otherwise than in accordance with section 37(3).

[20/91; 34/2005]

[Act 34 of 2016 wef 25/03/2016]

(1A) In subsection (1), the concessionary rate is —

(*a*) in the case of a Finance and Treasury Centre approved as such on or before 24 March 2016, 10%; or

(*b*) in any other case, 8%.

[Act 34 of 2016 wef 25/03/2016]

(2) The concessionary rate of tax referred to in subsection (1) shall apply to an approved Finance and Treasury Centre —

(*a*) in respect of any qualifying service only where the qualifying service and the office or associated company to whom the service is rendered have been approved in relation to that Centre for such concessionary rate;

(*b*) in respect of any qualifying activity only where the qualifying activity has been approved in relation to that Centre for such concessionary rate; and

(*c*) subject to such conditions as the Minister or such person as he may appoint may impose.

(3) In this section —

"approved" means approved by the Minister or such person as the Minister appoints;

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

"associated company", in relation to a company with an approved Finance and Treasury Centre, means a company —

(*a*) the operations of which are or can be controlled, directly or indirectly, by the company with the approved Centre;

(*b*) which controls or can control, directly or indirectly, the operations of the company with the approved Centre; or

(*c*) the operations of which are or can be controlled, directly or indirectly, by a person or persons who control or can control, directly or indirectly, the operations of the company with the approved Centre;

"Finance and Treasury Centre" means a division or department of a company which provides treasury, investment or financial services in Singapore for its offices or its associated companies.

[34/2005]

(4) For the purposes of subsection (3), a company shall be deemed to be an associated company in relation to a company with an approved Finance and Treasury Centre if —

(*a*) at least 25% of the total number of its issued shares are beneficially owned, directly or indirectly, by the company with the approved Centre; or

(*b*) at least 25% of the total number of issued shares of the company with the approved Centre are beneficially owned, directly or indirectly, by the first-mentioned company.

[34/2005]

(5) No Finance and Treasury Centre may be approved as an approved Finance and Treasury Centre under this section after 31 March 2021.

[22/2011]

[Act 34 of 2016 wef 25/03/2016]

43H. [*Deleted by Act 34 of 2016 wef 29/12/2016*]

Concessionary rate of tax for offshore leasing of machinery and plant

43I.—(1) Notwithstanding section 43, tax at the rate of 10% shall be levied and paid for each year of assessment upon the income of a leasing company accruing in or derived from Singapore in respect of offshore leasing of any machinery or plant or such other activity as may be prescribed by regulations.

[20/91; 31/98]

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

(1A) This section does not apply to any income accruing in or derived from Singapore on or after 1 January 2016.

[Act 2 of 2016 wef 11/04/2016]

(2) In determining the income of a leasing company from offshore leasing —

(*a*) the allowances under section 19, 19A, 20, 21, 22 or 23 shall be taken into account notwithstanding that no claim for such allowances has been made;

(*b*) the allowances under section 19, 19A, 20, 21, 22 or 23 in respect of offshore finance leasing in any year of assessment after deduction against the income from such leasing shall be available as a deduction against any income from onshore finance leasing for that year of assessment, and any balance of the allowances shall not, subject to paragraph (*c*), be available as a deduction against any other income or be available for transfer under section 37C;

(*c*) where the leasing company ceases to derive income from finance leasing in the basis period for any year of assessment, any balance of the allowances in respect of finance leasing after the deduction in paragraph (*b*) shall be available as a deduction against any other income for that year of assessment and for any subsequent year of assessment in accordance with section 23; and

(*d*) the Comptroller shall determine the manner and extent to which —

(i) allowances under section 19, 19A, 20, 21, 22 or 23 and any expenses and donations allowable under this Act are to be deducted; and

(ii) any loss may be deducted under section 37.

[1/98; 37/2002; 53/2007]

(3) Subsection (2) shall apply, with the necessary modifications, in determining the income of a leasing company from any activity prescribed by regulations made under subsection (1) as if such income were income from offshore operating leasing.

[31/98]

(4) [*Deleted by Act 53 of 2007*]

(5) [*Deleted by Act 53 of 2007*]

(6) Notwithstanding subsection (1), a leasing company may, at any time, elect that the whole of its income accruing in or derived from Singapore in respect of offshore leasing of any machinery or plant shall be taxed at the rate prescribed by section 43(1)(*a*).

[11/94]

(7) An election under subsection (6) shall be made by a leasing company by notice in writing to the Comptroller and shall be irrevocable.

[11/94]

(8) Where a leasing company has made an election under subsection (6) —

(*a*) subsections (1), (2) and (3) shall not apply to the income of the leasing company for the year of assessment immediately following the year in which the election is made and for subsequent years of assessment; and

(*b*) any allowance or the balance thereof in respect of finance leasing which was not deducted against the income of the leasing company for any year of assessment during which the concessionary rate prescribed by subsection (1) applies shall be available as a deduction against the income from finance leasing for the first year of assessment to which paragraph (*a*) applies and for any subsequent year of assessment.

[11/94; 1/98; 53/2007]

(9) In this section —

"finance lease", "finance leasing" and "onshore finance leasing" have the same meanings as in section 10D(3);

"leasing company" means any company carrying on a business of leasing machinery or plant;

"offshore finance leasing" means the offshore leasing of any machinery or plant under any finance lease;

"offshore leasing" means the leasing of any machinery or plant, other than those which have been treated as though they had

been sold pursuant to regulations made under section 10D(1), where such machinery or plant is used outside Singapore, and the payments under the lease —

(*a*) are in currencies other than Singapore dollars; and

(*b*) are not deductible against any income accruing in or derived from Singapore;

"offshore operating leasing" means the offshore leasing of any machinery or plant, other than offshore finance leasing.

[1/98; 53/2007]

Concessionary rate of tax for trustee company

43J.—(1) Notwithstanding section 43, the Minister may by regulations provide that tax at the rate of 10% shall be levied and paid for each year of assessment upon such income as the Minister may specify of an approved trustee company derived by it from such services as may be prescribed; and those regulations may provide for exemption from tax of any such income and for the deduction of losses otherwise than in accordance with section 37(3).

[2/92]

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

(2) In this section, "trustee company" means a company that is a licensed trust company within the meaning of the Trust Companies Act (Cap. 336), or that is exempted under that Act from holding a trust business licence within the meaning of that Act.

[7/2007]

(3) The Minister or such person as he may appoint may approve a trustee company as an approved trustee company for the purposes of this section.

[22/2011]

(4) Any approval under subsection (3) shall be for a period not exceeding 10 years as the Minister or the person appointed by the Minister may specify, and shall be subject to such conditions as the Minister may impose.

[22/2011]

(5) No trustee company shall be approved under subsection (3) on or after 1st April 2016.

[22/2011]

(6) A trustee company that is an approved trustee company immediately before 1st April 2011 shall remain as an approved trustee company until 31st March 2021, unless its approval is revoked earlier.

[22/2011]

(7) The trustee company referred to in subsection (6) shall remain as an approved trustee company subject to such conditions as the Minister may impose.

[22/2011]

43K. [*Deleted by Act 34 of 2016 wef 29/12/2016*]

43L. [*Repealed by Act 7 of 2007*]

43M. [*Repealed by Act 21 of 2003*]

Concessionary rate of tax for income derived from debt securities

43N.—(1) Notwithstanding section 43, the Minister may by regulations provide that tax at the rate of 10% shall be levied and paid for each year of assessment upon —

(*a*) interest derived by any company from any qualifying debt securities;

(*aa*) discount derived by any company from —

(i) any qualifying debt securities issued during the period from 27th February 2004 to 16th February 2006 (both dates inclusive) which mature within one year from the date of issue of those securities; or

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

(ii) any qualifying debt securities issued during the period from 17th February 2006 to 31st December 2018 (both dates inclusive);

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

(*ab*) any amount payable to any company from any Islamic debt securities which are qualifying debt securities, and issued

during the period from 1st January 2005 to 31st December 2018 (both dates inclusive);

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

(*ac*) any prepayment fee, redemption premium or break cost derived by any company from qualifying debt securities issued during the period from 15th February 2007 to 31st December 2018 (both dates inclusive);

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

(*ad*) such other income derived by any company that is directly attributable to qualifying debt securities issued on or after a prescribed date, as may be prescribed by regulations;

(*b*) income derived by any financial institution from trading in any debt securities during the period from 28th February 1998 to 31st December 2003 (both dates inclusive); and

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

(*c*) income derived by any financial institution during the period commencing from the first day of its basis period for the year of assessment 2001 to 31st December 2003 (both dates inclusive) from —

(i) providing services as an intermediary in connection with any transaction involving interest rate or currency swaps; and

(ii) trading in interest rate or currency swaps.

[31/98; 24/2000; 21/2003; 49/2004; 34/2005; 7/2007; 53/2007; 34/2008; 19/2013]

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

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

(2) Subsection (1)(*a*), (*aa*), (*ab*), (*ac*) or (*ad*), as the case may be, shall not, unless otherwise approved by the Minister or such person as he may appoint, apply to —

(*a*) any interest derived from any qualifying debt securities issued during the period from 10th May 1999 to 31st December 2018 (both dates inclusive);

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

(*b*) any discount from —

(i) any qualifying debt securities issued during the period from 27th February 2004 to 16th February 2006 (both dates inclusive) which mature within one year from the date of issue of those securities; or

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

(ii) any qualifying debt securities issued during the period from 17th February 2006 to 31st December 2018 (both dates inclusive);

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

(*c*) any amount payable from any Islamic debt securities which are qualifying debt securities, and issued during the period from 1st January 2005 to 31st December 2018;

(*d*) any prepayment fee, redemption premium or break cost from qualifying debt securities issued during the period from 15th February 2007 to 31st December 2018 (both dates inclusive); and

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

(*e*) such other income directly attributable to qualifying debt securities issued on or after a prescribed date, as may be prescribed by regulations,

where 50% or more of those securities which are outstanding at any time during the life of the issue is beneficially held or funded, directly or indirectly, by related parties of the issuer of those securities and where such income is derived by —

(A) any company which is a related party of the issuer of those securities; or

(B) any company where the funds used by such company to acquire those securities are obtained, directly or indirectly, from any related party of the issuer of those securities.

[49/2004; 34/2005; 7/2007; 53/2007; 34/2008; 19/2013]

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

(2A) Subsection (1) shall not apply to income from qualifying debt securities derived by a financial sector incentive (standard tier) company.

[29/2010]

(2B) Subsection (1) does not apply to income derived by a financial sector incentive (capital market) company from qualifying debt securities on or after 1 January 2014.

[Act 45 of 2018 wef 01/01/2014]

(3) Regulations made under subsection (1) may provide for exemption from tax of —

(*a*) income derived before 1st January 2004 by any financial institution from arranging, underwriting or distributing any qualifying debt securities; and

(*b*) income derived by a primary dealer from trading in any Singapore Government securities during the period from 27th February 1999 to 31st December 2018 (both dates inclusive),

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

and for deduction of losses otherwise than in accordance with section 37(3).

[32/99; 21/2003; 34/2008; 19/2013]

(3A) A primary dealer referred to in subsection (3)(*b*) may elect in accordance with subsection (3B) not to be subject to the regulations made under subsection (1); and if the primary dealer so elects, the regulations shall cease to apply to the income of that primary dealer for the year of assessment for which the election is made and for subsequent years of assessment.

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

(3B) The election referred to in subsection (3A) shall be made by the primary dealer by notice in writing to the Comptroller —

(*a*) at the time of lodgment of the return of income for a year of assessment; or

(*b*) at such further time as the Comptroller may allow.

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

(3C) The election made by a primary dealer under subsection (3A) shall be irrevocable.

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

(4) In this section —

"break cost", "financial institution", "prepayment fee", "qualifying debt securities", "redemption premium" and "related party" have the same meanings as in section 13(16);

"debt securities" means bonds, notes, commercial papers, treasury bills, certificates of deposits, and AT1 instruments within the meaning of section 10O(2);

[Act 37 of 2014 wef Y/A 2015 and sub Ys/A]

"financial sector incentive (capital market) company" means a company approved as such under section 43Q;

[Act 45 of 2018 wef 01/01/2014]

"financial sector incentive (standard tier) company" means a financial sector incentive company within the meaning of section 43Q(3), being one that has been approved by the Minister or such person as he may appoint as a financial sector incentive (standard tier) company;

"Islamic debt securities" means debt securities and trust certificates —

(*a*) which are endorsed by any Shari'ah council or body, or by any committee formed for the purpose of providing guidance on compliance with Shari'ah law; and

(*b*) the amounts payable from such securities and trust certificates are periodic and supported by a regular stream of receipts from underlying assets;

"primary dealer" means any financial institution specified in the First Schedule to the Government Securities Regulations (Cap. 121A, Rg 1);

"Singapore Government securities" means debt securities issued under the Government Securities Act (Cap. 121A), the Local Treasury Bills Act (Cap. 167) or any other written law, and shall be deemed to include any issue of bills and notes by the Monetary Authority of Singapore that are approved by the Minister for the purposes of this Act;

"trust certificates" means certificates evidencing beneficial ownership in underlying assets.

[31/98; 32/99; 34/2005; 53/2007; 29/2010; 22/2011]

(5) Subsections (1)(*a*), (*aa*), (*ab*), (*ac*) and (*ad*) and (2) and regulations made thereunder shall apply to a body of persons for the year of assessment 2010 and subsequent years of assessment.

[27/2009]

43O. [*Repealed by Act 19 of 2013*]

Concessionary rate of tax for global trading company and qualifying company

43P.—(1) Notwithstanding section 43, the Minister may by regulations provide that tax at the rate of 5% or 10% shall be levied and paid for each year of assessment upon —

(*a*) such income as the Minister may specify of an approved global trading company —

(i) that is derived by it from such prescribed qualifying transactions in such prescribed commodities as the Minister or a person appointed by him may specify to the company; or

(ii) that is derived by it in the basis period for the year of assessment 2012 or a subsequent year of assessment, from prescribed qualifying transactions in any derivative instrument; and

(*b*) such income as the Minister may specify of an approved qualifying company derived by it on or after 21st May 2010 from the carrying on of such qualifying structured commodity financing activities, treasury activities or advisory services in relation to mergers and acquisitions as may be prescribed,

[Act 34 of 2016 wef 25/03/2016]

and those regulations may provide for the deduction of losses otherwise than in accordance with section 37(3).

[29/2010; 22/2011]

(1A) No approval shall be granted under this section after 31st March 2021.

[22/2011]

(1B) The reference in subsection (1)(*b*) to prescribed activities is a reference to activities prescribed in regulations made under this section and specified to each approved qualifying company by the Minister or a person appointed by the Minister.

[Act 39 of 2017 wef 21/05/2010]

(2) The concessionary rate of tax referred to in subsection (1) shall apply to an approved global trading company or an approved qualifying company subject to such conditions as the Minister or such person as he may appoint may impose.

[21/2003; 29/2010]

(3) In this section —

"approved" means approved by the Minister or such person as the Minister appoints;

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

"global trading company" means a company carrying on the business of international trading of commodities or commodities futures;

"qualifying company" means —

(*a*) an approved global trading company; or

(*b*) a company which is a wholly-owned subsidiary of a global trading company,

which carries on any qualifying structured commodity financing activities, treasury activities or advisory services in relation to mergers and acquisitions prescribed under subsection (1).

[29/2010]

[Act 34 of 2016 wef 25/03/2016]

Concessionary rate of tax for financial sector incentive company

43Q.—(1) Notwithstanding section 43, the Minister may by regulations provide that tax at the rate of 5%, 10% or 12% shall be

levied and paid for each year of assessment upon such income as the Minister may specify, derived on or after 1st January 2004 by a financial sector incentive company from such qualifying activities as may be prescribed, and those regulations may provide for the deduction of losses otherwise than in accordance with section 37(3).

[21/2003; 29/2010]

(2) The concessionary rate of tax referred to in subsection (1) shall apply to a financial sector incentive company subject to such conditions as the Minister or such person as he may appoint may impose.

[21/2003]

(2A) Regulations under subsection (1) may make transitional provisions to apply the rate of tax of 12% to —

(*a*) any company which holds membership of any class or description of a futures market, or of a clearing house for the futures market, maintained by the Singapore Exchange Limited or any of its subsidiaries; and

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

(*b*) a member of the corporation known as the Singapore Commodity Exchange Ltd,

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

which has given notice within a specified period to the Monetary Authority of Singapore for the purposes of the application of these transitional provisions, in respect of its income derived on or after 1st January 2011 but on or before 31st December 2013 from specified qualifying activities.

[29/2010]

(3) In this section, "financial sector incentive company" means a company carrying on such qualifying activities as may be prescribed and is approved by the Minister or such person as he may appoint.

[21/2003]

Concessionary rate of tax for provision of processing services to financial institutions

43R.—(1) Notwithstanding section 43, the Minister may by regulations provide that tax at the rate of 5% shall be levied and paid for each year of assessment upon such income as the Minister

may specify of an approved company derived by it on or after 27th February 2004 from the provision of prescribed processing services in Singapore to any financial institution or another approved company; and those regulations may provide for the deduction of losses of an approved company otherwise than in accordance with section 37(3).

[49/2004]

(2) The concessionary rate of tax referred to in subsection (1) shall apply to an approved company subject to such conditions as the Minister or such person as he may appoint may impose.

[49/2004]

(3) No approval under this section shall be granted to any company on or after 27th February 2009.

[49/2004]

(4) In this section, "financial institution" means —

(*a*) any institution in Singapore that is licensed or approved by the Monetary Authority of Singapore, or exempted from such licensing or approval, under any written law administered by the Monetary Authority of Singapore; or

(*b*) any institution outside Singapore that is licensed or approved, or exempted from such licensing or approval, by its financial supervisory authority for the carrying on of financial activities.

[49/2004]

(5) In this section, "approved company" means a company approved by the Minister, or such person as the Minister may appoint, for the purposes of this section.

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

43S. [*Deleted by Act 34 of 2016 wef 29/12/2016*]

43T. [*Deleted by Act 34 of 2016 wef 29/12/2016*]

Concessionary rate of tax for income derived from organising or staging tourism event

43U.—(1) Notwithstanding section 43, tax at the rate of 10% shall be levied and paid for each year of assessment upon such income as the Minister may specify of an approved company incorporated or

registered in Singapore derived by it on or after 1st April 2005 from organising or staging an approved tourism event, subject to such conditions as the Minister or such person as he may appoint may impose.

[34/2005]

(2) No approval shall be granted under this section after 31st March 2010.

[34/2005]

(3) In this section, "approved" means approved by the Minister or such person as he may appoint.

[34/2005]

43V. [*Deleted by Act 34 of 2016 wef 29/12/2016*]

Concessionary rate of tax for shipping investment manager

43W.—(1) Notwithstanding section 43, the Minister may by regulations provide that tax at the rate of 10% shall be levied and paid for each year of assessment upon such income as the Minister may specify of an approved shipping investment manager derived by it on or after 1st March 2006 from —

(*a*) managing an approved shipping investment enterprise; or

(*b*) such other services or activities carried out for an approved shipping investment enterprise as may be prescribed.

[7/2007]

(2) Regulations made under subsection (1) may provide for the deduction of losses otherwise than in accordance with section 37(3).

[7/2007]

(3) The concessionary rate of tax referred to in subsection (1) shall apply to an approved shipping investment manager subject to such conditions as the Minister or such person as he may appoint may impose.

[7/2007]

(4) Approval of a shipping investment manager under this section may be granted between 1st March 2006 and 28th February 2011 (both dates inclusive).

[7/2007; 29/2010]

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

(4A) Approval of a shipping investment manager under this section may be granted between 1st March 2011 and 31st May 2021 (both dates inclusive) for such period not exceeding 5 years as the Minister may specify, except that the Minister may extend the period so specified for such further periods as he thinks fit.

[29/2010; 22/2011]

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

[Act 2 of 2016 wef 11/04/2016]

(5) In this section —

"approved" means approved by the Minister or such person as he may appoint;

"shipping investment enterprise" has the same meaning as in section 13S;

"shipping investment manager" means any company incorporated in Singapore.

[7/2007]

Concessionary rate of tax for trust income to which beneficiary is entitled

43X.—(1) Where any beneficiary of a trust who is resident in Singapore is entitled to any share of the statutory income of the trust, that share shall, if it would have been subject to a concessionary rate of tax under any provision of this Part had it been derived or received directly by the beneficiary rather than the trustee of the trust, be subject to the same concessionary rate of tax.

[7/2007]

(2) This section shall not apply to —

(*a*) any income of a real estate investment trust within the meaning of section 43(10);

(*b*) any income of a designated unit trust within the meaning of section 35(14);

[Act 37 of 2014 wef 01/09/2014]

(*c*) [*Deleted by Act 37 of 2014 wef 01/09/2014*]

(*d*) any income of a trust fund prescribed under section 13C;

(*e*) any income of a foreign trust specified under section 13G;

(*f*) any income of a locally administered trust prescribed under section 13Q;

(*g*) any income of a trust the trustee of which is a prescribed person under section 13CA; or

(*h*) any income of an approved trust fund referred to in the definition of "approved person" under section 13X(5), or of a trust fund that is a feeder fund or master fund approved under section 13X.

[7/2007; 2/2011]

Concessionary rate of tax for leasing of aircraft and aircraft engines

43Y.—(1) Notwithstanding section 43, tax at the rate of 5% or 10% as the Minister (or such person as the Minister may appoint) may specify, shall be levied and paid for each year of assessment upon the income of an approved aircraft leasing company accruing in or derived from Singapore in respect of leasing of any aircraft or aircraft engine or such other activity as may be prescribed by regulations.

[53/2007]

(2) The concessionary rate of tax referred to in subsection (1) shall apply to an approved aircraft leasing company subject to such conditions as the Minister or such person as he may appoint may impose.

[53/2007]

(3) Tax at the concessionary rate of the income of an approved aircraft leasing company under subsection (1) shall be for a period not exceeding 5 years, except that the Minister or such person as he may appoint may extend that period for a further period or periods, each of which shall not exceed 5 years.

[53/2007]

(4) Approval may be granted under this section between 1st March 2007 and 31st March 2017 (both dates inclusive).

[53/2007; 29/2012]

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

(5) In determining the income of an approved aircraft leasing company from the leasing of any aircraft or aircraft engine —

(*a*) the allowances under section 19, 19A, 20, 21, 22 or 23 shall be taken into account notwithstanding that no claim for such allowances has been made;

(*b*) the allowances under section 19, 19A, 20, 21, 22 or 23 in respect of finance leasing in any year of assessment shall be deducted against the income from such leasing for that year of assessment, and any balance of the allowances shall not, subject to paragraph (*c*), be available as a deduction against any other income or be available for transfer under section 37C;

(*c*) where the approved aircraft leasing company ceases to derive income from finance leasing in the basis period for any year of assessment, any balance of the allowances in respect of finance leasing after the deduction against the income from such leasing shall be available as a deduction against any other income for that year of assessment and for any subsequent year of assessment in accordance with section 23; and

(*d*) the Comptroller shall determine the manner and extent to which —

(i) allowances under section 19, 19A, 20, 21, 22 or 23 and any expenses and donations allowable under this Act are to be deducted; and

(ii) any loss may be deducted under section 37.

[53/2007]

(6) Subsection (5) shall apply, with the necessary modifications, in determining the income of an approved aircraft leasing company from any activity prescribed by regulations made under subsection (1) as if such income were income from operating leasing.

[53/2007]

(7) In this section —

"aircraft leasing company" means a company incorporated and resident in Singapore or a registered business trust, carrying on a business of leasing aircraft or aircraft engines;

"approved" means approved by the Minister or such person as he may appoint;

"finance leasing", in relation to any aircraft or aircraft engine, means a lease of the aircraft or aircraft engine (including any arrangement or agreement in connection with the lease) which has the effect of transferring substantially the obsolescence, risks or rewards incidental to ownership of such aircraft or aircraft engine to the lessee;

"leasing of any aircraft or aircraft engine" means the leasing of any aircraft or aircraft engine, other than one which has been treated as though it had been sold pursuant to regulations made under section 10D(1);

"operating leasing", in relation to any aircraft or aircraft engine, means the leasing of the aircraft or aircraft engine, other than finance leasing.

[53/2007]

Concessionary rate of tax for aircraft investment manager

43Z.—(1) Notwithstanding section 43, the Minister may by regulations provide that tax at the rate of 10% shall be levied and paid for each year of assessment upon such income as the Minister may specify of an approved aircraft investment manager derived by it on or after 1st March 2007 from —

(*a*) managing an approved aircraft leasing company; or

(*b*) such other services or activities carried out for an approved aircraft leasing company as may be prescribed by regulations.

[53/2007]

(2) Regulations made under subsection (1) may provide for the deduction of losses otherwise than in accordance with section 37(3).

[53/2007]

(3) The concessionary rate of tax referred to in subsection (1) shall apply to an approved aircraft investment manager subject to such conditions as the Minister or such person as he may appoint may impose.

[53/2007]

(4) Approval may be granted under this section between 1st March 2007 and 31st March 2017 (both dates inclusive).

[53/2007; 29/2012]

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

(5) In this section —

"aircraft investment manager" means any company incorporated in Singapore;

"aircraft leasing company" has the same meaning as in section 43Y;

"approved" means approved by the Minister or such person as he may appoint.

[53/2007]

Concessionary rate of tax for container investment enterprise

43ZA.—(1) Notwithstanding section 43 but subject to subsection (5), tax at the rate of 5% or 10% as the Minister (or such person as the Minister may appoint) may specify, shall be levied and paid for each year of assessment upon the income of an approved container investment enterprise accruing in or derived from Singapore from —

(*a*) the leasing of any container owned by the enterprise acquired before or during the period of approval of the enterprise referred to in subsection (4) and used for the international transportation of goods;

(*b*) foreign exchange and risk management activities which are carried out in connection with and incidental to the leasing referred to in paragraph (*a*);

(*c*) for the year of assessment 2013 and subsequent years of assessment, the leasing of any intermodal equipment owned by the enterprise acquired before or during the period of approval of the enterprise referred to in subsection (4), which is incidental to the leasing referred to in paragraph (*a*); and

(*d*) for the year of assessment 2013 and subsequent years of assessment, foreign exchange and risk management

activities which are carried out in connection with and incidental to the leasing referred to in paragraph (*c*).

[34/2008; 29/2012]

(2) Subsection (1) shall continue to apply to a container investment enterprise the approval of which has expired or been withdrawn, but which continues to derive income of the type referred to in subsection (1) in relation to a container or an intermodal equipment acquired before or during the period of approval of the enterprise, provided that the enterprise has by the date of the expiry or before the withdrawal of its approval fulfilled all the conditions referred to in subsection (4), and any reference in this section to an approved container investment enterprise shall be construed accordingly.

[34/2008; 29/2012]

(3) The Minister or such person as he may appoint may, at any time between 1st April 2008 and 31st May 2021 (both dates inclusive), approve a container investment enterprise for the purposes of subsection (1).

[34/2008; 29/2010; 22/2011]

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

[Act 2 of 2016 wef 11/04/2016]

(4) The approval under subsection (3) shall be subject to such conditions as the Minister may specify, and shall —

(*a*) where the approval is granted during the period between 1st April 2008 and 28th February 2011 (both dates inclusive), be for such period not exceeding 10 years, as the Minister may specify; and

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

(*b*) where the approval is granted during the period between 1st March 2011 and 31st May 2021 (both dates inclusive), be for such period not exceeding 5 years, as the Minister may specify,

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

[Act 2 of 2016 wef 11/04/2016]

except that the Minister may extend the period so specified for such further periods as he thinks fit.

[29/2010; 22/2011]

(5) The Minister or such person as he may appoint may, in respect of any container, class of containers, intermodal equipment or class of intermodal equipment, specify a period not exceeding a period of 15 years, during which the income from the leasing of such container, class of containers, intermodal equipment or class of intermodal equipment is subject to the applicable concessionary tax rate under subsection (1).

[29/2012]

(6) In determining the income of an approved container investment enterprise from the leasing of any container or intermodal equipment —

(*a*) the allowances under section 19, 19A, 20, 21, 22 or 23 (other than allowances made to the lessee under regulations made under section 10D) shall be taken into account notwithstanding that no claim for such allowances has been made;

[Act 2 of 2016 wef 24/02/2015]

(*b*) the allowances under section 19, 19A, 20, 21, 22 or 23 (other than allowances made to the lessee under regulations made under section 10D) in respect of finance leasing in any year of assessment shall be deducted against the income from such leasing for that year of assessment, and any balance of the allowances shall not, subject to paragraph (*c*), be available as a deduction against any other income or be available for transfer under section 37C;

[Act 2 of 2016 wef 24/02/2015]

(*c*) where the approved container investment enterprise ceases to derive income from finance leasing in the basis period for any year of assessment, any balance of the allowances in respect of finance leasing after the deduction against the income from such leasing shall be available as a deduction against any other income for that year of assessment and for any subsequent year of assessment in accordance with section 23; and

(*d*) the Comptroller shall determine the manner and extent to which —

(i) allowances under section 19, 19A, 20, 21, 22 or 23 and any expenses and donations allowable under this Act are to be deducted; and

(ii) any loss may be deducted under section 37.

[34/2008; 29/2012]

(7) In this section —

"approved" means approved by the Minister or such person as he may appoint;

"container" means a sea-container used for the international transportation of goods and that adheres to the standards defined by the Institute of International Container Lessors or the International Organization for Standardization for such sea-container, or (for the year of assessment 2013 and subsequent years of assessment) by any of those organisations or any other equivalent organisation for such sea-container;

"container investment enterprise" means —

(*a*) a company incorporated and resident in Singapore; or

(*b*) a registered business trust;

"finance leasing", in relation to any container or intermodal equipment, means a lease of the container or intermodal equipment (including any arrangement or agreement in connection with the lease) which has the effect of transferring substantially the obsolescence, risks or rewards incidental to ownership of such container or intermodal equipment to the lessee;

"intermodal equipment" means any trailer, flatcar, car rack or other equipment, which facilitates the transportation of containers from one mode of transport to another;

"registered business trust" has the same meaning as in the Business Trusts Act (Cap. 31A).

[34/2008; 29/2012]

(8) [*Deleted by Act 2 of 2016 wef 24/02/2015*]

Concessionary rate of tax for container investment manager

43ZB.—(1) Notwithstanding section 43, the Minister may by regulations provide that tax at the rate of 10% shall be levied and paid for each year of assessment upon such income as the Minister may specify of an approved container investment manager derived by it on or after 1st April 2008 from —

(*a*) managing an approved container investment enterprise; or

(*b*) such other services or activities carried out for an approved container investment enterprise as may be prescribed.

[34/2008]

(2) Regulations made under subsection (1) may provide for the deduction of losses otherwise than in accordance with section 37(3).

[34/2008]

(3) The concessionary rate of tax referred to in subsection (1) shall apply to an approved container investment manager subject to such conditions as the Minister or such person as he may appoint may impose.

[34/2008]

(4) Approval of a container investment manager under this section may be granted between 1st April 2008 and 28th February 2011 (both dates inclusive).

[34/2008; 29/2010]

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

(4A) Approval of a container investment manager under this section may be granted between 1st March 2011 and 31st May 2021 (both dates inclusive) for such period not exceeding 5 years as the Minister may specify, except that the Minister may extend the period so specified for such further periods as he thinks fit.

[29/2010; 22/2011]

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

[Act 2 of 2016 wef 11/04/2016]

(5) In this section —

"approved" means approved by the Minister or such person as he may appoint;

"container investment enterprise" has the same meaning as in section 43ZA;

"container investment manager" means any company incorporated in Singapore.

[34/2008]

Concessionary rate of tax for approved insurance brokers

43ZC.—(1) Notwithstanding section 43, the Minister may by regulations provide that tax at the rate of 5% or 10% shall be levied and paid for each year of assessment upon such income of an approved insurance broker as the Minister may specify that is derived by it on or after a prescribed date from the provision of such direct insurance broking, reinsurance broking or advisory services relating to the insurance sector as may be prescribed.

[19/2013]

(2) Regulations made under subsection (1) may provide for the deduction of losses otherwise than in accordance with section 37(3).

[34/2008]

(3) The concessionary rate of tax referred to in subsection (1) shall apply to an approved insurance broker subject to such conditions as the Minister or such person as he may appoint may impose.

[34/2008]

(4) Approval may be granted under this section between 1st April 2008 and 31st March 2018 (both dates inclusive).

[34/2008; 19/2013]

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

(5) In this section —

"approved insurance broker" means a company that is a direct insurance broker, general reinsurance broker or life reinsurance broker approved by the Minister or such person as he may appoint;

"direct insurance broker", "general reinsurance broker" and "life reinsurance broker" have the same meanings as in section 1A of the Insurance Act (Cap. 142).

[34/2008]

Concessionary rate of tax for income derived from managing qualifying registered business trust or company

43ZD.—(1) Notwithstanding section 43, the Minister may by regulations provide that tax at the rate of 10% shall be levied and paid for each year of assessment upon such income as the Minister may specify derived on or after 1st April 2008 —

(*a*) by an approved trustee-manager of a qualifying registered business trust from providing services in such capacity in respect of such infrastructure asset or project situated outside Singapore as may be prescribed by regulations (referred to in this section as prescribed offshore infrastructure asset or project); and

(*b*) by an approved fund management company from —

(i) managing a qualifying company in respect of any prescribed offshore infrastructure asset or project; or

(ii) arranging, on behalf of a qualifying company, any loan of designated securities under a securities lending arrangement in writing to another qualifying company.

[34/2008; 27/2009]

(2) Regulations made under subsection (1) may provide for the deduction of losses otherwise than in accordance with section 37(3).

[34/2008]

(3) The concessionary rate of tax referred to in subsection (1) shall apply to an approved trustee-manager or fund management company subject to such conditions as the Minister or such person as he may appoint may impose.

[34/2008]

(4) Approval may be granted under this section between 1st April 2008 and 31st March 2017 (both dates inclusive).

[34/2008; 22/2011]

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

(5) In this section —

"approved" means approved by the Minister or such person as he may appoint;

"designated securities" means —

(*a*) stocks, shares, bonds or other securities, denominated in any foreign currency, issued by a company which is neither incorporated in Singapore nor resident in Singapore; or

(*b*) bonds denominated in any foreign currency issued by any foreign government;

"fund management company" means any company incorporated in Singapore;

"qualifying company", in relation to an approved fund management company, means any company incorporated in Singapore which —

(*a*) is listed or to be listed on any exchange in Singapore within one year from the date the approved fund management company is so approved; and

(*b*) owns any offshore infrastructure asset or any asset used in an offshore infrastructure project, or debt securities or shares of any company that owns any offshore infrastructure asset or any asset used in an offshore infrastructure project;

"qualifying registered business trust", in relation to an approved trustee-manager, means any registered business trust which —

(*a*) is listed or to be listed on any exchange in Singapore within one year from the date the approved trustee-manager is so approved; and

(*b*) owns any offshore infrastructure asset or any asset used in an offshore infrastructure project, or debt securities or shares of any company that owns any offshore infrastructure asset or any asset used in an offshore infrastructure project;

"registered business trust" and "trustee-manager" have the same meanings as in the Business Trusts Act (Cap. 31A).

[34/2008]

Concessionary rate of tax for ship broking and forward freight agreement trading

43ZE.—(1) Notwithstanding section 43, tax at the rate of 10% shall be levied and paid for each year of assessment upon such amount of —

(*a*) fees or commissions derived in the period between 1st April 2010 and 31st May 2011 (both dates inclusive) by an approved company from ship broking; and

(*b*) gains derived in the period between 1st April 2010 and 31st May 2011 (both dates inclusive) by an approved company from forward freight agreement trading,

which in the aggregate are in excess of the base amount.

[29/2010; 22/2011]

(2) Approval may be granted under this section between 1st April 2010 and 31st May 2011 (both dates inclusive) to a company for a period of 5 years, subject to such conditions as the Minister may impose.

[29/2010; 22/2011]

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

(3) The base amount referred to in subsection (1) is —

(*a*) where the approved company had carried out the ship broking or forward freight agreement trading or both (referred to in this paragraph as such activity) in Singapore at any time during the period of 3 years immediately preceding the date on which approval is granted under this section, the amount ascertained by dividing the net profit before tax as shown in the audited accounts of the approved company that is derived from carrying out such activity during that period by the actual number of months in that period in which such activity was carried out and multiplying by 12;

(*b*) where the approved company had not carried out the ship broking or forward freight agreement trading in Singapore, at any time during the period of 3 years immediately

preceding the date on which approval is granted under this section, zero; or

(*c*) such amount as the Minister may specify in substitution for the amount referred to in paragraph (*a*) or (*b*).

[29/2010]

(4) In determining the income of an approved company from the carrying out of ship broking or forward freight agreement trading or both in Singapore —

(*a*) the allowances under section 19, 19A, 20, 21, 22 or 23 shall be taken into account notwithstanding that no claim for such allowances has been made; and

(*b*) the Comptroller shall determine the manner and extent to which —

(i) allowances under section 19, 19A, 20, 21, 22 or 23 and any expenses and donations allowable under this Act are to be deducted; and

(ii) any loss may be deducted under section 37.

[29/2010]

(5) In this section —

"approved company" means a company which —

(*a*) is incorporated and resident in Singapore;

(*b*) carries on the business of ship broking or forward freight agreement trading or both in Singapore; and

(*c*) is approved by the Minister, or such person as he may appoint, for the purpose of this section;

"forward freight agreement trading" means the undertaking of a position under a forward freight agreement trade where such trade is in connection with shipping freight rates;

"ship broking" means —

(*a*) the broking of sale and purchase of vessels (including the activity of valuing the vessels);

(*b*) the matching of vessel owners (which intend to build new vessels) to shipyards based on the vessel owners' requirements;

(*c*) the matching of vessels to —

(i) cargoes; or

(ii) vessel owners and vessel charterers;

(*d*) the valuation of vessels; or

(*e*) the matching of forward freight agreement traders where the forward freight agreement trade is in connection with shipping freight rates,

and includes the provision of research, consultancy or advisory services using information derived from the business of carrying on any of the activities referred to in paragraphs (*a*) to (*e*), where the total sum of the fees (referred to in this definition as the said sum) derived by the approved company from the research, consultancy and advisory services in the basis period for the year of assessment concerned is not more than 20% of the sum of —

(A) the total fees and commissions derived by the approved company from all of the activities referred to in paragraphs (*a*) to (*e*) in the basis period for that year of assessment; and

(B) the said sum,

unless the Minister otherwise allows.

[29/2010]

Concessionary rate of tax for shipping-related support services

43ZF.—(1) Despite section 43, tax at the rate of 10% is to be levied and paid for each year of assessment upon the amount of income in subsection (1A) of an approved company derived on or after the service approval date and during the period of its approval under subsection (2) (but not any extended period of its approval under subsection (5A)), from providing in or from Singapore any

shipping-related support service approved for it under subsection (2A).

[Act 2 of 2016 wef 24/02/2015]

(1A) In subsection (1), the amount of the income is that which exceeds the base amount calculated in accordance with subsection (4).

[Act 2 of 2016 wef 24/02/2015]

(2) Approval may be granted under this section between 1st June 2011 and 31st May 2021 (both dates inclusive) to a company for a period of 5 years; and may be given subject to such conditions as the Minister may impose.

[22/2011]

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

[Act 2 of 2016 wef 11/04/2016]

(2A) The Minister or appointed person must approve for the company one or more shipping-related support services for the purposes of subsection (1) at the time of granting the approval, and may approve for the company additional shipping-related support services during the period it is approved.

[Act 2 of 2016 wef 24/02/2015]

(3) A company that is deemed an approved company on 1st June 2011 by virtue of regulations made under subsection (7), shall be deemed to have been approved for such period not exceeding 10 years from that date as the Minister may specify in the regulations.

[22/2011]

(4) The base amount referred to in subsection (1A) shall be calculated in accordance with the following provisions:

(*a*) where the approved company had provided one or more of the shipping-related support services approved for it at any time during the period of 3 years immediately before the date of its approval, the base amount shall be ascertained by dividing the aggregate net profit before tax as shown in its audited accounts (or such other accounts as the Minister or appointed person may approve for the company) that is derived from providing all of those services during that period by the actual number of months (a period of less than a month being reckoned as one month) during that

period in which those services were provided and multiplying by 12;

[Act 2 of 2016 wef 24/02/2015]

(*b*) where the company had not provided any of the shipping-related support services approved for it at any time during the period of 3 years immediately before the date of its approval, the base amount shall be zero; or

(*c*) such amount as the Minister may specify in substitution for the amount referred to in paragraph (*a*) or (*b*).

[22/2011]

[Act 2 of 2016 wef 24/02/2015]

(5) The base amount determined in accordance with subsection (4) shall apply to the approved company for the entire duration of the period of its approval (but not the extended period of its approval under subsection (5A)), unless the Minister otherwise decides.

[22/2011]

[Act 2 of 2016 wef 24/02/2015]

(5A) The Minister or appointed person may extend the period of any approval under subsection (2) for further periods of 5 years at any one time, and the extension is subject to the company satisfying such conditions as the Minister or appointed person has imposed on it at the time of granting the extension.

[Act 2 of 2016 wef 24/02/2015]

(5B) The Minister or appointed person must approve for the company one or more shipping-related support services for the purposes of subsection (5C) at the time of granting the extension, and may approve for the company additional shipping-related support services during the extended period of its approval.

[Act 2 of 2016 wef 24/02/2015]

(5C) Despite section 43, tax at the rate of 10% is levied and must be paid for each year of assessment upon the amount of income in subsection (5D) of an approved company derived on or after the service approval date and during the extended period of its approval under subsection (5A), from providing in or from Singapore any shipping-related support service approved for it under subsection (5B).

[Act 2 of 2016 wef 24/02/2015]

(5D) In subsection (5C), the amount of the income is that which exceeds the base amount calculated in accordance with subsection (5I).

[Act 2 of 2016 wef 24/02/2015]

(5E) The approved company may, in lieu of subsection (5C), elect for the amount referred to in subsection (5F) of its income derived on or after the service approval date and during the extended period of its approval under subsection (5A), from providing in or from Singapore any shipping-related support service approved for it under subsection (5B), to be taxed at a rate of 10.5%.

[Act 2 of 2016 wef 24/02/2015]

(5F) In subsection (5E), the amount of the income is that which exceeds the base amount referred to in subsection (4).

[Act 2 of 2016 wef 24/02/2015]

(5G) An election under subsection (5E) must be made in such form and manner and within such reasonable time as the Minister or appointed person may allow, and must be accompanied by such particulars as the Minister or appointed person determines.

[Act 2 of 2016 wef 24/02/2015]

(5H) An election under subsection (5E) is irrevocable.

[Act 2 of 2016 wef 24/02/2015]

(5I) The base amount referred to in subsection (5D) is determined as follows:

(*a*) where the approved company had provided one or more of the shipping-related support services approved for it under subsection (5B) at any time during the period of 3 years immediately before the date the extension is granted under subsection (5A), the base amount is ascertained by the following formula:

$$\frac{A}{B} \times 12,$$

where A is the total net profit before tax as shown in the company's audited accounts (or such other accounts as the Minister or appointed person may approve for the company) that is derived

from providing all of those services during that period of 3 years; and

B is the actual number of months (a period of less than a month being reckoned as one month) during that period in which those services were provided;

(*b*) where the company had not provided any of the shipping-related support services approved for it under subsection (5B) at any time during the period referred to in paragraph (*a*), the base amount is zero;

(*c*) the Minister may in a particular case specify an amount in substitution for the amount referred to in paragraph (*a*) or (*b*).

[Act 2 of 2016 wef 24/02/2015]

(5J) The base amount determined in accordance with subsection (5I) applies to the approved company for the entire duration of the extended period of its approval under subsection (5A), unless the Minister otherwise decides.

[Act 2 of 2016 wef 24/02/2015]

(6) In determining the income of an approved company from the provision of shipping-related support services approved for it —

(*a*) the allowances under section 19, 19A, 20, 21, 22 or 23 shall be taken into account notwithstanding that no claim for such allowances has been made; and

(*b*) the Comptroller shall determine the manner and extent to which —

(i) allowances under section 19, 19A, 20, 21, 22 or 23 and any expenses and donations allowable under this Act are to be deducted; and

(ii) any loss may be deducted under section 37.

[22/2011]

(7) For the purposes of this section, the Minister may make regulations —

(*a*) to deem a company which, immediately before 1st June 2011, was —

(i) a development and expansion company within the meaning of section 19I of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86) engaged in ship management services, ship agency, logistics or freight forwarding, being activities prescribed as qualifying activities within the meaning of that section, and which, in the case of a company engaged in logistics or freight forwarding, is a company —

(A) whose operations are or can be controlled, directly or indirectly, by another company, being one that owns or operates ships;

(B) which controls or can control, directly or indirectly, the operations of such other company; or

(C) whose operations are or can be controlled, directly or indirectly, by a person or persons who control or can control, directly or indirectly, the operations of such other company; or

(ii) an approved company under section 43ZE,

as an approved company for the purpose of this section from that date;

(*b*) to provide for such transitional, supplementary and consequential matters as he may consider necessary or expedient in relation to a company referred to in paragraph (*a*), including providing a different base amount for the purposes of subsection (1); and

(*c*) generally to give effect to or to carry out the purposes of this section.

[22/2011]

(8) In this section —

"approved" means approved by the Minister or such person as he may appoint;

"approved company" means a company which —

(*a*) is incorporated and resident in Singapore;

(*b*) carries on the business of providing shipping-related support services; and

(*c*) is approved for the purpose of this section;

"approved related company", in relation to an approved company, means a related company approved at any time for the approved company for the purpose of the definition of "corporate service";

"container" has the same meaning as in section 43ZA(7);

"corporate service" means any of the following services provided by an approved company to an approved related company:

(*a*) sourcing, procurement and distribution of materials and components, products or services for use in the business of the approved related company (such as marketing control, planning and brand management);

(*b*) training of crew and staff;

(*c*) crew management (such as recruitment and selection of qualified and trained seafarers, budgeting and strategic planning in relation to crew requirements, overseeing crew welfare, managing relations with labour unions, handling insurance matters relating to crew, and maintaining personnel data to facilitate searches, planning and analysis);

(*d*) business planning, development and co-ordination (including the performance of economic or investment research and analysis) of information and processes to improve standards of services or products;

(*e*) research and development (including test bedding) carried out on behalf of the approved related company;

(*f*) general management and administration (such as intellectual property management, risk management, internal audit, budgeting and forecasting);

(*g*) technical support services (such as marine and offshore engineering technical support, accounting and tax consultancy services and actuary services);

(*h*) human resource services;

(*i*) financial and treasury services (such as providing credit administration and control, arranging credit facilities, managing funds, and providing guarantees, performance bonds, standby letters of credit and services relating to remittances, arranging interest and currency swaps);

(*j*) legal services;

(*k*) corporate finance advisory services;

(*l*) information technology support services,

[Act 39 of 2017 wef 02/06/2011]

and only services provided to an approved related company of that company shall be treated as "corporate service" in determining if the approved company has provided shipping-related support service which is corporate service for the purposes of subsections (4) and (5I);

[Act 2 of 2016 wef 24/02/2015]

"finance leasing" has the same meaning as in section 13S(20) or 43ZA(7);

"forward freight agreement trading" means the undertaking of a position under a forward freight agreement trade where such trade is in connection with shipping freight rates;

"freight forwarding and logistics service" means managing a customer's freight, supply chain or logistics process flow;

"prescribed ship management services" has the same meaning as in section 13A(16);

[Act 2 of 2016 wef 24/02/2015]

"related company", in relation to an approved company, means a company that is carrying on a shipping-related business and —

(*a*) whose operations are or can be controlled, directly or indirectly, by the approved company;

(*b*) which controls or can control, directly or indirectly, the operations of the approved company; or

(*c*) whose operations are or can be controlled, directly or indirectly, by a person or persons who control or can control, directly or indirectly, the operations of the approved company;

"service approval date", in relation to any shipping-related support service approved for an approved company under subsection (2A) or (5B), means the date the service is approved for that company under that subsection or, in the case of corporate service to be provided by the company to its approved related company, the date the related company is approved as such;

[Act 2 of 2016 wef 24/02/2015]

"ship" has the same meaning as in section 2(1) of the Merchant Shipping Act (Cap. 179);

[Act 2 of 2016 wef 11/04/2016]

"ship agency" means the activities performed on behalf of a shipping enterprise in relation to their vessels, masters and crews, cargoes and customers;

"ship broking" means —

(*a*) the broking of sale and purchase of vessels (including the activity of valuing the vessels);

(*b*) the matching of vessel owners (which intend to build new vessels) to shipyards based on the vessel owners' requirements;

(*c*) the matching of vessels to —

(i) cargoes; or

(ii) vessel owners and vessel charterers;

(*d*) the valuation of vessels; or

(*e*) the matching of forward freight agreement traders where the forward freight agreement trade is in connection with shipping freight rates,

and includes the services referred to in subsection (9);

[*Deleted by Act 2 of 2016 wef 24/02/2015*]

"shipping-related business" means any of the following:

(*a*) carriage of passengers, mail, livestock or goods by any ship;

(*b*) charter or finance leasing of any ship to any person;

(*c*) use of any ship as a dredger, seismic ship or ship used for offshore oil and gas activity;

[Act 2 of 2016 wef 11/04/2016]

(*d*) use of any ship for towing or salvage operations;

(*e*) leasing (including finance leasing) of any container used for the international transportation of goods;

(*f*) managing an entity which is in the business of carrying on the charter or leasing (including finance leasing) of containers used for the international transportation of goods, or ships;

(*g*) ship broking;

(*h*) forward freight agreement trading;

(*i*) ship agency;

(*j*) prescribed ship management services;

[Act 2 of 2016 wef 24/02/2015]

(*k*) freight and logistics services in respect of a ship;

(*l*) marine insurance;

(*m*) offshore and marine engineering (including ship repair and conversion, ship building and offshore engineering);

(*n*) maritime law and arbitration;

(*o*) shipping finance;

(*p*) maritime research and development;

(*q*) use of any ship for offshore renewable energy activity or offshore mineral activity;

[Act 34 of 2016 wef 25/03/2016]

"shipping-related support service" means any of the following:

(*a*) ship broking;

(*b*) forward freight agreement trading;

(*c*) prescribed ship management services;

[Act 2 of 2016 wef 24/02/2015]

(*d*) ship agency;

(*e*) freight forwarding and logistics service;

(*f*) corporate service.

[22/2011]

(9) In this section, "ship broking" includes —

(*a*) for the purpose of subsections (1), (2A), (5B) and (5C), the provision of research, consultancy or advisory services using information derived from the business of carrying on any of the activities referred to in paragraphs (*a*) to (*e*) of the definition of "ship broking" in subsection (8), where the total sum of the fees derived by the approved company from the research, consultancy and advisory services in the basis period for the year of assessment concerned (referred to in this paragraph as the said sum) is not more than 20% of the sum of —

(i) the total fees and commissions derived by the approved company from all of those other activities in the basis period for that year of assessment; and

(ii) the said sum,

or where the Minister otherwise allows such services to be considered "ship broking"; and

[Act 2 of 2016 wef 24/02/2015]

(*b*) for the purpose of subsections (4) and (5I), the provision, within any financial year or part thereof of the approved company that falls within the period of 3 years immediately before the date of its approval, of research, consultancy or advisory services using information derived from the business of carrying on any of the activities referred to in paragraphs (*a*) to (*e*) of the definition of "ship broking" in subsection (8), where the total sum of the fees derived by the approved company from the research, consultancy and advisory services in that financial year or part thereof (referred to in this paragraph as the said sum) is not more than 20% of the sum of —

(i) the total fees and commissions derived by the approved company from all of those other activities in that financial year or part thereof; and

(ii) the said sum,

or where the Minister otherwise allows such services to be considered "ship broking".

[22/2011]

[Act 2 of 2016 wef 24/02/2015]

(10) For the purposes of the definition of "related company" in subsection (8), a company (referred to as the first company) is deemed to be a related company of another company if —

(*a*) at least 25% of the total number of its issued shares are beneficially owned, directly or indirectly, by the other company;

(*b*) at least 25% of the total number of the issued shares of the other company are beneficially owned, directly or indirectly, by the first company; or

(*c*) at least 25% of the total number of issued shares in each of the 2 companies are beneficially owned, directly or indirectly, by a third company.

[22/2011]

Concessionary rate of tax for income derived from managing approved venture company

43ZG.—(1) Despite section 43, tax at the rate of 5% is to be levied and paid for each year of assessment upon the management fees and performance bonus derived by an approved fund management company on or after 1 April 2015 from managing approved investments of an approved venture company under section 13H.

(2) The Minister or such person as the Minister may appoint may approve a fund management company for the purposes of subsection (1) at any time between 1 April 2015 and 31 March 2020 (both dates inclusive).

(3) The Minister or appointed person may, when granting the approval, impose such conditions on the fund management company as the Minister or appointed person considers appropriate.

(4) The approval under subsection (2) is for a period specified by the Minister or appointed person which must not exceed 10 years, except that the Minister or appointed person may extend the period for further periods not exceeding 5 years at any one time.

(5) The total period of approval of a fund management company, including —

(*a*) every extension under subsection (4); and

(*b*) if the fund management company had been a pioneer service company in respect of the activity of managing investments for an approved venture company under section 13H, its tax relief period for that qualifying activity,

must not in total exceed 15 years.

(6) In determining the amount of income subject to the concessionary rate of tax under subsection (1) —

(*a*) the allowances under section 19, 19A, 20, 21, 22 or 23 must be taken into account even if no claim for such allowances has been made; and

(*b*) the Comptroller must determine the manner and extent to which —

(i) allowances under section 19, 19A, 20, 21, 22 or 23 and any expenses and donations allowable under this Act are to be deducted; and

(ii) any loss may be deducted under section 37.

(7) In this section —

"fund management company" means a company incorporated in Singapore that is a fund manager;

"investments" has the same meaning as in section 13H(18);

"pioneer service company" has the same meaning as in section 16 of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86).

[Act 34 of 2016 wef 19/04/2016]

[*Deleted by Act 34 of 2016 wef 19/04/2016*]

(8) In subsection (5)(*b*), the tax relief period of a fund management company for the activity mentioned in that provision is —

(*a*) the company's tax relief period under section 18 of the Economic Expansion Incentives (Relief from Income Tax) Act, in force immediately before 19 April 2016; or

(*b*) the period treated as the company's tax relief period for that activity under section 37(3)(*c*) of the Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2016 (Act 11 of 2016),

as the case may be.

[Act 34 of 2016 wef 19/04/2016]

Concessionary rate of tax for international growth company

43ZH.—(1) Despite section 43, the Minister may by regulations provide that tax at the rate of 10% is to be levied and paid upon the

income derived by an approved international growth company from carrying on all of its qualifying activities within a basis period, or a part of a basis period, that falls within its approval period, which in total exceeds the base amount referred to in subsection (6).

(2) Subsection (1) does not apply to income from any of the activities mentioned in that subsection that is carried on on a date that falls outside of that activity's concessionary period.

(3) The Minister or such person as the Minister may appoint may, at any time between 1 April 2015 and 31 March 2020 (both dates inclusive), approve a company as an international growth company for a period not exceeding 5 years; and the approval may be given subject to such conditions as the Minister or appointed person may impose.

(4) When granting the approval, the Minister or appointed person must specify for the international growth company —

(*a*) the date of its approval and its approval period;

(*b*) one or more qualifying activities; and

(*c*) a concessionary period for each of those activities.

(5) The Minister or appointed person may at any time during the period the international growth company remains approved specify for it —

(*a*) one or more additional qualifying activities; and

(*b*) a concessionary period for each of those activities.

(6) The base amount referred to in subsection (1) is ascertained in accordance with the following provisions:

(*a*) where the approved international growth company had, at any time during the period of 3 years immediately before the date of its approval, carried on one or more of the qualifying activities specified for it under subsection (4), the base amount is ascertained by the formula:

$$\frac{\text{A}}{\text{B}} \times 12,$$

where A is the total net profit before tax as shown in its audited accounts (or such other accounts as the Minister or appointed person may approve for the company) that is derived from carrying on the qualifying activity or activities during that period; and

B is the actual number of months (a period of less than a month being reckoned as one month) during that period in which the qualifying activity or activities was or were carried out;

(*b*) where the approved international growth company had not carried on any of those qualifying activities during the period of 3 years immediately before the date of its approval, the base amount is zero;

(*c*) the Minister or appointed person may specify an amount in substitution for the amount referred to in paragraph (*a*) or (*b*).

(7) The base amount determined in accordance with subsection (6) applies for the entire duration of the company's approval period, unless the Minister or appointed person decides otherwise.

(8) In determining the income of an approved international growth company from carrying on its qualifying activities —

(*a*) the allowances under section 16, 17, 18, 18B, 18C, 19, 19A, 20, 21, 22 or 23 must be taken into account even though no claim for such allowances has been made; and

(*b*) the Comptroller must determine the manner and extent to which —

(i) allowances under section 16, 17, 18, 18B, 18C, 19, 19A, 20, 21, 22 or 23 and any expenses and donations allowable under this Act are to be deducted; and

(ii) any loss may be deducted under section 37.

(9) In this section —

"approval period", in relation to an approved international growth company, means the period of its approval as such a company under subsection (3);

"concessionary period", in relation to a qualifying activity of an approved international growth company, means the concessionary period specified for that activity under subsection (4) or (5);

"international growth company" means a company incorporated and resident in Singapore which carries on, or which intends to carry on, a trade or business which involves —

(*a*) the export of goods to a country outside Singapore;

(*b*) the performance of services in a country outside Singapore; or

(*c*) the performance of services for a person or permanent establishment outside Singapore,

whether or not it also carries on or intends to carry on any other trade or business;

"qualifying activity", in relation to an approved international growth company, means an activity specified for the company under subsection (4) or (5), being one of the activities prescribed for the purposes of this section in regulations made under this section.

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

PART XII

DEDUCTION OF TAX AT SOURCE

44. [*Repealed by Act 19 of 2013*]

44A. [*Repealed by Act 19 of 2013*]

Withholding of tax in respect of interest paid to non-resident persons

45.—(1) Where a person is liable to pay to another person not known to him to be resident in Singapore any interest which is chargeable to tax under this Act, the person paying the interest shall —

(*a*) deduct therefrom tax —

(i) where the person to be paid is an individual or a Hindu joint family, at the rate of 22%;

[Act 2 of 2016 wef 01/01/2016]

(ii) where the person to be paid is any other person, at the rate of 17%; or

(iii) where section 43(3) or (3A) is applicable to the person to be paid, at the rate specified in that provision,

on every dollar of the interest; and

(*b*) immediately give notice of the deduction of tax and pay to the Comptroller the amount so deducted,

[Act 2 of 2016 wef 01/07/2016]

and every such amount deducted shall be a debt due from him to the Government and shall be recoverable in the manner provided by section 89.

[37/75; 31/86; 1/90; 20/91; 28/92; 26/93; 28/96; 24/2001; 37/2002; 49/2004; 53/2007; 27/2009]

(1A) Notwithstanding subsection (1), tax shall be deducted at the rate of 18% on every payment (other than payment subject to tax at the rate specified in section 43(3) or (3A)) made on or after 1st January 2009 which would be assessable on the person receiving the payment for the year of assessment 2009.

[27/2009]

(1B) The notice under subsection (1)(*b*) must be given using the electronic service, except that the Comptroller may in any particular case or class of cases permit the notice to be given in any other manner.

[Act 2 of 2016 wef 01/07/2016]

(1C) The Minister may, by rules made under section 7, substitute the rate in subsection (1)(*a*)(i), (ii) or (iii) with a higher or lower rate (including 0%) for any person or class of persons that is or are subject to that subsection, and subsection (1) applies to that person or class of persons accordingly.

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

(1D) The rules mentioned in subsection (1C) may —

(*a*) provide that the substitute rate applies only if such conditions as may be specified in the rules are satisfied; and

(*b*) prescribe different substitute rates for different persons or classes of persons.

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

(2) The Comptroller may —

(*a*) if he thinks fit, allow any person or class of persons to give notice of the deduction of tax and make payment of the amount so deducted within such other period and subject to such conditions as the Comptroller may determine; and

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

(*b*) by notice in writing require any person who pays such interest to deduct and account for tax at a higher or lower rate than the rate in subsection (1)(*a*)(i), (ii) or (iii), or the rate prescribed by rules mentioned in subsection (1C) in substitution for that rate, as the case may be, on every dollar of such interest or permit such interest to be paid without deduction of tax.

[1/90; 20/91; 28/92; 26/93; 28/96; 24/2001; 37/2002; 49/2004; 53/2007; 27/2009]

[Act 2 of 2016 wef 01/01/2016]

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

(3) Where a person fails to make a deduction of tax which he is required to make under subsection (1), any amount which he fails to deduct shall be a debt due from him to the Government and shall be recoverable as such.

(4) If the amount of tax which is required to be deducted under subsection (1) is not paid to the Comptroller —

(*a*) by the 15th day of the second month following the month in which the interest from which the tax is to be deducted is paid, or such other date as may be allowed under subsection (2)(*a*), a sum equal to 5% of such amount of tax shall be payable; and

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

(*b*) within 30 days after the time specified in paragraph (*a*), an additional penalty of 1% of such amount of tax shall be payable for each completed month that the tax remains unpaid, but the total additional penalty under this paragraph shall not exceed 15% of the amount of tax outstanding.

[26/93; 21/2003; 29/2012]

(5) Without prejudice to any other provision of this Act, if any person after deducting the tax required to be deducted under subsection (1) fails to give notice of such deduction to the Comptroller in the manner referred to in subsection (1B) and by the time specified in subsection (4)(*a*), he shall be guilty of an offence and shall on conviction pay a penalty equal to 3 times the amount of tax so deducted and shall also be liable to a fine not exceeding $10,000 or to imprisonment for a term not exceeding 3 years or to both.

[26/93; 21/2003]

[Act 2 of 2016 wef 01/07/2016]

(6) Where an individual has been convicted for 3 or more offences under this section, the imprisonment he shall be liable to shall be not less than 6 months.

(7) The Comptroller may —

(*a*) compound an offence under subsection (5) and may before judgment stay or compound any proceedings thereunder; and

(*b*) for any good cause remit the whole or any part of the penalty payable under subsection (4).

(8) For the purposes of this section —

(*a*) the manager or principal officer of a company shall be answerable for doing all such acts, matters and things as

are required to be done by the company under this section; and

(*b*) interest shall be deemed to have been paid by a person to another person although it is not actually paid over to the other person but is reinvested, accumulated, capitalised, carried to any reserve or credited to any account however designated, or otherwise dealt with on behalf of the other person.

(9) This section shall not apply to —

(*a*) any interest derived from any qualifying debt securities issued during the period from 27th February 1999 to 31st December 2018 (both dates inclusive), subject to such conditions as the Minister may impose;

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

(*b*) any interest derived from any qualifying project debt securities issued during the period from 1st November 2006 to 31st March 2017 (both dates inclusive), subject to such conditions as the Minister may impose;

[53/2007; 34/2008; 22/2011; 19/2013]

[Act 37 of 2014 wef 21/02/2014]

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

(*c*) any interest liable to be paid on or after 21st February 2014 by a person to a branch in Singapore of a company incorporated outside Singapore and not known to him to be resident in Singapore.

[Act 37 of 2014 wef 21/02/2014]

(10) In this section, "qualifying debt securities" and "qualifying project debt securities" have the same meanings as in section 13(16).

[53/2007]

Application of section 45 to royalties, management fees, etc.

45A.—(1) Section 45(1) to (8) shall apply in relation to the payment of any income referred to in section 12(6) or (7) by any person to another person not known to him to be resident in Singapore as those provisions apply to any interest paid by a person to another person not known to him to be resident in Singapore and, for the purpose of such application, any reference in those provisions to

interest shall be construed as a reference to the income referred to in section 12(6) or (7).

[5/77; 1/88; 49/2004]

(2) Subject to such conditions as the Minister may impose, subsection (1) shall not apply to any discount from —

(*a*) any qualifying debt securities issued during the period from 27th February 2004 to 16th February 2006 (both dates inclusive) which mature within one year from the date of issue of those securities; or

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

(*b*) any qualifying debt securities issued during the period from 17th February 2006 to 31st December 2018 (both dates inclusive).

[7/2007; 34/2008; 19/2013]

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

(2A) Subsection (1) shall not apply to any amount payable from any Islamic debt securities which are qualifying debt securities, and issued during the period from 1st January 2005 to 31st December 2018 (both dates inclusive), subject to such conditions as the Minister may impose.

[34/2005; 34/2008; 19/2013]

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

(2B) Subject to such conditions as the Minister may impose, subsection (1) shall not apply to —

(*a*) any prepayment fee, redemption premium or break cost from any qualifying debt securities issued during the period from 15th February 2007 to 31st December 2018 (both dates inclusive); or

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

(*b*) any discount, prepayment fee, redemption premium or break cost from any qualifying project debt securities issued during the period from 15th February 2007 to 31st March 2017 (both dates inclusive).

[53/2007; 34/2008; 22/2011; 19/2013]

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

(2C) Subject to such conditions as the Minister may impose, subsection (1) shall not apply to —

(*a*) such other income directly attributable to any qualifying debt securities issued on or after a prescribed date, as may be prescribed by regulations; or

(*b*) such other income directly attributable to any qualifying project debt securities issued on or after a prescribed date, as may be prescribed by regulations.

[53/2007]

(2D) Subsection (1) shall not apply to any payment liable to be made on or after 17th February 2012 under any agreement or arrangement for the charter of any ship.

[29/2012]

(2E) Subsection (1) shall not apply to any payment liable to be made on or after 21st February 2014 by a person to a branch in Singapore of a company incorporated outside Singapore and not known to him to be resident in Singapore.

[Act 37 of 2014 wef 21/02/2014]

(3) In this section —

"break cost", "prepayment fee", "qualifying debt securities", "qualifying project debt securities" and "redemption premium" have the same meanings as in section 13(16);

"Islamic debt securities" has the same meaning as in section 43N(4);

[34/2005; 53/2007]

[Act 2 of 2016 wef 11/04/2016]

"ship" has the same meaning as in section 2(1) of the Merchant Shipping Act.

[Act 2 of 2016 wef 11/04/2016]

Tax deemed withheld and recoverable from person in breach of condition imposed under section 13(4)

45AA.—(1) Where a person has contravened any condition imposed by the Minister pursuant to a notification made under section 13(4) (whether a condition precedent or a condition subsequent), the amount of tax which, but for that notification, would have been deductible by the person from payments made by it to a non-resident person under section 45 or 45A —

(*a*) shall be deemed to have been deducted from those payments;

(*b*) shall be a debt due from the first-mentioned person to the Government; and

(*c*) shall be recoverable in the manner provided by section 89.

[22/2011]

(2) The amount recoverable under subsection (1) shall be payable at the place stated in a notice served by the Comptroller on the person within one month after the service of the notice.

[22/2011]

(3) The Comptroller may, in his discretion and subject to such conditions (including the imposition of interest) as he may impose, extend the time limit within which payment under subsection (2) is to be made.

[22/2011]

(4) If the amount recoverable under subsection (1) is not paid to the Comptroller —

(*a*) within the period referred to in subsection (2) or such further period as may be allowed under subsection (3), a sum equal to 5% of such amount shall be payable; and

(*b*) within 30 days after the time specified in paragraph (*a*), an additional penalty of 1% of such amount shall be payable for each completed month that such amount remains unpaid, but the total additional penalty under this paragraph shall not exceed 15% of such amount.

[22/2011]

(5) The penalty shall be recoverable in the manner provided in section 89.

[22/2011]

(6) The Comptroller may for any good cause remit the whole or any part of the penalty payable under subsection (4).

[22/2011]

(7) The Minister may, subject to such conditions as he may determine, remit the whole or any part of the amount recoverable under subsection (1).

[22/2011]

(8) If any condition referred to in subsection (7) is breached, then the amount remitted shall be a debt due from the person granted the remission to the Government and shall be recoverable in the manner provided by section 89; and subsections (2) to (6) shall apply accordingly.

[22/2011]

Application of section 45 to non-resident director's remuneration

45B.—(1) Section 45 shall apply in relation to the payment of any remuneration by a company to any director of the company who is not resident in Singapore as those provisions apply to any interest paid by a person to another person not known to him to be resident in Singapore and, for the purpose of such application, any reference in those provisions to interest shall be construed as a reference to such remuneration.

[7/79]

(2) For the purposes of this section, the references to interest therein shall be read as references to interest which is subject to deduction of tax at the rate of 22% on every dollar of the interest.

[28/96; 24/2001; 37/2002; 49/2004]

[Act 2 of 2016 wef 01/01/2016]

[Act 2 of 2016 wef 11/04/2016]

Application of section 45 to distribution by unit trust

45C.—(1) Section 45 shall apply in relation to any distribution made by a unit trust which is deemed to be income under section 10(19), (20) and (21) as that section applies to any interest paid by a person to another person not known to him to be resident in Singapore and, for the purpose of such application, any reference in that section to interest shall be construed as a reference to such distribution.

[23/90; 32/95]

(2) Subsection (1) shall not apply to any distribution which is made on or after 28th February 1998 by a designated unit trust referred to in section 35(12).

[31/98]

[Act 37 of 2014 wef 01/09/2014]

(3) Subsection (1) shall not apply to any distribution made on or after 1st January 2015 by a unit trust to a branch in Singapore of a company incorporated outside Singapore and not known to the trustee of the unit trust to be resident in Singapore.

[Act 37 of 2014 wef 01/01/2015]

Application of section 45 to gains from real property transaction

45D.—(1) Where any person whose income arising from the disposal of any real property is chargeable to tax under section 10(1)(*a*) is a non-resident person, any designated person shall, before paying to the non-resident person any money which is the whole or part of the consideration for the disposal of the real property, notwithstanding any other written law, immediately deduct therefrom tax at the rate of 15% on every dollar of such payment.

[37/2002]

(2) Any designated person who has deducted any money under subsection (1) shall immediately give notice of the deduction of tax to the Comptroller and shall, notwithstanding any other written law, pay the amount so deducted to the Comptroller by the 15th day of the second month following the month in which the deduction was made and every such amount shall be a debt due from him to the Government and shall be recoverable in the manner provided under section 89.

[37/2002; 21/2003; 29/2012]

[Act 2 of 2016 wef 01/07/2016]

(2A) The notice under subsection (2) must be given using the electronic service, except that the Comptroller may in any particular case or class of cases permit the notice to be given in any other manner.

[Act 2 of 2016 wef 01/07/2016]

(3) Section 45(2) to (8) shall apply, with the necessary modifications, to any designated person as those provisions apply to any person referred to therein.

[37/2002]

(4) For the purpose of payment of any tax due from any income which is chargeable to tax under section 10(1)(*a*) in respect of any disposal of any real property which is owned by 2 or more persons as

joint owners, the designated person deducting the tax shall retain such amount as is presumed under subsection (5) to be owned by any non-resident person and pay over the tax due from such amount to the Comptroller.

[37/2002]

(5) It shall be presumed, until the contrary is proved, that the persons who own any real property as joint owners shall share the proceeds of disposal of the real property in equal shares.

[37/2002]

(5A) This section shall not apply to any payment made on or after 1st January 2015 by a designated person to a branch in Singapore of a company incorporated outside Singapore and is a non-resident person.

[Act 37 of 2014 wef 01/01/2015]

(6) In this section —

"designated person", in relation to any disposal of any real property —

(*a*) in the case where an advocate and solicitor acts for the buyer of the real property in such disposal, means that advocate and solicitor; and

(*b*) in any other case, means the buyer of the real property;

"land" includes land of any tenure wherever situated in Singapore, whether or not held apart from the surface, and buildings or parts thereof (whether completed or otherwise and whether divided horizontally, vertically or in any other manner) and tenements and hereditaments, corporeal and incorporeal, and any estate or interest therein;

"non-resident person" means a person who is not known to be resident in Singapore to the designated person;

"real property", in relation to a disposal of which the income is chargeable to tax under section 10(1)(*a*), means any land and any interest, option or other right in or over any land.

[37/2002]

Application of section 45 to withdrawals by non-citizen SRS members, etc.

45E.—(1) Subject to subsections (2) and (2A), section 45 shall apply in relation to —

(*a*) any withdrawal made —

(i) under section 10L or after the balance (excluding any life annuity) remaining in the SRS account is deemed withdrawn under section 10L(6) or (7) by an SRS member who is not a citizen of Singapore from his SRS account; or

(ii) after the sum standing in the SRS account is deemed withdrawn under section 10L(9) by the legal personal representative of a deceased SRS member who is not a citizen of Singapore from the SRS account,

as that section applies to any interest paid by a person to another person not known to him to be resident in Singapore and, for the purpose of such application, any reference in that section to interest shall be construed as a reference to such withdrawal from the SRS account; and

(*b*) any payment of any penalty under section 10L(2) which is imposed on any SRS member and paid by an SRS operator to the Comptroller as that section applies to any interest paid by a person to another person not known to him to be resident in Singapore and, for the purposes of such application, any reference in that section to interest payable shall be construed as a reference to the penalty so payable by the SRS operator to the Comptroller.

[24/2001]

[Act 2 of 2016 wef 01/07/2016]

(2) For the purpose of subsection (1)(*a*), where a withdrawal is made —

(*a*) under section 10L(3) or (8) or after the balance (excluding any life annuity) remaining in the SRS account is deemed

withdrawn under section 10L(6) or (7) by an SRS member; or

(*b*) after the sum standing in the SRS account is deemed withdrawn under section 10L(9),

section 45 shall apply only in relation to 50% of the amount withdrawn from the SRS account.

[24/2001]

(2A) For the purposes of subsection (1)(*a*), where a withdrawal of all the funds standing in the SRS account of an SRS member is made on the ground in section 10L(3G), section 45 applies only in relation to an amount determined in the following manner:

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

where A is the amount of funds withdrawn from the SRS account on that ground;

B is the total value of the investment that is deducted from the balance in the SRS account (if any) on that ground; and

C is the amount of the SRS member's income chargeable to tax under section 10(1)(*g*) as determined under section 10L(3G).

[Act 2 of 2016 wef 01/07/2016]

(2B) In subsection (2A) —

(*a*) the reference to a deduction of an investment from the balance in an SRS account is to be construed in accordance with section 10L(3F); and

(*b*) the value of such investment is determined in accordance with the regulations made under section 10L(11).

[Act 2 of 2016 wef 01/07/2016]

(3) For the purposes of this section, the amount to be deducted under section 45 in respect of withdrawals from the SRS account of an SRS member —

(*a*) under subsection (1)(*a*), shall be the amount computed based on the rate of 22%; and

[Act 2 of 2016 wef 01/01/2016]

(*b*) under subsection (1)(*b*), shall be the total penalty deducted by the SRS operator from the amount so withdrawn from the SRS account.

[24/2001]

(4) Subject to subsection (5), this section shall not apply to any withdrawal by an SRS member who is not a citizen of Singapore if the amount of withdrawal from his SRS account in any year does not exceed the amount of contribution to his SRS account in that year.

[24/2001; 37/2002]

(5) Where a deduction for SRS contributions has been allowed in any year to an SRS member who is not a citizen of Singapore under an assessment made under section 73(1)(*b*) and within that year the SRS member applies to withdraw an amount up to the amount he has contributed in that year, the SRS operator shall release the amount applied to the SRS member after deducting tax at the rate of 22% on every dollar withdrawn.

[37/2002]

[Act 2 of 2016 wef 01/01/2016]

(6) To avoid doubt, a reference to a withdrawal from an SRS account in this section is a reference to an actual withdrawal of funds, and excludes a deemed withdrawal of funds under section 10L(3E).

[Act 2 of 2016 wef 01/07/2016]

Approval of deduction of investment from SRS account of non-citizen

45EA.—(1) This section applies to an investment made using funds from an SRS account of an SRS member who is not a citizen of Singapore.

(2) Before approving the deduction of the investment from the balance in the SRS account, an SRS operator shall comply with subsection (3), unless the Comptroller has waived such compliance by notice in writing to the SRS operator.

(3) Subject to subsection (3A), the SRS operator shall collect from the SRS member or (if he is deceased) his legal personal

representative tax at the rate of 22% on an amount that is equal to 50% of the total value of the investment to be deducted from the balance in the SRS account.

[Act 2 of 2016 wef 01/01/2016]

[Act 2 of 2016 wef 01/07/2016]

(3A) If the deduction of the investment from the balance in the SRS account is to be made on the ground in section 10L(3G), the amount on which tax is to be collected under subsection (3) is determined in the following manner:

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

where A is the amount of funds to be actually withdrawn from the SRS account on that ground (if any);

B is the total value of the investment that is to be deducted from the balance in the SRS account; and

C is the amount of the SRS member's income chargeable to tax under section 10(1)(*g*) as determined under section 10L(3G).

[Act 2 of 2016 wef 01/07/2016]

(3B) The Minister may, by rules made under section 7, substitute the rate in subsection (3) with a higher or lower rate (including 0%) for any SRS member or class of SRS members that is or are subject to that subsection, and subsection (3) applies to that SRS member or class of SRS members accordingly.

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

(3C) The rules mentioned in subsection (3B) may —

(*a*) provide that the substitute rate applies only if such conditions as may be specified in the rules are satisfied; and

(*b*) prescribe different substitute rates for different SRS members or classes of SRS members.

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

(4) In subsections (3) and (3A), the value of an investment shall be reckoned in accordance with the regulations made under section 10L(11).

[Act 2 of 2016 wef 01/07/2016]

(5) If the Comptroller has given a written notice to the SRS operator requiring the SRS operator to collect tax at a higher or lower rate than 22% or the rate prescribed by the rules mentioned in subsection (3B) in substitution for it, then the reference to the rate of 22% or the substitute rate is a reference to the higher or lower rate.

[Act 2 of 2016 wef 01/01/2016]

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

(6) The amount of tax collected under subsection (3) shall be a debt due from the SRS operator to the Government and shall be recoverable in the manner provided in section 89.

(7) Where an SRS operator fails to collect the tax under subsection (3), the amount not collected shall be a debt due from the SRS operator to the Government and shall be recoverable in the manner provided in section 89.

(8) If the amount of tax which is required to be collected under subsection (3) is not paid to the Comptroller —

(*a*) by the 15th day of the second month following the month in which the date the SRS operator approves the deduction falls or by such later date as the Comptroller may allow, a sum equal to 5% of such amount of tax shall be payable; and

(*b*) within 30 days after the time specified in paragraph (*a*), an additional penalty of 1% of such amount of tax shall be payable for each completed month that the tax remains unpaid, but the total additional penalty under this paragraph shall not exceed 15% of the amount of tax outstanding.

(9) An SRS operator shall, after collecting the tax under subsection (3), give notice in writing of such collection to the Comptroller by the time specified in subsection (8)(*a*) and in the manner mentioned in subsection (9A), and if the SRS operator fails to do so, the SRS operator shall be guilty of an offence and shall on

conviction pay a penalty equal to 3 times the amount of tax so collected and shall also be liable to a fine not exceeding $10,000.

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

(9A) The notice under subsection (9) must be given using the electronic service, except that the Comptroller may in any particular case or class of cases permit the notice to be given in any other manner.

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

(10) The Comptroller may —

(*a*) compound an offence under subsection (9); and

(*b*) for any good cause remit the whole or any part of the penalty payable under subsection (8).

(11) In this section —

(*a*) a reference to an SRS operator approving the deduction of an investment from the balance in an SRS account is a reference to the SRS operator approving the deduction of the sums representing the investment from the balance in the SRS account in accordance with the regulations made under section 10L(11); and

(*b*) a reference to the date of approval by an SRS operator of a deduction of an investment from the balance in an SRS account is a reference to the date the SRS operator approves a deduction of the sums representing the investment from the balance in the SRS account in accordance with those regulations.

[Act 37 of 2014 wef 01/07/2015]

Application of section 45 to income from profession or vocation carried on by non-resident individual, etc.

45F.—(1) Subject to subsection (2), section 45 shall apply in relation to the payment of any income accruing in or derived from Singapore on or after 3rd May 2002 from —

(*a*) any profession or vocation (other than that derived by any public entertainer as defined in section 40A) by any person to any individual referred to in section 43(4)(*a*) not known to him to be resident in Singapore; or

(*b*) any profession or vocation by any person to any foreign firm referred to in section 43(4)(*b*),

as section 45 applies to any interest paid by a person to another person not known to him to be resident in Singapore and, for the purpose of such application, any reference in that section to interest shall be construed as a reference to such payment.

[37/2002]

(2) For the purpose of this section, the deduction of tax under section 45 shall be at the rate of 15%.

[37/2002]

Application of section 45 to distribution from any real estate investment trust

45G.—(1) Subject to subsections (2) and (3) and such conditions as the Comptroller may impose, section 45 shall apply in relation to any distribution by a trustee of any real estate investment trust —

(*a*) to any person (other than an individual) not known to the trustee to be resident in Singapore to whom section 43(3B) applies; or

(*b*) to any other person not known to the trustee to be —

(i) an individual;

(ii) a company incorporated and resident in Singapore;

(iii) a branch in Singapore of a company incorporated outside Singapore that has obtained the Comptroller's approval for distributions to be made by the trust to it without deduction of tax; or

(iv) a body of persons incorporated or registered in Singapore, including a charity registered under the Charities Act (Cap. 37) or established by any written law, a town council, a statutory board, a co-operative society registered under the Co-operative Societies Act (Cap. 62) or a trade union registered under the Trade Unions Act (Cap. 333),

as that section applies to any interest paid by a person to another person not known to him to be resident in Singapore and, for the

purpose of such application, any reference in that section to interest shall be construed as a reference to such distribution.

[34/2005; 7/2007; 19/2013]

(2) For the purpose of subsection (1)(*a*), the deduction of tax under section 45 shall be at the rate of 10% on every dollar of such distribution made during the period from 18 February 2005 to 31 March 2020(both dates inclusive).

[34/2005; 29/2010]

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

[Act 39 of 2017 wef 01/04/2015]

(3) For the purpose of subsection (1)(*b*), the deduction of tax under section 45 shall be at the applicable rate specified under section 43(1) on every dollar of such distribution.

[34/2005; 53/2007]

(4) Subsection (1) shall not apply to any distribution made by the trustee of the real estate investment trust where tax has been paid by the trustee of the trust on the income from which the distribution is made.

[34/2005]

(4A) Subsection (1) shall not apply to any distribution made on or after 1st January 2015 by a trustee of a real estate investment trust to a branch in Singapore of a company incorporated outside Singapore and not known to the trustee to be resident in Singapore.

[Act 37 of 2014 wef 01/01/2015]

(4B) Subsection (1) does not apply to any distribution made to an organisation that is declared by an order under section 2(1) of the International Organisations (Immunities and Privileges) Act (Cap. 145) as an organisation of which the Government and the government or governments of one or more foreign sovereign Powers are members, if that distribution is exempt from tax by reason of that order.

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

(5) In this section, "real estate investment trust" has the same meaning as in section 43(10).

[34/2005]

Application of section 45 to income derived as public entertainer

45GA.—(1) Subject to subsections (2) and (2A), section 45 shall apply in relation to the payment by any person to any public entertainer or his representative, not known to the person to be resident in Singapore, of any income derived from Singapore as a public entertainer on or after 1st January 2008 as that section applies to any interest paid by a person to another person not known to him to be resident in Singapore and, for the purpose of such application, any reference in that section to interest shall be construed as a reference to such payment.

[53/2007; 29/2010]

(2) For the purpose of this section and subject to subsection (2A), the deduction of tax under section 45 shall be at the rate of 15%.

[53/2007; 29/2010]

(2A) For the purpose of this section, the deduction of tax under section 45 shall be at the rate of 10% of such income derived during the period from 22nd February 2010 to 31st March 2020 (both dates inclusive).

[29/2010]

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

(3) In this section, "public entertainer" has the same meaning as in section 40A.

[53/2007]

Application of section 45 to commission or other payment of licensed international market agent

45H.—(1) Subject to subsection (2), section 45 shall apply in relation to the payment of any commission or other payment by any person to a licensed international market agent not known to him to be resident in Singapore for organising or conducting a casino marketing arrangement with a casino operator in Singapore as section 45 applies to any interest paid by a person to another person not known to him to be resident in Singapore and, for the purpose of such application, any reference in that section to interest shall be construed as a reference to such commission or payment.

[10/2006; 36/2012]

(2) For the purpose of this section, the deduction of tax under section 45 shall be at the rate of 3%.

[10/2006]

(2A) Subsection (1) shall not apply to any payment liable to be made on or after 1st January 2015 by any person to a branch in Singapore of a licensed international market agent, being a company incorporated outside Singapore and not known to the person to be resident in Singapore.

[Act 37 of 2014 wef 01/01/2015]

(3) In this section, "casino marketing arrangement", "casino operator" and "international market agent" have the same meanings as in the Casino Control Act (Cap. 33A).

[10/2006; 36/2012]

Sections 45 and 45A not applicable to certain payments

45I.—(1) Sections 45(1) to (8) and 45A(1) shall not apply to any income referred to in section 12(6) which is liable to be paid by a person referred to in subsection (2), if the payment is liable to be made —

(*a*) at any time during the period from 17th February 2012 to 31st March 2021 (both dates inclusive) (referred to in this section as the relevant period) under —

(i) a contract which took effect before 17th February 2012;

(ii) a contract which was extended or renewed, where the extension or renewal took effect before 17th February 2012; or

(iii) a debt security which was issued before 17th February 2012;

(*b*) under a contract which took effect on a date which falls within the relevant period;

(*c*) under a contract which was extended or renewed where —

(i) the extension or renewal took effect on a date which falls within the relevant period; and

(ii) the payment is made on or after the date on which such extension or renewal took effect; or

(*d*) under a debt security which was issued on a date which falls within the relevant period.

[29/2012]

(2) Subsection (1) shall apply to the following persons:

(*a*) a bank licensed under the Banking Act (Cap. 19) or a merchant bank approved under the Monetary Authority of Singapore Act (Cap. 186);

(*b*) a finance company licensed under the Finance Companies Act (Cap. 108);

(*c*) a person who —

(i) holds a capital markets services licence under the Securities and Futures Act (Cap. 289) for dealing in securities and advising on corporate finance;

(ii) is involved or will be involved in the underwriting of debt or equity issuances; and

(iii) has been approved before 17th February 2012 for the purposes of the Income Tax (Exemption of Interest and Other Payments for Economic and Technological Development) Notification 2012 (G.N. No. S 72/2012).

[29/2012]

(3) Sections 45(1) to (8) and 45A(1) shall not apply to any income referred to in section 12(6) which is liable to be paid by a person who —

(*a*) holds a capital markets services licence under the Securities and Futures Act for dealing in securities and advising on corporate finance;

(*b*) is involved or will be involved in the underwriting of debt or equity issuances; and

(*c*) is approved for the purposes of this section, where the approval was given on a date (referred to in this subsection

as the approval date) within the relevant period by the Minister or such person as he may appoint,

if the payment is liable to be made —

(i) at any time during the period from the approval date to 31st March 2021 (both dates inclusive) under —

(A) a contract which took effect before the approval date;

(B) a contract which was extended or renewed, where the extension or renewal took effect before the approval date; or

(C) a debt security which was issued before the approval date;

(ii) under a contract which took effect on a date which falls within the period from the approval date to 31st March 2021 (both dates inclusive);

(iii) under a contract which was extended or renewed where —

(A) the extension or renewal took effect on a date which falls within the period from the approval date to 31st March 2021 (both dates inclusive); and

(B) the payment is made on or after the date on which such extension or renewal takes effect; or

(iv) under a debt security which is issued on a date which falls within the period from the approval date to 31st March 2021 (both dates inclusive).

[29/2012]

(4) The approval by the Minister or person appointed by him under subsection (3)(*c*) shall be subject to such conditions as the Minister or person may impose.

[29/2012]

(5) This section shall not apply to any payment of income referred to in section 12(6) which the Comptroller is satisfied is made in connection with an arrangement the purpose or effect of which is one referred to in section 33(1).

[29/2012]

PART XIII

ALLOWANCES FOR TAX CHARGED

Tax deducted from interests, etc.

46.—(1) Any tax —

(*a*) which a person has deducted from any interest or other payment under section 45, 45A, 45C, 45D, 45E(1)(*a*), 45GA or 45H or has deducted from any remuneration under section 45B;

(*b*) applicable to the share to which any person is entitled in the income of —

(i) a body of persons (other than trustees); or

(ii) [*Deleted by Act 19 of 2013*]

(*c*) which a person has deducted from any payment under section 45F in respect of income accrued to or derived by any person who has made an option under section 43(5); or

(*d*) which a trustee of a real estate investment trust has deducted from any distribution to any person referred to in section 45G(1)(*b*),

shall, when the income from which the tax has been deducted or when the share referred to in paragraph (*b*) is included in the chargeable income of any person, be set-off for the purpose of collection against the tax charged on that chargeable income.

[7/79; 23/90; 23/96; 24/2001; 37/2002; 34/2005; 10/2006; 7/2007; 53/2007; 19/2013]

(1A) [*Deleted by Act 19 of 2013*]

(2) Any tax which has been collected under section 45EA must, when the income in respect of which the tax has been collected is included in the chargeable income of the SRS member in question, be set off for the purpose of collection against the tax charged on that chargeable income.

[Act 2 of 2016 wef 01/07/2015]

(3) The reference in subsection (2) to income in respect of which tax has been collected is a reference to —

(*a*) the amount deemed as income of the SRS member under section 10L(3) or (3G) (as the case may be) wholly or partly because of the deduction of any investment from the balance in the SRS account for which the tax has been collected; or

[Act 2 of 2016 wef 11/04/2016]

(*b*) the amount deemed as income of the SRS member under section 10L(6), (7) or (9) (as the case may be), if the deduction of any investment from the balance in the SRS account for which the tax has been collected is made after —

(i) the balance (excluding any life annuity) remaining in the SRS account is deemed withdrawn under section 10L(6) or (7); or

(ii) the sum standing in the SRS account is deemed withdrawn under section 10L(9),

as the case may be.

[Act 2 of 2016 wef 01/07/2015]

(4) [*Deleted by Act 19 of 2013*]

(5) [*Deleted by Act 19 of 2013*]

(6) [*Deleted by Act 19 of 2013*]

Special allowance for interest received as trading receipts

47.—(1) A person who receives as trading receipts interest on any bond, securities, stock or fund specified in the Fourth Schedule shall be entitled to a credit of one-half of the tax chargeable on the gross amount of such interest.

(2) The credit under subsection (1) shall not exceed the total amount of tax payable by him for that year of assessment on the gross amount of such interest which has been brought to charge.

PART XIV

RELIEF AGAINST DOUBLE TAXATION

48. [*Repealed by Act 27 of 2009*]

Avoidance of double taxation arrangements

49.—(1) If the Minister by order declares that arrangements specified in the order have been made with the government of any country outside Singapore with a view to affording relief from double taxation in relation to tax under this Act and any tax of a similar character imposed by the laws of that country, and that it is expedient that those arrangements should have effect, the arrangements shall have effect notwithstanding anything in any written law.

(2) Any arrangements made with the government of another country —

(*a*) may provide for liability to tax by one country and for exemption from tax by the other country;

(*b*) may provide for exemption, wholly or partly and with or without conditions, from tax in either or both countries and for any income so exempted to be taken into account in determining the effective rate of tax to be applicable to other income;

(*c*) may deem the source of income to be wholly or partly in either or both of such countries; and

(*d*) may provide for the charge to tax by the country in which the source is deemed to be situated, of any income derived from such source.

[5/77]

(2A) In subsection (2)(*b*), "effective rate of tax" means the rate of tax as ascertained in accordance with the formula

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

where A is the tax payable before allowance of credit under any arrangements having effect under this section on B + C computed in accordance with the provisions of this Act;

B is the exempt income; and

C is the other income.

[5/77]

(3) [*Deleted by Act 27 of 2009*]

(4) Any order made under this section may be revoked by a subsequent order.

(5) Where any arrangements have effect by virtue of this section, the obligation as to secrecy imposed by section 6 shall not prevent the disclosure to any authorised officer of the government with which the arrangements are made of such information as is required to be disclosed under the arrangements.

(6) The Minister may make rules for carrying out the provisions of any arrangements having effect under this section.

Tax credits

50.—(1) This section shall have effect where, under arrangements having effect under section 49, tax payable in respect of any income in the territory with the government of which the arrangements are made is to be allowed as a credit against tax payable in respect of that income in Singapore.

(2) The amount of the income tax chargeable in respect of the income shall be reduced by the amount of the credit; except that credit shall not be allowed against income tax for any year of assessment unless the person entitled to the income is resident in Singapore during that year.

(3) The credit shall not exceed the amount which would be produced by computing the amount of the income in accordance with the provisions of this Act and then charging it to income tax at a rate ascertained by dividing the income tax chargeable (before allowance of credit under any arrangements having effect under section 49) on the assessable income of the person entitled to the income by the amount of his assessable income.

[7/79; 31/86; 26/93; 28/96; 34/2005]

(4) Without prejudice to subsection (3), the total credit to be allowed to a person for any year of assessment for foreign tax under all arrangements having effect under section 49 shall not exceed the total income tax payable by him for that year of assessment, excluding any tax payable by him under section 45.

(5) In computing the amount of the income —

(*a*) no deduction shall be allowed in respect of foreign tax (whether in respect of the same or any other income);

(*b*) where the income tax chargeable depends on the amount received in Singapore, that amount shall be increased by the appropriate amount of the foreign tax in respect of the income; and

(*c*) where the income includes a dividend and under the arrangements foreign tax not chargeable directly or by deduction in respect of the dividend is to be taken into account in considering whether any, and if so what, credit is to be given against income tax in respect of the dividend, the amount of the income shall be increased by the amount of the foreign tax not so chargeable which falls to be taken into account in computing the amount of the credit.

[53/2007]

(6) Subsection (5)(*a*) and (*b*) shall apply to the computation of assessable income for the purposes of determining the rate mentioned in subsection (3), and shall apply thereto in relation to all income in the case of which credit falls to be given for foreign tax under arrangements for the time being in force under section 49.

(7) Where —

(*a*) the arrangements provide, in relation to dividends of some classes, but not in relation to dividends of other classes, that foreign tax not chargeable directly or by deduction in respect of dividends is to be taken into account in considering whether any, and if so what, credit is to be given against income tax in respect of the dividends; and

(*b*) a dividend is paid which is not of a class in relation to which the arrangements so provide,

then, if the dividend is paid to a company which controls, directly or indirectly, not less than one-half of the voting power in the company paying the dividend, credit shall be allowed as if the dividend were a dividend of a class in relation to which the arrangements so provide.

(8) Credit shall not be allowed under the arrangements against income tax chargeable in respect of the income of any person for any year of assessment if he elects that credit shall not be allowed in the case of his income for that year.

(9) Any claim for an allowance by way of credit shall be made not later than 2 years after the end of the year of assessment, and in the event of any dispute as to the amount allowable the claim shall be subject to objection and appeal in like manner as an assessment.

(10) Where the amount of any credit given under the arrangements is rendered excessive or insufficient by reason of any adjustment of the amount of any tax payable either in Singapore or elsewhere, nothing in this Act limiting the time for the making of assessments or claims for relief shall apply to any assessment or claim to which the adjustment gives rise, being an assessment or claim made not later than 2 years from the time when all such assessments, adjustments and other determinations have been made, whether in Singapore or elsewhere, as are material in determining whether any, and if so what, credit falls to be given.

(11) Nothing in this section shall authorise the reduction of any tax payable on income accruing in or derived from Singapore by virtue of the allowance of any credit under this section.

[5/77]

(12) In this section —

"foreign tax" means any tax payable in that territory which under the arrangements is to be so allowed;

"income tax" means tax chargeable under this Act.

Unilateral tax credits

50A.—(1) Notwithstanding that there are no arrangements for the time being in force under section 49 with the government of any territory outside Singapore, tax credit under section 50 shall, subject to this section, be given to any person resident in Singapore for tax payable under the law of that territory in respect of —

(*a*) any income derived from any professional, consultancy and other services rendered in that territory;

(*b*) any royalty derived from that territory, where the payment is not —

(i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore); or

(ii) deductible against any income accruing in or derived from Singapore;

(*c*) any dividend derived therefrom;

(*d*) any income from employment therein;

(*e*) any profit derived from outside Singapore by a branch in that territory of a company resident in Singapore;

(*f*) any income derived from any trade or business carried on in that territory through a permanent establishment in that territory;

(*g*) any discount or premium from debt securities or interest derived from that territory where the payment is not —

(i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore); or

(ii) deductible against any income accruing in or derived from Singapore;

(*h*) any rent or other income ancillary to the holding of immovable properties located in that territory but not including gains from the disposal of such immovable properties derived from a trade or business carried on in Singapore; and

(*i*) any gains or profits of an income nature not falling within any of the preceding paragraphs that is derived from that territory.

[26/93; 37/2002; 21/2003; 34/2008]

(2) Where any dividend in respect of which tax credit is given under subsection (1)(*c*) is paid by a company which is resident outside Singapore to a person resident in Singapore who owns not less than 25% of the total number of issued shares of the company paying the dividend, the tax credit shall take into account any tax paid by that company in the country in which it is resident in respect of its income out of which the dividend is paid.

[34/2005]

(3) Where under arrangements for the time being in force under section 49 with the government of any territory outside Singapore no provision is made for tax credit in respect of income out of which any dividend is paid by a company resident in that territory, tax credit under section 50 in respect of such income shall be given to any person resident in Singapore who owns not less than 25% of the total number of issued shares of the company paying the dividend.

[34/2005]

(4) Section 50 shall, with the necessary modifications, apply for the purposes of this section as if any territory to which this section and the regulations have effect were a territory with which arrangements have been made under section 49.

[21/2003]

(5) Any person granted any tax credit under subsection (1) on any income shall not be given any tax credit under section 50 in respect of that income.

[21/2003; 27/2009]

(6) The Minister may, in any particular case, waive the requirement of 25% share ownership referred to in subsections (2) and (3).

[32/95]

(7) In this section, "debt securities" has the same meaning as in section 43N(4).

[34/2008]

Tax credits for trust income to which beneficiary is entitled

50B.—(1) Where —

(*a*) a trustee of a trust receives income in Singapore from outside Singapore (referred to in this section as the income)

for which a tax credit is allowable under this Part against the tax payable in respect of the income; and

(*b*) any beneficiary of the trust who is resident in Singapore is entitled to a share of the income,

the tax credit in respect of that share shall be given to the beneficiary instead of the trustee.

[7/2007]

(2) The tax credit to be given to a beneficiary under subsection (1) shall be computed in accordance with section 50 or 50A (as the case may be) as if the income had been received directly by the beneficiary rather than the trustee.

[7/2007]

(3) This section shall not apply to —

(*a*) any income of a real estate investment trust within the meaning of section 43(10);

(*b*) any income of a designated unit trust within the meaning of section 35(14);

[Act 37 of 2014 wef 01/09/2014]

(*c*) [*Deleted by Act 37 of 2014 wef 01/09/2014*]

(*d*) any income of a trust fund prescribed under section 13C;

(*e*) any income of a foreign trust specified under section 13G;

(*f*) any income of a locally administered trust prescribed under section 13Q;

(*g*) any income of a trust the trustee of which is a prescribed person under section 13CA; or

(*h*) any income of an approved trust fund referred to in the definition of "approved person" under section 13X(5), or of a trust fund that is a feeder fund or master fund approved under section 13X.

[7/2007; 22/2011]

Pooling of credits

50C.—(1) Where, for the year of assessment 2012 or a subsequent year of assessment, a person is entitled to 2 or more tax credits under

any other provision of this Part, he may elect to be given a pooled credit for that year of assessment in lieu of any 2 or more of those credits (referred to in this section as the replaced credits).

[22/2011]

(2) Subsection (1) only applies if the income that is the subject of each replaced credit (referred to in this section as the elected income) satisfies all of the following conditions:

(*a*) tax under the law of the territory from which the income is derived that is of a similar character to income tax (by whatever name called) has been paid on the income;

(*b*) at the time the income is received in Singapore by the person, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of that territory on any gains or profits from any trade or business carried on by a company in that territory at that time, is not less than 15%; and

(*c*) the income tax payable under this Act on the income for the year of assessment (before allowance of any credit under this Part) is not nil.

[22/2011]

(3) The total amount of the income tax chargeable to the person in respect of all the elected income shall be reduced by the amount of the pooled credit.

[22/2011]

(4) The amount of the pooled credit is the lower of —

(*a*) the aggregate of the income tax chargeable for the year of assessment on all the elected income; and

(*b*) the aggregate of the taxes paid on all the elected income in the territory or territories outside Singapore from which the elected income is derived.

[22/2011]

(5) In subsection (4)(*a*), the aggregate of the income tax chargeable for the year of assessment on all the elected income is ascertained by —

(*a*) computing the amount of the income that is the subject of each replaced credit in accordance with the provisions of this Act, and then charging it to income tax at a rate ascertained by dividing the income tax chargeable (before allowance of any credit under this Part) on the assessable income of the person by the amount of his assessable income; and

(*b*) aggregating the amounts computed in accordance with paragraph (*a*) of all the replaced credits.

[22/2011]

(6) Sections 50(5), (6) and (9) to (12), 50A(2) and 50B(2) shall, with the necessary modifications, apply for the purposes of this section.

[22/2011]

(7) For the avoidance of doubt, sections 50, 50A and 50B (as applicable) shall continue to apply to any income that is the subject of a credit allowed under any other provision of this Part for which no election under this section is made.

[22/2011]

PART XV

PERSONS CHARGEABLE

Husband and wife

Income of wife

51.—(1) The income of a married woman shall for the purposes of this Act be charged in her own name.

[49/2004]

(2) [*Deleted by Act 22 of 2011*]

(3) For the purposes of this Act, a married woman shall be treated as living with her husband unless —

(*a*) they are separated under an order of court of competent jurisdiction or by deed of separation;

(*b*) they are in fact separated in such circumstances that the separation is likely to be permanent; or

(*c*) she is, and her husband is not, resident in Singapore.

Trustees, agents and curators

Chargeability of trustees, etc.

52.—(1) A receiver appointed by the court, a trustee, a guardian, a curator or a committee, having the direction, control or management of any property or concern on behalf of any incapacitated person shall be chargeable to tax in like manner and to the like amount as such person would be chargeable if he were not an incapacitated person.

(2) This section shall not be construed to make any person chargeable to tax in respect of an incapacitated person, liable in such respect, for a greater amount of tax than that for which the incapacitated person would have been liable had no receiver, trustee, guardian, curator or committee been appointed.

Chargeability of agent of person residing out of Singapore

53.—(1) A person not resident in Singapore (referred to in this section as a non-resident person) shall be assessable and chargeable to tax either directly or in the name of his trustee, guardian, or committee, or of any attorney, factor, agent, receiver, branch or manager, whether such attorney, factor, agent, receiver, branch or manager has the receipt of the income or not, in like manner and to the like amount as such non-resident person would be assessed and charged if he were resident in Singapore and in the actual receipt of such income; except that in the case of any individual who is not resident in Singapore, no deduction shall be allowed under section 39 except in such manner as is provided by section 40.

(1A) A non-resident person shall be assessable and chargeable in respect of any income arising, directly or indirectly, through or from any attorneyship, factorship, agency, receivership, branch or management, and shall be so assessable and chargeable in the name of the attorney, factor, agent, receiver, branch or manager.

(2) A non-resident beneficiary of the estate of a deceased person shall, where the estate is being administered in Singapore, be assessable and chargeable in respect of the income received by or distributed to him or applied to his benefit in the name of the executor

of the estate as if the executor were an agent of the non-resident beneficiary.

(2A) Where a non-resident person carries on business with a resident person and it appears to the Comptroller that owing to the close connection between the resident person and the non-resident person and to the substantial control exercised by the non-resident person over the resident person the course of business between those persons can be so arranged and is so arranged that the business done by the resident person in pursuance of his connection with the non-resident person produces to the resident person either no profits or less than the ordinary profits which might be expected to arise from that business, the non-resident person shall be assessable and chargeable to tax in the name of the resident person as if the resident person were an agent of the non-resident person.

(3) Where the true amount of the gains or profits of any non-resident person chargeable with tax in the name of a resident person cannot in any case be readily ascertained the Comptroller may, if he thinks fit, assess and charge the non-resident person on a fair and reasonable percentage of the turnover of the business done by the non-resident person through or with the resident person in whose name he is chargeable as aforesaid, and in such case the provisions of this Act relating to the delivery of returns or particulars by persons acting on behalf of others shall extend so as to require returns or particulars to be furnished by the resident person of the business so done by the non-resident person through or with the resident person in the same manner as returns or particulars are to be delivered by persons acting for incapacitated or non-resident persons of income to be charged.

(3A) The amount of the percentage under subsection (3) shall in each case be determined with regard to the nature of the business and shall, when determined by the Comptroller, be subject to appeal in accordance with the provisions of Part XVIII.

(4) Nothing in this section shall render a non-resident person chargeable in the name of a broker or general commission agent or other agent where such broker, general commission agent or agent is not an authorised person carrying on the regular agency of the

non-resident person, or person chargeable as if he were an agent in pursuance of subsections (2A) and (3), in respect of gains or profits arising from sales or transactions carried out through such a broker or agent.

(5) The fact that a non-resident person executes sales or carries out transactions with other non-resident persons in circumstances which would make him chargeable in pursuance of subsections (2A) and (3) in the name of a resident person shall not of itself make him chargeable in respect of gains or profits arising from those sales or transactions.

(6) Where a non-resident person is chargeable to tax in the name of any attorney, factor, agent, receiver or manager, in respect of any gains or profits arising from the sale of goods or produce manufactured or produced outside Singapore by the non-resident person, the person in whose name the non-resident person is so chargeable may, if he thinks fit, apply to the Comptroller to have the assessment to tax in respect of those gains or profits made or amended on the basis of the profits which might reasonably be expected to have been earned by a merchant or, where the goods are retailed by or on behalf of the manufacturer or producer, by a retailer of the goods sold, who had bought from the manufacturer or producer direct, and on proof to the satisfaction of the Comptroller of the amount of the profits on the basis aforesaid, the assessment shall be made or amended accordingly.

(7) The master of any ship (within the meaning of section 2(1) of the Merchant Shipping Act) and the captain of any aircraft owned or chartered by a non-resident person who is chargeable under section 12(2) shall (though not to the exclusion of any other agent) be deemed the agent of such non-resident person for all the purposes of this Act.

[Act 2 of 2016 wef 11/04/2016]

(8) The income of any non-resident partner or partners from a partnership shall be assessable in the name of the partnership or of any resident partner or of any agent of the partnership in Singapore, and the tax charged thereon shall be recoverable by all means provided in this Act out of the assets of the partnership or from any partner or from any such agent.

Liability of person chargeable in respect of incapacitated person

54. The person who is chargeable in respect of an incapacitated person, or in whose name a non-resident person is chargeable, shall be answerable for all matters required to be done by virtue of this Act for the assessment of the income of any person for whom he acts and for paying the tax chargeable thereon.

Liability of managers of companies or bodies of persons

55. The manager or principal officer in Singapore of every company or body of persons shall be answerable for doing all such acts, matters and things as are required to be done by virtue of this Act for the assessment of the company or body of persons and payment of tax.

Indemnification of representative

56. Every person answerable under this Act for the payment of tax on behalf of another person may retain out of any money coming to his hands on behalf of the other person so much thereof as shall be sufficient to pay the tax; and shall be and is hereby indemnified against any person whatsoever for all payments made by him in pursuance and by virtue of this Act.

Power to appoint agent, etc., for recovery of tax

57.—(1) The Comptroller may by notice in writing, if he thinks it necessary, declare any person to be the agent of any other person.

[34/2008]

(1A) The person declared the agent under subsection (1) shall be the agent of such other person for the purposes of this Act and may be required to pay any tax due from any moneys, including pensions, salary, wages or any other remuneration, which, at the date of the receipt of the notice or at any time during the period of 90 days thereafter, may be held by him for or due by him to the person whose agent he has been declared to be.

[11/94]

(1B) In default of payment under subsection (1A), the tax shall be recoverable from the agent in the manner provided by section 89.
[34/2008]

(2) For the purposes of this section, the Comptroller may require any person to give him information as to any moneys, funds or other assets which may be held by him for, or of any moneys due by him to, any other person.

(3) Where any person declared by the Comptroller to be the agent of any other person under subsection (1) is aggrieved by such declaration he may, by notice in writing to the Comptroller within 14 days, or within such further time as the Comptroller in his discretion may allow, object to the declaration.

(4) The Comptroller shall examine the objection and may cancel, vary or confirm the declaration.

(5) Where the objector is aggrieved by the Comptroller's decision upon his objection, he may appeal against such decision to the Board of Review and the provisions of Part XVIII shall apply with the necessary modifications.

(5A) For the purposes of payment of any tax due from any moneys referred to in subsection (1A) in a joint account at any bank or from the proceeds of sale of any immovable property owned by 2 or more persons as joint owners, the following provisions shall apply:

(*a*) the person declared by the Comptroller under subsection (1) to be the agent of any person who is an owner of such moneys shall —

(i) within 14 days of the receipt of the notice under subsection (1A), send a notice by registered post addressed to every owner of such moneys at the address last known to the agent informing the owner of such declaration; and

(ii) retain such amount of the moneys as is presumed under paragraph (*b*) to be owned by the person from whom tax is due and subject to paragraph (*e*) within 42 days of the receipt of the notice under

subsection (1A) pay over the tax due from such amount to the Comptroller;

(*b*) it shall be presumed, until the contrary is proved, that the holders of a joint account at any bank shall have equal share of the moneys in the account as at the date of receipt of the notice under subsection (1A) and that the joint owners of any immovable property shall share the proceeds of sale of the property equally;

(*c*) any owner of such moneys who objects to the share presumed under paragraph (*b*) shall give notice of his objection in writing to the person declared to be the agent under subsection (1) within 28 days of the receipt of the notice of the agent under paragraph (*a*)(i), or within such further period as the Comptroller in his discretion may allow, and furnish proof as to his share of the moneys;

(*d*) where an objection under paragraph (*c*) has been received, the person declared to be the agent shall —

(i) retain the amount of such moneys referred to in paragraph (*a*)(ii) until such time as the Comptroller by notice under paragraph (*e*) informs him of his decision on the objection; and

(ii) inform the Comptroller of the objection within 7 days of the receipt of the objection;

(*e*) the Comptroller shall consider the objection and shall by notice in writing inform the person declared to be the agent of his decision and the agent shall, notwithstanding any appeal under paragraph (*f*), pay over any tax due from the share of moneys decided by the Comptroller as the amount, not exceeding the amount presumed under paragraph (*b*) to be the share of the person by whom the tax is payable, held by him for or due by him to the person; and

(*f*) any owner of such moneys aggrieved by the decision of the Comptroller under paragraph (*e*) may appeal against the decision to the Board of Review and the provisions of

Part XVIII shall apply, with the necessary modifications, to the appeal.

[32/95]

(6) Where an agent makes any payment of moneys to the Comptroller under this section —

(*a*) the agent shall be deemed to have been acting under the authority of the person by whom the tax is payable (referred to in this section as the defaulting taxpayer);

(*b*) the agent is hereby indemnified in respect of the payment to the Comptroller;

(*c*) the amount of the tax due from the defaulting taxpayer shall be reduced by the amount paid by the agent to the Comptroller; and

(*d*) the amount of the reduction shall, to the extent of that amount, be deemed to have been paid to the defaulting taxpayer in accordance with any law, contract or scheme governing the payment of moneys held by the agent for or due from the agent to the defaulting taxpayer.

[34/2008]

(6A) Where —

(*a*) an amount of tax is due from any person under this Act otherwise than as an agent under this section;

(*b*) except for this subsection, an amount is or would, at any time during the period of 90 days after the date of the receipt of the notice in paragraph (*c*), be payable by the Government to the defaulting taxpayer by or under any written law, contract or scheme; and

(*c*) before payment of the amount referred to in paragraph (*b*) is made to the defaulting taxpayer, the Comptroller serves notice on any public officer (including an employee appointed under section 9(4) of the Inland Revenue Authority of Singapore Act (Cap. 138A)) by whom the payment is to be made that the tax is due from the defaulting taxpayer,

then the public officer shall, notwithstanding any other written law, contract or scheme, be entitled to reduce the amount referred to in paragraph (*b*) by the amount of the whole or any part of the tax referred to in paragraph (*a*), and if the public officer makes such a reduction —

(i) the amount of the tax referred to in paragraph (*a*) shall be reduced by the amount of the reduction; and

(ii) the amount of the reduction shall, to the extent of such amount, be deemed to have been paid to the defaulting taxpayer in accordance with any law, contract or scheme governing the payment of moneys referred to in paragraph (*b*) to the defaulting taxpayer.

[34/2008; 21/2013]

(7) In this section —

"joint account" means any account in the names of 2 or more persons but excludes any partnership account, trust account and any account where a minor is one of the joint account holders;

"tax" includes any penalty or any other money which a person is liable to pay to the Comptroller under this Act.

[11/94; 32/95]

Deceased persons

58.—(1) Where an individual dies, then as respects income arising before his death all rights and duties which would have attached to him, and any liability to be charged with or to pay tax to which he would have been subject under this Act if he had not died, shall pass to his executor, and the amount of any tax payable by the executor under this section shall be a debt due from and payable out of the estate of the deceased.

(2) Any assessment or additional assessment on any such income shall not be made later than the end of the third year of assessment following that in which the individual died.

(3) Where, by reason of the death of the individual, a trade, business, profession, vocation or employment ceases to be carried on

or exercised by him or the income from any other source ceases, and section 35 applies, the executor of the individual shall be liable for the tax for which the individual would have been liable if he had not died but, except in the case of dividends, a cessation had taken place at the date of his death.

(4) In the case of an individual dying during the year preceding the year of assessment, if his executor distributes the estate before the commencement of the year of assessment, such executor shall pay any tax for that year of assessment at the rate or rates in force at the date of distribution of the estate, if the rate of tax for that year of assessment has not been varied at that date.

Duty of liquidator on winding up of company or limited liability partnership

59.—(1) Where a company or a limited liability partnership is being wound up, the liquidator of the company or limited liability partnership, as the case may be, shall be answerable for doing all such acts, matters and things as are required to be done under this Act in relation to the affairs of the company or the limited liability partnership.

[49/2004]

(2) Where a company is being wound up, the liquidator of the company shall not distribute any of the assets of the company to its shareholders unless he has made provision for the payment in full of any tax which may be found payable by the company.

[49/2004]

Chargeability of joint trustees

60. Where 2 or more persons act in the capacity of trustees of a trust they may be charged jointly or severally with the tax with which they are chargeable in that capacity and shall be jointly and severally liable for payment of the same.

61. [*Repealed by Act 29 of 2012*]

PART XVI

RETURNS

Notice of chargeability and returns

62.—(1) The Comptroller may, by notice published in the *Gazette*, require every person to furnish to the Comptroller in such form and manner as the Comptroller may determine, within a reasonable time specified in the notice or such extended time as the Comptroller may allow, a return of income for the year of assessment specified in the notice and such particulars as may be required for the purpose of ascertaining the income, if any, for which —

(*a*) the person is chargeable under this Act; and

(*b*) in the case of a precedent partner or such other person referred to in section 71, each partner in the partnership is chargeable.

[49/2004]

(2) The Comptroller may, in any notice made under subsection (1), exempt from liability to furnish returns such classes of persons as he thinks fit, and any person so exempted need not furnish a return under that subsection unless he is required by the Comptroller to do so under subsection (3).

[2/92; 34/2008]

(3) Notwithstanding subsection (1), the Comptroller may, by notice in writing, require any person to furnish to the Comptroller in such form and manner and within such reasonable time as the Comptroller may determine, with a return of income and such particulars as may be required for the purpose of ascertaining the income, if any, for which such person is chargeable under this Act.

[2/92; 49/2004]

(4) Every person chargeable with tax for any year of assessment who has not been required within 3 months after the commencement of such year of assessment to make a return of his income for that year as provided in subsection (1) or (3) shall, within 14 days after the end of that period, give notice to the Comptroller that he is so chargeable.

[2/92]

(5) Any individual who arrives in Singapore during any year of assessment shall give such notice within one month of the date of his arrival.

The basic rule: Singapore dollar to be used

62A. Subject to section 62B, where a person carrying on a trade, business, profession or vocation is required to furnish tax computations and particulars of income with a return of income made under section 62 or 71, the tax computations and particulars of income shall be denominated in Singapore dollar.

[49/2004]

Currency other than Singapore dollar to be used in certain circumstances

62B.—(1) Where a person maintains his financial accounts in respect of any trade, business, profession or vocation carried on by him in a functional currency other than Singapore dollar in accordance with financial reporting standards in Singapore, the person who is required to furnish tax computations and particulars of income with a return of income made under section 62 or 71 shall furnish such computations and particulars of income denominated in that functional currency in the manner prescribed under this section.

[49/2004]

(2) The amount of chargeable income (after deducting the amount not charged to tax under section 43(6) or (6A)) of any company for any year of assessment shall be converted to an equivalent amount in Singapore dollar, and the amount of tax which has been deducted or is deductible from any interest under section 45 derived by the company shall remain denominated in Singapore dollar.

[49/2004; 19/2013]

(3) The amount of statutory income from any trade, business, profession or vocation carried on by any individual for any basis period and the amount of donation made by him during any year shall be converted to an equivalent amount in Singapore dollar, and any amount of allowances, losses or donations which remains unabsorbed at the end of any basis period or at the end of any year, as the case may

be, shall be carried forward to the next basis period or next year denominated in Singapore dollar.

[49/2004]

(4) In respect of any partnership, the income of a partner from the partnership and his share of donation made by the partnership for any year of assessment shall be converted to an equivalent amount in Singapore dollar, and any amount of allowances, losses or donations which remains unabsorbed at the end of any basis period or at the end of any year, as the case may be, shall be carried forward to the next basis period or next year denominated in Singapore dollar in the tax computation of each partner.

[49/2004]

(5) Notwithstanding anything in this section, a person who is required to furnish tax computations and particulars of income with a return of income made under section 62 or 71 to whom this section applies shall declare any information required in any return of income in Singapore dollar.

[49/2004]

(6) Subject to subsection (7), the rate of exchange applicable for the purposes of converting any amount in Singapore dollar to an equivalent amount in a non-Singapore dollar functional currency, or any amount in a non-Singapore dollar functional currency to an equivalent amount in Singapore dollar, as the case may be, shall be —

(*a*) the average rate of exchange, as made available by the Monetary Authority of Singapore, calculated on the basis of the rate of exchange at the end of each month for the accounting period that constitutes the basis period for the year of assessment; or

(*b*) where no such average rate of exchange is made available by the Monetary Authority of Singapore, such rate of exchange as the Comptroller may determine.

[49/2004]

(7) Notwithstanding subsection (6), for the purposes of an election under section 24, where the buyer and seller of any property each uses a different functional currency, the rate of exchange applicable shall be the rate of exchange prevailing as at the date of sale of the property.

[19/2013]

(8) Notwithstanding subsection (6), where a person has furnished a tax computation and particulars of income with a return of income in Singapore dollar, and is required under subsection (9) or has obtained the approval of the Comptroller under subsection (10), as the case may be, to furnish a tax computation and particulars of income with a return of income in a non-Singapore dollar functional currency for any year of assessment, such person shall convert the amounts denominated in Singapore dollar into the equivalent amount in the functional currency in accordance with the regulations made under subsection (11).

[49/2004]

(9) This section shall have effect for accounting periods beginning on or after 1st January 2003.

[49/2004]

(10) This section shall also have effect for accounting periods beginning before 1st January 2003 of a person which had been approved by the Comptroller to furnish tax computations and particulars of income with a return of income made under section 62 or 71 denominated in a functional currency other than Singapore dollar for those accounting periods.

[49/2004]

(11) For the purposes of this section, the Minister may make regulations to provide for —

(*a*) such transitional, supplementary and consequential matters as he may consider necessary or expedient; and

(*b*) generally giving effect to or for carrying out the purposes of this section.

[49/2004]

Furnishing of estimate of chargeable income if no return is made under section 62

63.—(1) Unless exempted by rules mentioned in subsection (3), every person, not being an individual, who has not made a return under section 62 for any year of assessment shall, within 3 months after the end of the accounting period relating to that year of

assessment, furnish to the Comptroller an estimate of his chargeable income.

[53/2007; 29/2012]

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

(1AA) A person mentioned in subsection (1) must furnish the estimate of the person's chargeable income for a year of assessment using the electronic service if rules mentioned in subsection (3) require a class of persons to furnish their estimates for that year of assessment using the electronic service, and the person belongs to that class.

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

(1A) Unless exempted by rules mentioned in subsection (3), every individual carrying on or exercising any trade, business, profession or vocation who has not made a return under section 62 for any year of assessment shall, within 3 months after the end of the accounting period relating to that year of assessment, furnish to the Comptroller an estimate of his chargeable income.

[53/2007; 29/2012]

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

(2) Any person who fails or neglects without reasonable excuse to furnish the estimate of his chargeable income as required under subsection (1), (1AA) or (1A) shall be guilty of an offence.

[11/94; 53/2007]

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

(3) The Minister may, by rules made under section 7, do any of the following:

(*a*) require a specified class of persons subject to subsection (1) to furnish the estimate of their chargeable income for any year of assessment under that subsection using the electronic service;

(*b*) exempt any person or class of persons from subsection (1) or (1A) in respect of one or more years of assessment, subject to such conditions as may be specified in the rules.

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

Comptroller may call for further returns

64. The Comptroller may give notice in writing to any person when and as often as he thinks necessary requiring him to furnish within a reasonable time limited by such notice fuller or further returns respecting any matter as to which a return is required by or under this Act.

Power to call for returns

65.—(1) For the purpose of obtaining full information in respect of a person's income, the Comptroller may give notice to the person requiring the person to complete and return to the Comptroller, within the time specified in the notice, a return specified in the notice.

(2) The time specified in the notice must not be less than 30 days after the date of service of the notice on the person.

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

Statement of bank accounts, assets, etc.

65A. The Comptroller may give notice in writing to any person requiring him to furnish within the time limited by such notice, not being less than 30 days from the date of service of such notice, a statement containing particulars of —

(*a*) all banking accounts, whether current or deposit, business or private, in his own name or in the name or names of his wife or wives, or in any other name, in which he is or has been interested, or on which he has or has had power to operate, jointly or solely, and which are in existence or which have existed at any time during the period stated in the notice;

(*b*) all savings and loan accounts, deposits, building society and co-operative society accounts, in regard to which he has, or has had, any interest or power to operate jointly or solely during the periods aforesaid;

(*c*) all assets, other than those referred to in paragraph (*a*) or (*b*) which he and his wife or wives possess, or have possessed, during the period aforesaid;

(*d*) all sources of income not referred to in paragraph (*a*), (*b*) or (*c*) and the income derived therefrom; and

(*e*) all facts bearing upon his liability to income tax to which he is, or has been, liable.

Power of Comptroller to obtain information

65B.—(1) The Comptroller or any officer authorised by him in that behalf —

(*a*) shall at all times have full and free access to all buildings, places, documents, computers, computer programs and computer software (whether installed in a computer or otherwise) for any of the purposes of this Act;

(*b*) shall have access to any information, code or technology which has the capability of retransforming or unscrambling encrypted data contained or available to such computers into readable and comprehensive format or text for any of the purposes of this Act;

(*c*) shall be entitled —

(i) without fee or reward, to inspect, copy or make extracts from any such document, computer, computer program, computer software or computer output; and

(ii) at any reasonable time to inspect and check the operation of any computer, device, apparatus or material which is or has been in use in connection with anything to which this section applies;

(*d*) may take possession of any such document, computer, device, apparatus, material, computer program or computer software where in his opinion —

(i) the inspection, checking, copying thereof or extraction therefrom cannot reasonably be performed without taking possession;

(ii) any such items may be interfered with or destroyed unless possession is taken; or

(iii) any such items may be required as evidence in proceedings for an offence under this Act or in proceedings for the recovery of tax or penalty, or in proceedings by way of an appeal against an assessment;

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

(*e*) shall be entitled to require —

(i) the person by whom or on whose behalf the computer is or has been used, or any person having charge of, or otherwise concerned with the operation of the computer, device, apparatus or material to provide the Comptroller or officer with such reasonable assistance as he may require for the purposes of this section; and

(ii) any person in possession of decryption information to grant him access to such decryption information necessary to decrypt data required for the purpose of this section; and

[37/2002]

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

(*f*) shall be entitled to require a person in or at the building or place and who appears to the Comptroller or officer to be acquainted with any facts or circumstances concerning the person's or another person's income, assets or liabilities —

(i) to answer any question to the best of that person's knowledge, information and belief; or

(ii) to take reasonable steps to produce a document for inspection.

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

(2) A person shall not be obliged under this section to disclose (including through the production of a document) —

(*a*) any information which he is under any statutory obligation (other than sections 128, 128A, 129 and 131 of the Evidence Act (Cap. 97)) to observe secrecy; or

(*b*) any information subject to legal privilege.

[19/2013]

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

(3) The Comptroller may by notice require any person to give orally, in writing, or through the electronic service, as may be required, all such information concerning his or any other person's income or assets or liabilities as may be demanded of him by the Comptroller for the purposes of this Act.

[19/2013]

[Act 2 of 2016 wef 11/04/2016]

(3A) The time for compliance with a notice under subsection (3) shall be 21 days from the date of service of the notice or such other period as the Comptroller considers appropriate.

[19/2013]

(3B) For the purposes of this Act, the Comptroller may by notice require any person to attend personally before the Comptroller or an officer authorised by the Comptroller, at the place and time specified in the notice, to do one or both of the following:

(*a*) provide, to the best of that person's knowledge, information and belief, any information concerning the person's or any other person's income, assets or liabilities;

(*b*) take reasonable steps to produce for inspection any document concerning any of those matters.

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

(3C) The power to require a person to provide information or produce a document under subsection (1)(*f*) or (3), or when in attendance before the Comptroller or an authorised officer pursuant to a notice under subsection (3B), includes the power —

(*a*) to require that person, or any person who is or was an officer or employee of that person, to provide an explanation of the information or document;

(*b*) if the information is not provided or the document is not produced, to require that person to state, to the best of the person's knowledge and belief, where it is;

(*c*) if the information is recorded otherwise than in legible form, to require the information to be made available to the

Comptroller or authorised officer (as the case may be) in legible form; and

(*d*) in the case of a document, to inspect, copy or make extracts from the document without fee or reward, and to take possession of the document if in the Comptroller or authorised officer's opinion —

(i) the inspection, copying or extraction cannot reasonably be performed without taking possession of the document;

(ii) the document may be interfered with or destroyed unless possession of the document is taken; or

(iii) the document may be required as evidence in proceedings for an offence under this Act or in proceedings for the recovery of tax or penalty, or in proceedings by way of an appeal against an assessment.

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

(3D) A statement made by any person asked under subsection (1)(*f*), or when in attendance before the Comptroller or an authorised officer pursuant to a notice under subsection (3B), must —

(*a*) be reduced to writing;

(*b*) be read over to the person;

(*c*) if the person does not understand English, be interpreted for the person in a language that the person understands; and

(*d*) be signed by the person.

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

(3E) In this section —

"document" includes, in addition to a document in writing —

(*a*) any map, plan, graph or drawing;

(*b*) any photograph;

(*c*) any label, marking or other writing which identifies or describes anything of which it forms a part, or to which it is attached by any means;

(*d*) any disc, tape, soundtrack or other device in which sounds or other data (not being visual images) are embodied so as to be capable (with or without the aid of some other equipment) of being reproduced from it;

(*e*) any film (including microfilm), negative, tape, disc or other device in which one or more visual images are embodied so as to be capable (with or without the aid of some other equipment) of being reproduced from it; and

(*f*) any paper or other material on which there are marks, impressions, figures, letters, symbols or perforations having a meaning for persons qualified to interpret them;

"writing" includes any mode of representing or reproducing words, figures, drawings or symbols in a visible form.

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

(4) In this section, "computer" and "computer output" have the same meanings as in the Computer Misuse and Cybersecurity Act (Cap. 50A).

[37/2002; 3/2013]

Failure to comply with section 64, 65, 65A or 65B

65C.—(1) Any person who, without reasonable excuse —

(*a*) fails, neglects or refuses to comply with any notice or requirement of the Comptroller or an officer authorised by the Comptroller under section 64, 65, 65A or 65B, or a demand for information; or

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

(*b*) hinders or obstructs the Comptroller, or any officer authorised by the Comptroller, in the performance or execution of his duties or of anything which he is empowered or required to do under section 65B,

shall be guilty of an offence.

[19/2013]

(2) Any person guilty of an offence under subsection (1) shall be liable on conviction to a fine not exceeding $10,000 or to imprisonment for a term not exceeding 12 months or to both and, in the case of a continuing offence, to a further fine not exceeding $100 for every day or part of a day during which the offence continues after conviction.

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

(3) The Comptroller may compound any offence under subsection (1).

[19/2013]

(4) The generality of the term "reasonable excuse" in subsection (1) is not affected by section 65B(2).

[19/2013]

(5) Except as provided under section 65B(2), it is not a defence to a charge under subsection (1) for a failure to provide any information or produce any document sought by a notice mentioned in section 65B, that the person is under a duty of secrecy in respect of that information or the contents of that document (called in this section a displaced duty of secrecy).

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

(6) A person who in good faith complies with a notice referred to in section 65B shall not be treated as being in breach of a displaced duty of secrecy.

[19/2013]

(7) No civil or criminal action for a breach of a displaced duty of secrecy, other than a criminal action for an offence under subsection (8), shall lie against the person referred to in subsection (6) —

(*a*) for producing any document or providing any information if he had done so in good faith in compliance with the notice under section 65B; or

(*b*) for doing or omitting to do any act if he had done or omitted to do the act in good faith and as a result of complying with such a notice.

[19/2013]

(7A) In subsections (5), (6) and (7) —

(*a*) a reference to a notice under section 65B to provide information includes a reference to a requirement to provide information under section 65B(1)(*f*) and a demand for information; and

(*b*) a reference to a notice under section 65B to produce a document includes a reference to a requirement to produce a document under section 65B(1)(*f*).

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

(8) Any person who, in purported compliance with a notice or requirement of the Comptroller or an officer authorised by the Comptroller under section 64, 65, 65A or 65B, or with a demand for information, produces any document which contains any information, or provides any information, known to the person to be false or misleading in a material particular —

(*a*) without indicating to the Comptroller or the officer that the information is false or misleading and the part that is false or misleading; and

(*b*) without providing correct information to the Comptroller or the officer if the person is in possession of, or can reasonably acquire, the correct information,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding $10,000 or to imprisonment for a term not exceeding 2 years or to both.

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

(9) A person shall not be convicted of an offence under this section for failing or neglecting to comply with a notice issued by the Comptroller under section 64, 65, 65A or 65B unless the notice was served on him personally or by registered post.

[19/2013]

(10) In this section, "demand for information" means a demand by the Comptroller or an officer authorised by the Comptroller to answer a question when in attendance before the Comptroller or the officer pursuant to a notice under section 65B(3B).

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

Section 65B notice applies notwithstanding duty of secrecy under Banking Act or Trust Companies Act

65D.—(1) This section applies where —

(*a*) the Comptroller requires any information for the administration of this Act, other than for an investigation or a prosecution for an offence alleged or suspected to have been committed under this Act;

(*b*) the information is protected from unauthorised disclosure under either of the following laws (referred to in this section as the relevant laws):

(i) section 47 of the Banking Act (Cap. 19) including any regulations made for the purposes of subsection (10) of that section;

(ii) section 49 of the Trust Companies Act (Cap. 336); and

(*c*) a person is given a notice, or is required, under section 65B to provide the information or to produce a document containing the information.

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

(2) Notwithstanding anything in section 65B(2)(*a*), a person issued with a notice or requirement mentioned in subsection (1)(*c*) is not excused from providing the information or document by reason only that the person is under a statutory obligation to observe secrecy under a relevant law, and that notice shall have effect notwithstanding the relevant law.

[19/2013]

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

(3) A person who in good faith complies with a notice or requirement mentioned in subsection (1)(*c*) shall not be treated as being in breach of the relevant law.

[19/2013]

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

(4) No action for a breach of the relevant law shall lie against the person referred to in subsection (3) —

(*a*) for producing any document or providing any information if he had done so in good faith in compliance with a notice or requirement mentioned in subsection (1)(*c*); or

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

(*b*) for doing or omitting to do any act if he had done or omitted to do the act in good faith and as a result of complying with such a notice or requirement.

[19/2013]

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

(5) In this section, a notice under section 65B to provide information includes a demand for information as defined in section 65C(10).

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

Section 65B notice may be subject to confidentiality duty

65E.—(1) Where the Comptroller issues a notice to any person under section 65B and states that the notice must be kept confidential, the person (including an officer, employee or agent of the person) shall not disclose any information relating to the notice to any other person.

[19/2013]

(2) Subsection (1) shall not apply to the disclosure of any information relating to the notice to an advocate and solicitor for the purpose of seeking legal advice on the notice, if (and only if) the person who discloses the information informs the advocate and solicitor of the Comptroller's requirement that the notice be kept confidential.

[19/2013]

(3) The advocate and solicitor to whom information is disclosed in accordance with subsection (2) shall be subject to subsection (1) as if he is the person given the notice under subsection (1).

[19/2013]

(4) Any person who contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding $1,000 and in default of payment to imprisonment for a term not exceeding 6 months.

[19/2013]

(5) The Comptroller may compound any offence under subsection (4).

[19/2013]

(6) A person who in good faith complies with subsection (1) shall not be treated as being in breach of any duty to disclose the information to any person, whether imposed by written law, rule of law, any contract or any rule of professional conduct; and no criminal or civil action for a breach of such duty shall lie against the first-mentioned person.

[19/2013]

Returns to be deemed to be furnished by due authority

66.—(1) A return, statement or form purporting to be furnished under this Act by or on behalf of any person shall for all purposes be deemed to have been furnished by that person or by his authority, as the case may be, unless the contrary is proved.

(2) Any person signing any such return, statement or form shall be deemed to be cognizant of all matters therein.

Keeping of books of account and giving of receipts

67.—(1) Subject to subsection (3), every person carrying on or exercising any trade, business, profession or vocation —

(*a*) shall keep and retain in safe custody sufficient records for a period of 5 years from the year of assessment to which any income relates to enable his income and allowable deductions under this Act to be readily ascertained by the Comptroller or any officer authorised in that behalf by the Comptroller; and

(*b*) shall, if the gross receipts from such trade, business, profession or vocation in the preceding calendar year exceeded $18,000 from the sale of goods, or $12,000 from the performance of services, issue a printed receipt serially numbered for every sum received in respect of goods sold or services performed in the course of or in connection with such trade, business, profession or vocation, and shall retain a duplicate of every such receipt.

[2/2007]

(2) Where a machine is used for recording sales, a receipt may be dispensed with if the Comptroller is satisfied that —

(*a*) such machine automatically records all sales made; and

(*b*) the total of all sales made in each day is transferred at the end of the day to a record of sales.

[11/94]

(3) The Comptroller may by notice in writing to any person carrying on or exercising any trade, business, profession or vocation, or by a notice in the *Gazette* in respect of any class or description of any such person, prescribe —

(*a*) the form of the records to be kept under subsection (1)(*a*), and the manner in which such records shall be kept and retained; and

(*b*) the form of the receipts to be issued and the duplicates to be retained under subsection (1)(*b*), and the manner in which such receipts shall be issued and such duplicates shall be retained,

and every such person shall be bound to comply with such notice.

(4) The Comptroller may waive all or any of the provisions of subsection (1) in respect of any person or records or any class or description of persons or records.

(5) In this section, "records" includes —

(*a*) books of account recording receipts or payments or income or expenditure;

(*b*) invoices, vouchers, receipts, and such other documents as in the opinion of the Comptroller are necessary to verify the entries in any books of account; and

(*c*) any records relating to any trade, business, profession or vocation.

Official information and secrecy, and returns by employer

68.—(1) The Comptroller may require any officer in the employment of the Government or of any public authority or body corporate constituted by statute to supply such particulars as may be

required for the purposes of this Act and which may be in the possession of the officer.

(1A) No such officer shall by virtue of this section be obliged to disclose any particulars as to which he is under any statutory obligation to observe secrecy.

(2) The Comptroller may, by notice published in the *Gazette*, require every employer to prepare and deliver to the Comptroller or any person specified in the notice, for any year specified in the notice and within the time limited thereby, a return in such form as the Comptroller may determine containing —

(*a*) the names and places of residence of such classes of persons employed by him as may be specified in the notice; and

(*b*) the full amount of remuneration, whether in cash or otherwise, paid or payable to those persons in respect of such employment,

and every employer shall be bound to comply with any such notice within the time for compliance limited thereby.

[32/95]

(2A) It shall not be necessary to deliver nil returns under subsection (2).

(2B) Where an employer has granted an individual, other than a director to whom subsection (2C) applies, any right or benefit to acquire shares in any company incorporated in Singapore, the employer shall submit a return in such form and manner specified in subsection (2) including any gain or profit derived by the individual as computed under section 10(6), notwithstanding that the individual has ceased to be employed by him at the time the gain or profit is derived.

[37/2002; 49/2004]

(2C) Where an employer, being a company, has granted a director of the company who is not resident in Singapore any right or benefit to acquire shares in any company incorporated in Singapore, the employer shall submit a return, in such form as the Comptroller may determine, of any gain or profit derived by the non-resident director

when the right or benefit is exercised, assigned, released or acquired as computed under section 10(6) within 30 days of such exercise, assignment, release or acquisition (as the case may be), notwithstanding that the non-resident director may have ceased to be employed by the company at the time the gain or profit is derived.

[49/2004]

(3) Where the employer is a company or a body of persons, the manager or principal officer shall be deemed to be the employer for the purposes of this section, and any director of a company, or person engaged in the management of a company, shall be deemed to be a person employed.

(4) Where an employer commences to employ in Singapore an individual who is or is likely to be chargeable to tax under section 10(1)(*b*), he shall give notice thereof in writing to the Comptroller not later than 3 months after the date of commencement of such employment, stating the full name and address of the individual, the date of commencement and the terms of employment.

(5) Where an employer ceases or is about to cease to employ in Singapore an individual who is not a citizen of Singapore and who is or is likely to be chargeable to tax under section 10(1)(*b*), he shall give notice thereof in writing to the Comptroller not later than one month before such individual ceases to be employed in Singapore, stating the name and address of the individual and the expected date of cessation.

[28/80]

(6) The employer of any individual who is chargeable to tax under section 10(1)(*b*) and who is to the knowledge of such employer about to leave or intending to leave Singapore for any period exceeding 3 months shall give notice in writing to the Comptroller of the expected date of departure of such individual. Such notice shall be given not later than one month before the expected date of departure.

[28/80]

(6A) Subsection (6) shall not apply in the case of an individual who is required in the course of his employment to leave Singapore at frequent intervals or who is a citizen of Singapore.

(7) Where an employer has in his possession any moneys whatsoever which are or may be payable to or for the benefit of an

employee who has ceased or is about to cease to be employed by him in Singapore he shall not, without the permission of the Comptroller, pay any part of such moneys to or for the benefit of such employee until the expiry of 30 days after the receipt by the Comptroller of such notice as is required to be given under subsection (5).

(8) Where any person ceases or is about to cease being a partner, and such person is likely to be chargeable to tax in Singapore, the partners present in Singapore shall, unless it is impracticable to do so, give one month's notice in writing to the Comptroller before such person ceases to be a partner, stating the name and address of such person and the expected date of such person ceasing to be a partner.

(9) Where any partner is leaving or intending to leave Singapore for any period exceeding 3 months and is likely to be chargeable to tax in Singapore, the partners present in Singapore shall, unless it is impracticable to do so, give one month's notice in writing to the Comptroller of the expected date of departure of such partner.

(10) Subsection (9) shall not apply in the case of a partner who is required in the course of his business to leave Singapore at frequent intervals.

(11) Where any person who has ceased or is about to cease being a partner in Singapore has moneys due or payable to him from the partnership, the partners present in Singapore shall not, without the written permission of the Comptroller, pay such moneys or any part thereof to that person.

(12) The Comptroller may under subsection (5), (6), (8) or (9), in any particular case or class of cases —

(*a*) accept such shorter period of notice as the Comptroller may consider reasonable;

(*b*) accept the notice mentioned in that subsection within such time after the occurrence of the event mentioned in that subsection as the Comptroller may consider reasonable; or

(*c*) waive the requirement for a notice under that subsection subject to conditions.

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

(13) Subsection (5), (6), (8) or (9) (as the case may be) applies to a case to which subsection (12)(*a*) applies as if the reference to the period of one month is a reference to the shorter period.

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

(14) In a case where subsection (12)(*b*) applies, the employer or partners (as the case may be) need not comply with subsection (5), (6), (8) or (9) (as the case may be) but must, within the time mentioned in subsection (12)(*b*), give notice to the Comptroller of —

(*a*) in the case of subsection (5), the name and address of the individual and the actual date of cessation of the individual's employment;

(*b*) in the case of subsection (6), the actual date of departure of the individual;

(*c*) in the case of subsection (8), the name and address of the person and the actual date of the person's cessation as a partner; or

(*d*) in the case of subsection (9), the actual date of departure of the partner.

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

Lists to be prepared by representative or agent

69. Every person who, in whatever capacity, is in receipt of any money or value being income arising from any of the sources mentioned in this Act of or belonging to any other person who is chargeable in respect thereof, or who would be so chargeable if he were resident in Singapore and not an incapacitated person, shall whenever required to do so by any notice from the Comptroller, prepare and deliver within the period mentioned in the notice a return signed by him, containing —

(*a*) a true and correct statement of all such income; and

(*b*) the name and address of every person to whom the income belongs.

Occupiers to furnish return of rent payable

70. The Comptroller may give notice in writing to any person who is the occupier of any land or premises requiring him to furnish within the time limited by such notice, not being less than 30 days from the date of service of such notice, a return containing —

(*a*) the name and address of the owner of such land or premises or the name and address of the person to whom he pays rent therefor; and

(*b*) a true and correct statement of the rent payable and any other consideration passing in respect of such occupation.

Return to be made by partnership

71.—(1) Where a trade, business, profession or vocation is carried on by 2 or more persons jointly, the precedent partner, that is to say, the partner who, of the partners personally present in Singapore —

(*a*) is first named in the agreement of partnership;

(*b*) if there is no agreement, is specified by name or initial singly or with precedence to the other partners in the usual name of the firm; or

(*c*) is the precedent acting partner if the partner named with precedence is not an acting partner,

shall, when required by the Comptroller by notice in writing or by notice published in the *Gazette* under section 62(1), make and deliver a return of the income of the partnership for any year, such income being ascertained in accordance with the provisions of this Act, and declare therein the names and addresses of the other partners in the firm together with the amount of the share of the income to which each partner was entitled for that year.

[2/92]

(2) Where —

(*a*) in the case of a limited partnership, no general partner is personally present in Singapore; or

(*b*) in the case of all other types of partnerships, no partner is personally present in Singapore,

the return shall be made and delivered by the attorney, agent, manager or factor of the firm in Singapore.

[27/2009]

(3) If a return in relation to the partnership for any year of assessment has not been made, the person required to make the return under subsection (1) or (2) (as the case may be) shall, within 3 months after the end of the accounting period relating to that year of assessment, furnish to the Comptroller an estimate of the income from all sources of the partnership, and the names and identification numbers of all the partners together with the amount of the share of the income to which each partner was entitled for that year.

[53/2007]

(3A) The Minister may, by rules made under section 7, exempt any person or class of persons from subsection (3), subject to such conditions as may be specified in the rules.

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

(4) In this section, "general partner" has the same meaning as in the Limited Partnerships Act (Cap. 163B).

[27/2009]

71A. [*Repealed by Act 49 of 2004*]

PART XVII

ASSESSMENTS AND OBJECTIONS

Comptroller to make assessments

72.—(1) The Comptroller shall proceed to assess every person chargeable with tax as soon as may be after the expiration of the time allowed to such person for the delivery of the return provided for in section 62 or, if he is exempted from the liability to deliver a return under section 62(2), after the expiration of the time that would have been allowed to him for the delivery of the return if he had not been so exempted.

[34/2008]

(2) Where a person has delivered a return, the Comptroller may —

(*a*) accept the return and make an assessment accordingly; or

(*b*) refuse to accept the return and, to the best of his judgment, determine the amount of the chargeable income of the person and make an assessment accordingly.

(3) Where a person has not delivered a return and the Comptroller is of the opinion that such person is liable to pay tax, the Comptroller may, according to the best of his judgment, determine the amount of the chargeable income of such person and make an assessment accordingly, but such assessment shall not affect any liability otherwise incurred by such person by reason of his failure or neglect to deliver a return.

Advance assessments

73.—(1) Notwithstanding section 72, where —

(*a*) in any year of assessment a person ceases to carry on a trade, business, profession, vocation or employment; or

(*b*) the Comptroller is of the opinion that any person possessing a source of income is about to leave Singapore and is likely to cease to possess that source in the year of assessment in which he leaves Singapore or in the following 2 years,

the Comptroller may make such assessment or additional assessments as may be necessary to bring to charge the full amount of the income from all sources derived or to be derived by such person up to the year in which the source of income ceases or is likely to cease.

(2) Where the income of a person is ascertained under section 27, the Comptroller may make an assessment in respect of any income of such person within the year in which the income is deemed to accrue.

(2A) Notwithstanding any other provisions of this Act, the Comptroller may make an assessment on an individual to whom section 10(7B) or (7C) applies within the year in which the income accrues or is deemed to accrue to the individual, as the case may be. *[49/2004]*

(2B) Notwithstanding any other provisions of this Act, where income accrues under section 10(6) to a director of a company who is not resident in Singapore, the Comptroller may make an assessment

in respect of that income within the year in which the income accrues to the director.

[49/2004]

(3) The Comptroller may, if he thinks fit, at any time during any year make an assessment in respect of the income derived by any person carrying on or exercising any trade, business, profession or vocation up to that year.

[11/94]

(3A) In making an assessment under subsection (3), the Comptroller may have regard to the estimate of chargeable income furnished under section 63 or he may make an assessment according to the best of his judgment where such estimate of chargeable income has not been furnished or has been rejected by him.

[5/77]

(4) Where the Comptroller has exercised his powers to make an advance assessment under this section, such assessment shall be made on the assumption that —

(*a*) the provisions of this Act in force during the year of assessment in which such assessment is made will continue in force for the year of assessment for which such assessment is made; and

(*b*) if such person so assessed is an individual, the personal circumstances of that person will be the same in the year of assessment as they were when such assessment is in fact made.

(5) If it appears to the Comptroller that by reason of such assumption an advance assessment so made has become less favourable to that person than it would have been if made under section 35(1), he shall amend such assessment as to him seems reasonable.

(6) Nothing in this section shall affect the Comptroller's right to make any additional assessment due to any change of circumstances and without prejudice to the generality of section 74.

Additional assessments

74.—(1) Where it appears to the Comptroller that any person liable to tax has not been assessed or has been assessed at a less amount than that which ought to have been charged, the Comptroller may, within the year of assessment or within 6 years (if the year of assessment is 2007 or a preceding year of assessment) or 4 years (if the year of assessment is 2008 or a subsequent year of assessment) after the expiration thereof, assess that person at such amount or additional amount as according to his judgment ought to have been charged.

[11/94; 53/2007]

(2) Notwithstanding subsection (1), where, in the opinion of the Comptroller, any form of fraud or wilful default has been committed by or on behalf of any person in connection with or in relation to tax, the Comptroller may, for the purpose of making good any loss of tax attributable to fraud or wilful default, assess that person at any time.

(3) The provisions of this Act as to notice of assessment, appeal and other proceedings under this Act shall apply to any assessment or additional assessment made under subsection (1) or (2) and to tax charged thereunder.

(4) This section shall also apply, with the necessary modifications, to any assessment made under subsection (1) or (2) which results in any unabsorbed allowances or losses.

[32/99]

Revised assessments as relief for late GST registration

74A. Where —

(*a*) any person liable to tax, being required to be registered under the Goods and Services Tax Act (Cap. 117A), has failed to do so, and has been so registered on or after 1st December 2005; and

(*b*) his income chargeable to tax for any year of assessment relating to a basis period for which he ought to have been so registered includes an amount in respect of output tax paid or payable under the Goods and Services Tax Act,

the Comptroller shall according to the best of his judgment give, by way of revision of any assessment made on the person for that year of assessment, relief in respect of the amount so paid or payable.

[34/2005]

Waiver of small assessments

75. Where it appears to the Comptroller that the amount of any tax or additional tax to which any person is liable does not exceed $15 or such other amount as the Minister may by order prescribe, the Comptroller may waive the assessment of such tax.

[2/92]

Service of notices of assessment and revision of assessment

76.—(1) The Comptroller shall cause each person assessed to tax to be served, in accordance with section 8(1), with —

(*a*) where tax is payable, a notice stating the amount of his chargeable income together with the amount of tax payable and the place at which such payment should be made; or

(*b*) where no tax is payable, a notice to that effect,

and in either case the Comptroller shall inform the person assessed to tax of his rights under subsections (2) and (3) and (if applicable) his duty under subsection (8).

[32/99; 49/2004; 34/2008]

(2) If any person disputes the assessment, he may apply to the Comptroller, by notice of objection in writing, to review and to revise the assessment made upon him.

(2A) If the objection is made to any assessment, being one which —

(*a*) is made on or after 20th December 2011; and

(*b*) amends a previous assessment in any particular,

then a person's right to object to the assessment is limited to a right to object against the amendment in respect of, or matters relating to, that particular.

[22/2011]

(2B) In subsection (2A), the reference to an assessment which amends a previous assessment in any particular includes one which

amends the amount of unabsorbed losses, allowances or donations in that previous assessment that may be carried forward but the tax payable remains nil.

[22/2011]

(3) Such application must state precisely the grounds of the person's objections to the assessment and must be made within —

(*a*) if the person is a company and the notice of assessment is served on the person on or after 1 January 2014, 2 months; or

(*b*) in any other case, 30 days,

from the date of the service of the notice of assessment.

[Act 34 of 2016 wef 01/01/2014]

(4) The Comptroller upon being satisfied that, owing to absence, sickness or other reasonable cause, the person disputing the assessment was prevented from making the application within the period referred to in subsection (3), shall extend the period as may be reasonable in the circumstances.

(5) On receipt of the notice of objection referred to in subsection (2), the Comptroller may —

(*a*) require the person giving the notice of objection to furnish such particulars as the Comptroller may consider necessary with respect to the income of the person assessed and to produce all books or other documents in his custody or under his control relating to such income; and

(*b*) summon any person who he thinks is able to give evidence respecting the assessment to attend before him and may examine that person on oath or otherwise.

(6) In the event of any person who has objected to an assessment made upon him —

(*a*) agreeing with the Comptroller as to the amount at which he is liable to be assessed, the assessment shall be amended accordingly, and notice of the revised assessment shall be served upon that person; or

(*b*) failing to agree with the Comptroller as to the amount at which he is liable to be assessed, the Comptroller shall give him notice of refusal to amend the assessment and may revise the assessment to such amount as the Comptroller may determine, according to the best of his judgment, and the Comptroller shall give him notice of the revised assessment and of the tax payable, or the amount of refund of tax (as a result of the operation of section 46) or unabsorbed allowances, losses or donations, together with notice of refusal to amend the revised assessment.

[32/99; 22/2011]

(7) Wherever requisite, any reference in this Act to an assessment or an additional assessment shall be construed as including a reference to an assessment or additional assessment as revised under subsection (6)(*b*).

(8) If any incorrect information appears in a notice of assessment for any year of assessment served on a person who is exempted from the liability to furnish a return under section 62(2), he shall, within 30 days from the date of service of the notice or such extended time as the Comptroller may allow, inform the Comptroller by notice in writing —

(*a*) if the incorrect information relates to any understatement or omission of income, of the correct amount of income from every source for that year of assessment; or

(*b*) if the incorrect information relates to any deduction or relief which is excessive or which is wrongly granted, of the correct amount of deduction or relief for that year of assessment or the fact that the deduction or relief is wrongly granted, as the case may be.

[34/2008]

(9) The Minister may, by rules made under section 7, substitute a longer period for a period in subsection (3) or (8) for all persons or cases, any class of persons or cases, or any person or case, and subsection (3) or (8) (as the case may be) applies accordingly to all persons or cases, the class of persons or cases, or the person or case.

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

(10) The rules mentioned in subsection (9) may —

(*a*) provide that the substitute period applies only if such conditions as may be specified in the rules are satisfied; and

(*b*) prescribe different substitute periods for different persons or cases and classes of persons or cases.

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

Errors and defects in assessment and notice

77.—(1) No assessment, warrant or other proceeding purporting to be made in accordance with the provisions of this Act shall be quashed, or deemed to be void or voidable, for want of form, or be affected by reason of a mistake, defect or omission therein, if it is in substance and effect in conformity with or according to the intent and meaning of this Act, and if the person assessed or intended to be assessed or affected thereby is designated therein according to common intent and understanding.

(2) An assessment shall not be impeached or affected —

(*a*) by reason of a mistake therein as to —

(i) the name or surname of a person liable;

(ii) the description of any income; or

(iii) the amount of tax charged; and

(*b*) by reason of any variance between the assessment and the notice thereof.

(3) In cases of assessment, the notice thereof shall be duly served on the person intended to be charged and such notice shall contain in substance and effect the particulars on which the assessment is made.

PART XVIII

APPEALS

Board of Review

78.—(1) For the purpose of hearing appeals in the manner hereinafter provided, there shall be a Board of Review (referred to

in this Part as the Board) consisting of not more than 30 members appointed from time to time by the Minister.

[1/90]

(2) Members of the Board shall hold office for such period as may be determined by the Minister and shall be eligible for re-appointment.

(3) The Minister may at any time remove any member of the Board from office without assigning any reason.

(4) A member may resign his office by notice in writing to the Minister.

(5) The Minister may appoint from amongst the members of the Board —

(*a*) a Chairman of the Board; and

(*b*) such number of Deputy Chairmen of the Board as the Minister thinks fit.

[49/2004]

(6) No person may be appointed as Chairman of the Board or Deputy Chairman of the Board unless he is either qualified to be a District Judge or is an accountant.

[49/2004]

(7) Meetings of the Board shall be presided by —

(*a*) the Chairman of the Board;

(*b*) in the absence of the Chairman of the Board —

(i) where there is only one Deputy Chairman of the Board present, the Deputy Chairman; and

(ii) where there is more than one Deputy Chairman of the Board present, such Deputy Chairman as may be chosen by the Deputy Chairmen present; and

(*c*) where neither the Chairman of the Board nor any Deputy Chairman of the Board is present, such member of the Board as may be chosen by the members present.

[49/2004]

(8) The Minister may appoint a secretary or secretaries to the Board and such other officers and employees of the Board as may be necessary.

[53/2007]

(9) All the powers, functions and duties of the Board may be exercised, discharged and performed by any committee of the Board consisting of not less than 3 members of the Board, at least one of whom shall be the Chairman of the Board or a Deputy Chairman of the Board.

[49/2004]

(10) Any act, finding or decision of any such committee shall be deemed to be the act, finding or decision of the Board.

(11) The secretary shall, from time to time, summon such members of the Board as may be nominated by the Chairman to constitute a committee of the Board for the purposes of giving effect to the provisions of this Part, and it shall be the duty of such members to attend at the times and places specified in the summons.

[49/2004; 53/2007]

(12) Meetings of a committee shall be presided by —

(*a*) where the Chairman of the Board is a member of the committee, the Chairman;

(*b*) where the Chairman of the Board is not a member of the committee and —

(i) there is only one Deputy Chairman of the Board on the committee, the Deputy Chairman; or

(ii) there is more than one Deputy Chairman of the Board on the committee, such Deputy Chairman as the Chairman may determine.

[49/2004]

(13) Where the Chairman of the Board or any Deputy Chairman of the Board, as the case may be, is absent from any meeting of a committee at which he ought under subsection (12) to be presiding, the meeting shall be presided by —

(*a*) where there is only one Deputy Chairman who is a member of the committee present, the Deputy Chairman;

(*b*) where there is more than one Deputy Chairman who is a member of the committee present, such Deputy Chairman as may be chosen by the Deputy Chairmen present; and

(*c*) where there is no Deputy Chairman who is a member of the committee present, such member of the Board as may be chosen by the members present.

[49/2004]

(14) All matters coming before the Board or a committee of the Board at any sitting thereof shall be decided by a majority of votes of the members of the Board present, and, in the event of an equality of votes, the Chairman of the Board, the Deputy Chairman of the Board or such other member as may be presiding, as the case may be, shall have a second or casting vote.

[49/2004]

(15) Members of the Board shall be entitled to receive such remuneration and such travelling and subsistence allowances as the Minister may determine.

(16) The Minister may make regulations —

(*a*) prescribing the manner in which appeals shall be made to the Board;

(*b*) prescribing the procedure to be adopted by the Board in hearing appeals and the records to be kept by the Board;

(*c*) prescribing the places where and the times at which appeals shall be heard by the Board;

(*d*) prescribing the fees to be paid in respect of any appeal under this Part;

(*e*) prescribing a scale of costs in respect of appeals to the Board; and

(*f*) generally for the better carrying out of the provisions of this Part.

Right of appeal

79.—(1) Any person who, being aggrieved by an assessment made upon him, has failed to agree with the Comptroller in the manner

provided in section 76(6) may appeal to the Board by lodging with the secretary —

(*a*) within 30 days from the date of the refusal of the Comptroller to amend the assessment, a written notice of appeal in duplicate; and

(*b*) within 30 days of the date on which such notice of appeal was lodged, a petition of appeal in quadruplicate containing a statement of the grounds of appeal.

[53/2007; 22/2011]

(2) A notice of appeal shall contain —

(*a*) an address for service;

(*b*) a list of the names of any members of the Board to whom the appellant objects; and

(*c*) the reasons for such objection.

[49/2004]

(3) An appellant shall not be entitled to object to the Chairman or any Deputy Chairman of the Board and to more than one-third of the total number of members of the Board.

[49/2004]

(4) On receipt of a notice of appeal, the secretary shall immediately forward one copy thereof to the Comptroller who may, within 3 days of the receipt of such copy, lodge with the secretary a list of any members of the Board to whom he objects and the reasons for such objection.

[7/79; 49/2004; 53/2007]

(5) The Comptroller shall not be entitled to object to the Chairman or any Deputy Chairman of the Board and the number of members of the Board objected to by the Comptroller shall not, when added to the number objected to by the appellant, exceed one-half of the total number of members of the Board.

[49/2004]

(6) The Chairman of the Board, or such Deputy Chairman of the Board as the Chairman may authorise, shall determine whether the reason for any objection to any member under subsection (2) or (4) is valid.

[49/2004]

(7) Where the Chairman of the Board or a Deputy Chairman of the Board determines under subsection (6) that the reason for any objection is valid, the member of the Board in respect of whom the objection was made shall not attend the hearing of the appeal of the appellant.

[49/2004]

(8) Where the Chairman of the Board or a Deputy Chairman of the Board determines under subsection (6) that the reason for any objection is not valid, the Chairman or Deputy Chairman shall reject that objection and inform the appellant or the Comptroller accordingly.

[49/2004]

(9) Where an objection has been rejected by the Chairman of the Board or a Deputy Chairman of the Board under subsection (8), the member of the Board in respect of whom that objection was made may attend the hearing of the appeal of the appellant.

[49/2004]

(10) The decision of the Chairman of the Board or a Deputy Chairman of the Board under subsection (6) shall be final.

[49/2004]

(11) The Chairman of the Board may, in his discretion and on such terms as he thinks fit, permit any person to proceed with an appeal notwithstanding that the notice of appeal or petition of appeal was not lodged within the time limited therefor by this section, if it is shown to the satisfaction of the Chairman that the person was prevented from lodging the notice or petition in due time owing to absence, sickness or other reasonable cause and that there has been no unreasonable delay on his part.

[49/2004]

(12) Except with the consent of the Board and on such terms as the Board may determine, an appellant may not at the hearing of his appeal rely on any grounds of appeal other than the grounds stated in his petition of appeal.

Hearing and disposal of appeals

80.—(1) On receipt of a petition of appeal, the secretary shall immediately forward one copy thereof to the Comptroller and shall,

as soon as may be thereafter, fix a time and place for the hearing of the appeal and shall give 14 days' notice thereof both to the appellant and to the Comptroller.

[53/2007]

(2) The appellant and the Comptroller shall attend, either in person or by an advocate and solicitor or accountant, at such times and places as may be fixed for the hearing of the appeal.

(3) If it is proved to the satisfaction of the Board that, owing to absence, sickness or other reasonable cause, any person is prevented from so attending, the Board may postpone the hearing of the appeal for such reasonable time as it thinks necessary.

(4) The onus of proving that the assessment is excessive or that the amount of any unabsorbed losses, allowances or donations that may be carried forward ought to be of a higher amount than that assessed (as the case may be), shall be on the appellant.

[22/2011]

(5) The Board shall have the following powers:

(*a*) to summon to attend at the hearing of an appeal any person whom it may consider able to give evidence respecting the appeal, to examine such person as a witness either on oath or otherwise and to require such person to produce such books, papers or documents as the Board may think necessary for the purposes of the appeal;

(*b*) to allow any person so attending any reasonable expenses necessarily incurred by him in so attending; such expenses shall form part of the costs of the appeal and, pending and subject to any order by the Board as to such costs, shall be paid by the appellant or the Comptroller, as the Board may direct;

(*c*) all the powers of a District Court with regard to the enforcement of attendance of witnesses, hearing evidence on oath and punishment for contempt;

(*d*) subject to section 79(12), to admit or reject any evidence adduced, whether oral or documentary and whether admissible or inadmissible under the provisions of any

written law for the time being in force relating to the admissibility of evidence.

(6) Every person examined as a witness by or before the Board, whether on oath or otherwise, shall be legally bound to state the truth and to produce such books, papers or documents as the Board may require.

(7) The costs of an appeal shall be in the discretion of the Board and shall either be fixed by the Board or, on the order of the Board, taxed by the Registrar or an Assistant Registrar of the Supreme Court in accordance with the scale prescribed by regulations made under section 78(16).

(8) Where the Comptroller is awarded costs of an appeal, he shall be entitled to his full costs of the appeal, including a fee for any counsel appearing on his behalf in the appeal, and the amount of such costs shall be added to the tax charged (if any) and be recoverable as if it were tax imposed under this Act and payable by the appellant.

[22/2011]

(9) Notwithstanding anything in section 85, the Board may, on the application of the Comptroller made at any time after notice of appeal has been given, require the appellant to furnish security, in such sum and within such time as may be specified, for payment of tax, and if security is not furnished in the sum and within the time specified, the tax assessed by the Comptroller shall become payable and recoverable immediately.

(10) The Board may, after hearing an appeal, confirm, reduce, increase or annul the assessment (including the amount of any unabsorbed losses, allowances or donations that may be carried forward) or make such order thereon as it thinks fit.

[22/2011]

(11) Where, under subsection (10), the Board does not reduce or annul the assessment, the Board may, if in its opinion the appeal was vexatious or frivolous, order the appellant to pay, as costs of the Board and in addition to any costs awarded to the Comptroller, a sum not exceeding $250, which sum shall be added to the tax charged (if any) and be recoverable as if it were tax imposed under this Act and payable by him.

[22/2011]

(12) Every member of the Board, when and so long as he is acting as such, shall be deemed to be a public servant within the meaning of the Penal Code (Cap. 224) and shall enjoy the same judicial immunity as is enjoyed by a District Judge.

(13) All proceedings in appeals to the Board under this Act shall be deemed to be judicial proceedings within the meaning of the Penal Code.

(14) Notice of the amount of tax payable under the assessment as determined by the Board shall be served by the Comptroller either personally or by registered post upon the appellant.

Appeals to High Court

81.—(1) Except as provided in this section, the decision of the Board shall be final.

(2) In any case in which the amount of tax payable, tax to be refunded as a result of the operation of section 46 or notional tax benefit, as determined by the Board (excluding the amount of any costs awarded) exceeds $200, the appellant or the Comptroller may appeal to the High Court from the decision of the Board upon any question of law or of mixed law and fact.

[22/2011]

(3) The procedure governing and the costs of any such appeal to the High Court shall be as provided for in the Rules of Court.

[2/2012]

(4) The High Court shall hear and determine any such appeal and may confirm, reduce, increase or annul the assessment (including the amount of any unabsorbed losses, allowances or donations that may be carried forward) determined by the Board and make such further or other order on such appeal, whether as to costs or otherwise, as the Court may think fit.

[22/2011]

(5) There shall be such further right of appeal from decisions of the High Court under this section as exists in the case of decisions made by that Court in the exercise of its original civil jurisdiction.

(6) [*Deleted by Act 2 of 2012*]

(7) In this section, "notional tax benefit", in relation to a year of assessment, means an amount ascertained in accordance with the formula

$$[(A_1 - B_1) \times C] + [(A_2 - B_2) \times C] + [(A_3 - B_3) \times C],$$

where A_1 is the amount of unabsorbed losses as at the end of the basis period for the year of assessment claimed by a person;

A_2 is the amount of unabsorbed allowances under section 16, 17, 18B, 18C, 19, 19A, 19B, 19C, 19D or 20 claimed by the person for the year of assessment;

A_3 is the amount of unabsorbed donations as at the end of the basis period for the year of assessment claimed by the person;

B_1 is the amount of unabsorbed losses as at the end of the basis period for the year of assessment as determined by the Comptroller;

B_2 is the amount of unabsorbed allowances under section 16, 17, 18B, 18C, 19, 19A, 19B, 19C, 19D or 20 for the year of assessment as determined by the Comptroller;

B_3 is the amount of unabsorbed donations as at the end of the basis period for the year of assessment as determined by the Comptroller; and

C is —

(*a*) in the case of an individual resident in Singapore, the highest rate of tax specified in Part A of the Second Schedule in respect of the year of assessment; and

(*b*) in any other case, the rate of tax applicable to the person for the year of assessment as specified in section 43(1).

[22/2011]

Cases stated for High Court

82.—(1) The Board may at any time and in regard to any appeal, with or without proceeding to the determination of the appeal, state a case on a question of law for the opinion of the High Court.

(2) A stated case shall set forth the facts and any finding of fact by the Board, the decision, if any, of the Board, and the question for the opinion of the High Court, and shall be signed by the officiating chairman or, in his absence, by any other member attending the sitting at which the appeal was heard.

(3) The secretary shall transmit the case, when stated and signed as aforesaid, to the High Court, and shall forward a copy thereof to the appellant and to the Comptroller.

[53/2007]

(4) The High Court may cause a stated case to be sent back for amendment and thereupon the case shall be amended accordingly.

(5) In considering any stated case, the High Court shall afford opportunity for argument thereon to be put forward by or on behalf of the appellant and the Comptroller.

(6) The High Court shall hear and determine any question of law arising on a stated case and may in accordance with its decision thereon confirm, reduce, increase or annul any assessment (including the amount of any unabsorbed losses, allowances or donations that may be carried forward) determined by the Board in the appeal, or may remit the case to the Board with the opinion of the Court thereon.

[22/2011]

(7) Where a case is so remitted by the High Court, the Board shall be bound by the opinion of the Court and shall give effect thereto by its decision in the appeal or, as the case may be, by revising any previous decision made by it in the appeal to the extent, if any, to which that previous decision does not accord with the opinion of the Court.

Proceedings before Board and High Court

83.—(1) Subject to subsections (2) and (3), all proceedings before the Board and in appeals to, or in cases stated for the opinion of, the High Court under the provisions of this Part, and in appeals from

decisions of the High Court under section 81(5) shall be heard in camera.

[5/77]

(2) Where the Comptroller or the taxpayer applies to the Board or the High Court, as the case may be, that the proceedings be heard by way of a hearing open to the public, the Board or the Court may direct that the proceedings be so heard, notwithstanding any objection from the other party to the proceedings.

(3) Where in the opinion of the Board or the High Court any proceedings heard in camera ought to be reported, the Board or the Court may publish or authorise the publication of the facts of the case, the arguments and the decision relating to these proceedings without disclosing the name of the taxpayer concerned.

Assessments to be final and conclusive

84.—(1) Except as expressly provided in this Act, where no valid notice of appeal has been lodged within the time limited by this Part against an assessment, or where an assessment has been determined on appeal, the assessment as made or agreed to under section 76(6), or determined on appeal, as the case may be, shall be final and conclusive for the purposes of this Act.

(2) Nothing in this section shall prevent the Comptroller from making any assessment or additional assessment under section 74 which does not involve reopening any matter which has been determined on appeal.

PART XIX

COLLECTION, RECOVERY AND REPAYMENT OF TAX

Time within which payment is to be made

85.—(1) Subject to section 91, tax for any year of assessment levied in accordance with the provisions of this Act shall, notwithstanding any objection or appeal against the assessment on which the tax is levied, be payable at the place stated in the notice given under section 76 within one month after the service of the notice.

[1/88]

(2) The Comptroller may, in his discretion and subject to such terms and conditions, including the imposition of interest, as he may impose, extend the time limit within which payment is to be made.
[24/2000]

Recovery of tax from persons leaving Singapore

86.—(1) Where the Comptroller is of the opinion that any person is about or likely to leave Singapore without paying all tax assessed upon him, the Comptroller may issue a certificate containing particulars of such tax and a direction to the Commissioner of Police or the Controller of Immigration, or both, that such person be prevented from leaving Singapore without paying the tax or furnishing security to the satisfaction of the Comptroller for payment thereof.

(2) Subject to the provisions of any order issued or made under any law for the time being in force relating to banishment or immigration, the Commissioner of Police or the Controller of Immigration, or both, as the case may be, shall thereupon take, or cause to be taken by any police officer or immigration officer, such measures as may be necessary to prevent the person named in the direction from leaving Singapore until payment of the tax has been made or secured as aforesaid, including the use of such force as may be necessary and, if appropriate, the detention of any passport, certificate of identity or travel document and any exit permit or other document authorising such person to leave Singapore.

(3) At the time of issue of the certificate, the Comptroller shall issue to such person a notification thereof by personal service or registered post; but the non-receipt thereof shall not invalidate any proceedings under this section.

(4) Payment of the tax to an officer in charge of a police station or to an immigration officer or production of a certificate signed by the Comptroller, a Deputy Comptroller or an Assistant Comptroller stating that the tax has been paid or secured as aforesaid shall be sufficient authority for allowing such person to leave Singapore.

(5) Any person who, knowing that a direction has been issued under this section for the prevention of his departure from Singapore, voluntarily leaves or attempts to leave Singapore without paying all

tax assessed upon him or furnishing security to the satisfaction of the Comptroller for payment thereof shall be guilty of an offence and may be arrested, without warrant, by any police officer or immigration officer.

(6) No civil or criminal proceedings shall be instituted or maintained against the Government, the Commissioner of Police, the Controller of Immigration or any other police officer or immigration officer, in respect of anything lawfully done under the authority of this section.

(7) In this section, "tax" includes any interest imposed under section 85(2).

[24/2000]

Penalty for non-payment of tax and enforcement of payment

87.—(1) Subject to subsection (2), if any tax is not paid within the periods prescribed in section 85 —

(*a*) a sum equal to 5% of the amount of tax payable shall be added thereto, and the provisions of this Act relating to the collection and recovery of tax shall apply to the collection and recovery of such sum;

(*b*) the Comptroller shall serve a demand note upon the person assessed and if payment is not made within one month from the date of the service of such demand note, the Comptroller may proceed to enforce payment as hereinafter provided;

(*c*) notwithstanding paragraphs (*a*) and (*b*), if the amount of tax outstanding is not paid within 60 days of the imposition of the penalty as provided by paragraph (*a*), an additional penalty of 1% of the tax outstanding shall be payable for each completed month that the tax remains unpaid, but the total additional penalty shall not exceed 12% of the amount of tax outstanding, and the provisions of this Act relating to the collection and recovery of tax shall apply to the collection and recovery of such additional penalty; and

(*d*) penalties imposed under paragraphs (*a*), (*b*) and (*c*) shall not be deemed to be part of the tax paid for the purpose of claiming relief under any of the provisions of this Act.

[26/73; 1/88]

(2) The Comptroller may for any good cause shown remit the whole or any part of the penalty due under subsection (1).

(3) In this section, "tax" includes any interest imposed under section 85(2).

[24/2000]

Change of address

88.—(1) Subject to subsection (2), every person liable to pay income tax under the provisions of this Act shall inform the Comptroller in writing of any change in his address.

[28/94]

(2) Where a person liable to pay income tax uses his residential address for the purposes of this Act, then, if he has changed his residential address and has made a report of the change under section 8 of the National Registration Act (Cap. 201) —

(*a*) he shall be deemed to have informed the Comptroller of the change of his residential address in compliance with subsection (1); and

(*b*) the new residential address as reported by him under section 8 of the National Registration Act shall, unless he informs the Comptroller in writing to the contrary, be deemed to be his last known address for the purpose of subsection (3).

[28/94]

(3) Any notice or process given or served upon any person by posting the same or a copy thereof by registered post to him at his last known address shall, notwithstanding section 8(3), be deemed to have been duly given or served and shall be conclusive evidence of the fact of service.

Suit for tax by Comptroller

89.—(1) Notwithstanding the provisions of any other written law, tax, interest and any penalty imposed under this Act and any sum due

to the Government under section 45 or 45EA, may be sued for by way of a specially endorsed writ of summons.

[24/2000; 37/2002; 19/2013]

[Act 37 of 2014 wef 01/07/2015]

(2) The Comptroller may, in his own name, sue for any such tax, interest, penalty or other sum due and shall be entitled to all costs allowed by law against the person liable thereto.

[24/2000]

(3) The Comptroller may appear personally or by counsel in any suit instituted under this section.

(4) In any suit under this section, the production of a certificate signed by the Comptroller giving the name and address of the defendant and the amount of tax, interest or penalty due by him shall be sufficient evidence of the amount so due and sufficient authority for the court to give judgment for that amount.

[2/92; 24/2000]

(5) In addition to any other powers of collection and recovery provided in this Act, the Comptroller may, with the approval of the Minister and, where the tax charged on the income of any person who carries on the business of shipowner or charterer or of air transport has been in default for more than 3 months, whether the person is assessed directly or in the name of some other person, issue to the Director-General of Customs, or other authority by whom clearance may be granted, a certificate containing the name or names of the person and particulars of the tax in default.

[4/2003]

(6) On receipt of such a certificate, the Director-General of Customs or other authority is hereby empowered and required to refuse clearance from any port, aerodrome or airport in Singapore to any ship or aircraft owned wholly or partly or chartered by that person until the tax has been paid.

[4/2003]

(7) No civil or criminal proceedings shall be instituted or maintained against the Government, the Director-General of Customs or other authority in respect of a refusal of clearance under this section, nor shall the fact that a ship or an aircraft is detained under this section affect the liability of the owner, charterer,

or agent to pay harbour or other dues and charges for the period of detention.

[4/2003]

(8) In subsections (6) and (7), "ship" has the same meaning as in section 2(1) of the Merchant Shipping Act.

[Act 2 of 2016 wef 11/04/2016]

Statement of Comptroller sufficient

90.—(1) In any civil or criminal proceedings under this Act, every statement purporting to be under the hand of the Comptroller contained in the information, complaint, declaration or claim shall be prima facie evidence of the matter stated therein.

(2) This section shall apply to any matter so stated although —

(*a*) evidence in support or rebuttal of the matter stated or of any other matter is given; or

(*b*) the matter stated is a mixed question of law and fact, but in such case the statement shall be prima facie evidence of the fact only.

(3) This section shall not apply to —

(*a*) a statement of the intent of the defendant; or

(*b*) proceedings for an offence punishable by imprisonment.

Deduction of tax from emoluments and pensions

91.—(1) Where any income chargeable under section 10(1)(*b*) or (*e*) is payable to any individual, deductions on account of tax which is or will be payable by him for any year of assessment shall, if the Comptroller so directs, be made out of the income or any arrears thereof.

(2) Subject to any rules made under section 7, deductions authorised by this section shall be made at such times and in such amounts as the Comptroller shall direct whether or not the tax has been assessed; except that if on the assessment becoming final and conclusive it appears that the deductions made exceed the tax payable, the tax overpaid by means of the previous deductions shall be repaid.

(3) Where any deduction has been made from the income so chargeable of any individual, he shall have the same right of objection or appeal against the deduction as he has against an assessment made upon him.

(4) Any amount deducted pursuant to any direction given by the Comptroller under this section shall be paid by the employer to the Comptroller within 10 days after the date of the deduction, and if any such amount is not paid —

(*a*) within that period of 10 days, a penalty equal to 5% of that amount shall be payable by the employer to the Comptroller;

(*b*) within one month after the date of the deduction, an additional penalty equal to 1% of that amount shall be payable by the employer to the Comptroller for each completed month that the amount remains unpaid, but the total additional penalty shall not exceed 12% of the amount outstanding.

[5/77]

(5) The Comptroller may for any good cause shown remit the whole or any part of the penalty due under subsection (4).

[5/77]

(6) If and so far as any such income is paid without deduction of tax as aforesaid, the tax may be collected and payment thereof enforced in accordance with sections 85, 86 and 87.

(7) For the purpose of section 85, the Comptroller shall determine the period within which the tax shall be payable.

(8) An employer who fails to comply with section 68(7) shall be liable to pay the full amount of the tax which by reason of such failure cannot be recovered from such employee.

(9) The Comptroller shall apply any amount recovered by or paid to him in or towards payment of the tax payable by the employee.

(10) The employer may recover from the employee any amount which he has paid to the Comptroller or which has been recovered from him by the Comptroller under subsection (8).

(11) Any partner who fails to comply with section 68(11) shall be liable to pay the amount of the tax which by reason of such failure cannot be recovered from the person who has ceased to be a partner.

(12) The liability of a remaining partner under subsection (11) shall not exceed the amount paid by that partner in contravention of section 68(11).

(13) Nothing in subsection (11) shall preclude a partner who pays any amount of tax under that subsection from recovering such amount from the person who has ceased to be a partner.

Remission, reduction or refund of tax

92.—(1) The Comptroller may remit, wholly or in part, the tax payable by any person on the ground of poverty.

[29/2010]

(2) The Minister may at any time, in his discretion and subject to such conditions as he may impose, remit, reduce or refund, wholly or in part, the tax that is or will be payable or that is paid by any person.

[29/2010]

(2A) The Minister may, by order published in the *Gazette*, remit, reduce or refund, wholly or in part, the tax that is or will be payable or that is paid by any class of persons, subject to such conditions as he may specify in the order.

[29/2010]

(2B) Where the Minister is satisfied that a person to whom a remission, reduction or refund of tax is granted fails to comply with any condition imposed under subsection (2) or (2A) (whether a condition precedent or condition subsequent), an amount equal to the amount of tax so remitted, reduced or refunded shall be recoverable as a debt due to the Government.

[29/2010]

(2C) The amount recoverable under subsection (2B) shall be payable at the place stated in a notice served by the Comptroller on the person within one month after the service of the notice.

[29/2010]

(2D) The Comptroller may, in his discretion and subject to such terms and conditions (including the imposition of interest) as he may impose, extend the time limit within which payment is to be made.

[29/2010]

(2E) Sections 86(1) to (6), 87(1) and (2), 89, 90 and 91 shall apply to the collection and recovery by the Comptroller of the amount recoverable under subsection (2B) and any interest imposed under subsection (2D) as they apply to the collection and recovery of tax.

[29/2010]

(3) [*Deleted by Act 19 of 2013*]

(4) The Minister may make rules for the purpose of giving effect to this section.

[19/2013]

(5) [*Deleted by Act 19 of 2013*]

Remission of tax of companies for year of assessment 2011

92A.—(1) Subject to subsection (2), there shall be remitted the tax payable for the year of assessment 2011 by a company an amount equal to the lower of —

(*a*) 20% of the tax payable for that year of assessment (excluding any tax levied and paid or payable pursuant to section 43(3), (3A) and (3B)); and

(*b*) $10,000,

where the Comptroller is satisfied that the remission of tax would be beneficial to the company.

[22/2011]

(2) No remission under subsection (1) shall be granted to a company where the company qualifies for the cash grant under section 92B.

[22/2011]

Cash grant for companies for year of assessment 2011

92B.—(1) Where a company has made a contribution to the Central Provident Fund in respect of any of its employees during the basis period for the year of assessment 2011, and —

(*a*) the company is not liable to pay tax for the year of assessment 2011;

(*b*) the specified amount is greater than 20% of the tax payable by the company for that year of assessment (excluding any tax levied and paid or payable pursuant to section 43(3), (3A) and (3B)); or

(*c*) the company makes a written election for a cash grant under this section in lieu of the remission under section 92A, and the Comptroller is satisfied that the cash grant would be more beneficial to the company than the remission,

then there shall, in lieu of the remission of tax under section 92A, be made to the company for the year of assessment 2011 a cash grant of the specified amount.

[22/2011]

(2) The election under subsection (1)(*c*) shall be made to the Comptroller at the time the company furnishes a return of its income for the year of assessment 2011 or within such further time as the Comptroller may allow.

[22/2011]

(3) The cash grant under subsection (1) shall be exempt from tax in the hands of the company.

[22/2011]

(4) Where a company receives a cash grant under subsection (1) —

(*a*) without having satisfied all the requirements in this section; or

(*b*) that is in excess of that which may be given to it under this section,

the amount of the cash grant or the excess amount of the cash grant, as the case may be, shall be recoverable by the Comptroller from the company as a debt due to the Government.

[22/2011]

(5) The Comptroller shall send the company a notice specifying the amount to be repaid under subsection (4), and the company shall pay

the amount at the place stated in the notice within one month after the service of the notice.

[22/2011]

(6) The Comptroller may, in his discretion and subject to such terms and conditions as he may impose, extend the time limit within which payment under subsection (5) is to be made.

[22/2011]

(7) Sections 86(1) to (6), 87(1) and (2), 89, 90 and 91 shall apply to the collection and recovery by the Comptroller of the amounts recoverable under subsection (5) as they apply to the collection and recovery of tax.

[22/2011]

(8) Where any tax, duty, interest or penalty is due by the company —

(*a*) under this Act to the Comptroller of Income Tax;

(*b*) under the Goods and Services Tax Act (Cap. 117A) to the Comptroller of Goods and Services Tax;

(*c*) under the Property Tax Act (Cap. 254) to the Comptroller of Property Tax; or

(*d*) under the Stamp Duties Act (Cap. 312) to the Commissioner of Stamp Duties,

then the amount of cash grant made by the Comptroller to the company shall be reduced by the amount so due; and the amount of the reduction shall be deemed to be tax, duty, interest or penalty paid by the company under the relevant Act and shall (if it is due under an Act other than this Act) be paid by the Comptroller to the Comptroller of Goods and Services Tax, the Comptroller of Property Tax or the Commissioner of Stamp Duties, as the case may be.

[22/2011]

(9) In this section, "specified amount" means —

(*a*) 5% of the gross amount of the income derived by a company from its principal activities in the basis period for the year of assessment 2011; or

(*b*) $5,000,

whichever is the lower.

[22/2011]

Cash grant for companies for year of assessment 2012

92C.—(1) Where a company carrying on business in Singapore has made a contribution to the Central Provident Fund in respect of at least one of its qualifying employees during the basis period for the year of assessment 2012, there shall be made to the company for the year of assessment 2012 a cash grant of —

(*a*) 5% of the gross amount of the income derived by the company from its principal activities in the basis period for the year of assessment 2012; or

(*b*) $5,000,

whichever is the lower.

[29/2012]

(2) No cash grant under subsection (1) shall be made if the company has ceased to carry on business in Singapore.

[29/2012]

(3) The Minister may, in his discretion, waive the requirement under subsection (1) in respect of the contribution to the Central Provident Fund by the company if he is satisfied that it is just and equitable to do so.

[29/2012]

(4) The cash grant under subsection (1) shall be exempt from tax in the hands of the company.

[29/2012]

(5) Section 92B(4) to (8) shall apply, with the necessary modifications, to this section.

[29/2012]

(6) In this section, "qualifying employee" means an employee of the company based on the payroll for any month within its basis period for the year of assessment 2012, but excludes any employee who is also a shareholder of the company.

[29/2012]

(7) In the application (by virtue of section 36B) of this section to a registered business trust, a reference to a contribution by a company to the Central Provident Fund in respect of at least one of its

qualifying employees is a reference to a contribution by the trustee-manager of the business trust to the Central Provident Fund in respect of at least one of its employees, being one —

(*a*) who is an employee of the trustee-manager according to the payroll for any month within the basis period of the trust for the year of assessment 2012; and

(*b*) whose sole duty is assisting in managing or operating the trust,

but excluding any employee who is also a unitholder of the trust.

[29/2012]

Remission of tax of companies for years of assessment 2013, 2014 and 2015

92D. Where the Comptroller is satisfied that the remission of tax would be beneficial to a company, there shall be remitted the tax payable for each of the years of assessment 2013, 2014 and 2015 by the company of an amount equal to the lower of the following:

(*a*) 30% of the tax payable for that year of assessment (excluding any tax levied and paid or payable pursuant to section 43(3), (3A) and (3B));

(*b*) $30,000.

[19/2013]

Remission of tax of companies for years of assessment 2016 and 2017

92E. Where the Comptroller is satisfied that the remission of tax would be beneficial to a company, then there is to be remitted the tax payable for each of the years of assessment 2016 and 2017 by the company of an amount equal to the lower of the following:

(*a*) 50% of the tax payable for that year of assessment (excluding any tax levied and paid or payable pursuant to section 43(3), (3A) and (3B));

(*b*) $20,000.

[Act 2 of 2016 wef 11/04/2016]

[Act 34 of 2016 wef 11/04/2016]

Repayment of tax

93.—(1) If it is proved to the satisfaction of the Comptroller that any person for any year of assessment has paid tax, by deduction or otherwise, in excess of the amount payable under the provisions of this Act, such person shall be entitled to have the amount so paid in excess refunded.

[4/75]

(2) Every claim for repayment under this section shall be made within 6 years (if the year of assessment to which the claim relates is 2007 or a preceding year of assessment) or 4 years (if the year of assessment to which the claim relates is 2008 or a subsequent year of assessment) from the end of the year of assessment to which the claim relates.

[53/2007]

(3) Nothing in this section shall operate to extend any time limit for appeal or validate any objection or appeal which is otherwise invalid or authorise the revision of any assessment or other matter which has become final and conclusive.

(4) [*Deleted by Act 19 of 2013*]

(5) Where through death, incapacity, bankruptcy, liquidation or other cause a person who would, but for such cause, have been entitled to make a claim under subsection (1) is unable to do so, his executor, trustee or receiver, as the case may be, shall be entitled to have refunded to him for the benefit of such person or his estate any tax paid in excess within the meaning of subsection (1).

(6) The Comptroller shall certify any amount repayable under this section and shall cause repayment to be made immediately.

(7) Where an order or decision by the Board of Review or by any court gives rise to any claim for a refund of tax, the Comptroller may, where he has given written notice of his intention to appeal against such order or decision, withhold the refund until such time as the appeal is finally determined.

(8) Where a refund is withheld under subsection (7), the Comptroller shall pay interest at the rate referred to in subsection (9) with effect from the date of the order or decision

appealed against on the amount of refund ultimately determined to be due as a result of any appeal.

[Act 2 of 2016 wef 01/07/2016]

(9) In subsection (8), the rate of interest is —

(*a*) for any part of the period for which interest is payable (called in this subsection the interest period) up to and including 30 June 2016, 5% per annum;

(*b*) for any part of the interest period that is later but falling before the publication date, the average of the prime lending rates for such months in the previous year as are prescribed by rules made under section 7;

(*c*) for any part of the interest period falling on or after the publication date but within the period between 1 January and 31 March (both dates inclusive) of any year, the prime lending rate for the year that is 2 years before that year; or

(*d*) for any part of the interest period falling on or after the publication date but within the period between 1 April and 31 December (both dates inclusive) of any year, the prime lending rate for the previous year.

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

(10) In subsection (9), "publication date" means the date the Income Tax (Amendment No. 3) Act 2016 is published in the *Gazette*.

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

(11) In subsection (9)(*c*) and (*d*), the prime lending rate for any year is the average of the prime lending rates for the months of October, November and December of that year, or such other months prescribed by rules made under section 7 in their place, of such financial institution or financial institutions in Singapore as the Minister may determine, rounded to the nearest 0.5%, or another percentage prescribed by rules made under that section in its place.

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

Relief in respect of error or mistake

93A.—(1) If any person alleges that for any year of assessment —

(*a*) an assessment is excessive; or

(*b*) any unabsorbed loss, allowance or donation that may be carried forward ought to be of a higher amount than that set out in an assessment,

by reason of some error or mistake —

(i) in the return or statement made by him for the purposes of the assessment; or

(ii) where he is exempted from liability to furnish a return under section 62(2), in the notice of assessment served on him,

he may, at any time not later than 6 years (if the year of assessment within which the assessment was made is 2007 or a preceding year of assessment) or 4 years (if the year of assessment within which the assessment is made is 2008 or a subsequent year of assessment) after the end of the year of assessment within which the assessment was made, make an application in writing to the Comptroller for relief.

[19/2013]

(2) On receiving the application, the Comptroller shall inquire into the matter and shall, subject to this section, give, by way of repayment of tax or an amendment to the assessment, such relief in respect of the error or mistake as appears to him to be reasonable and just.

[19/2013]

(3) No relief by way of repayment of tax shall be given under this section in respect of an error or a mistake as to the basis on which the liability of the applicant ought to have been computed when the return or statement was in fact made on the basis of or in accordance with the practice of the Comptroller generally prevailing at the time when the return or statement was made.

[19/2013]

(3A) No amendment shall be made to the assessment under this section when the return or statement was in fact made on the basis of or in accordance with the practice of the Comptroller generally prevailing at the time when the return or statement was made.

[19/2013]

(4) In determining any application under this section, the Comptroller shall have regard to all the relevant circumstances of the case, and in particular shall consider whether the granting of relief

would result in the exclusion from charge to tax of income of the applicant, and for this purpose the Comptroller may take into consideration the liability of the applicant and assessments made upon him in respect of other years.

(5) Section 79 shall apply in respect of an appeal against a determination of the Comptroller under this section except that no such appeal shall be entertained until the sum of $250 has been deposited with the secretary to the Board of Review.

[53/2007]

(6) The sum referred to in subsection (5) shall be refunded in the event of the appeal being allowed.

(7) The Board of Review may, if in its opinion the appeal was vexatious or frivolous, order that the whole or any part of the aforesaid sum shall be forfeited and awarded to the Comptroller as costs.

PART XX

OFFENCES AND PENALTIES

General penalties

94.—(1) Except as provided in section 94A, any person who contravenes any of the provisions of this Act shall be guilty of an offence.

[7/2007]

(2) Any person guilty of an offence under this section for which no other penalty is provided shall be liable on conviction to a fine not exceeding $1,000 and in default of payment to imprisonment for a term not exceeding 6 months.

[7/2007]

(3) Except in the case of a notice published in the *Gazette* under section 68(2), no person shall be liable to prosecution for an offence under this section in respect of failure to comply with the terms of any notice issued under the provisions of this Act unless the notice has been served on him personally or by registered post.

[2/92; 7/2007]

(4) [*Deleted by Act 19 of 2013*]

(5) [*Deleted by Act 19 of 2013*]

(6) The Comptroller may compound any offence punishable under this section (including an offence for the contravention of a provision that has been repealed), and may before judgment stay or compound any proceedings thereunder.

[19/2013]

Penalty for failure to make return

94A.—(1) Any person who fails or neglects without reasonable excuse to comply with any provision of section 62 or 71(1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding $1,000 and in default of payment to imprisonment for a term not exceeding 6 months.

[7/2007; 53/2007]

(2) Where any person has been convicted of an offence —

(*a*) for failing to comply with section 62(3) and such conviction is subsequent to a conviction for an offence for failing to comply with section 62(1);

(*b*) for failing to comply with any provision of section 62 or 71(1) and such conviction is a second or subsequent conviction; or

(*c*) for failing to comply with any provision of section 71(1) and such conviction is subsequent to a conviction for an offence for failing to comply with any provision of section 62,

in respect of the same year of assessment, he shall be liable to a further penalty of $50 for every day during which the offence is continued after such conviction.

[7/2007; 53/2007]

(3) Any person who fails or neglects without reasonable excuse to comply with section 62 or 71(1) in respect of any year of assessment for 2 years or more shall be guilty of an offence and shall be liable on conviction to —

(*a*) a penalty equal to double the amount of tax which the Comptroller assesses him to be liable for that year of assessment after determining, to the best of the

Comptroller's judgment, the amount of his chargeable income; and

(*b*) a fine not exceeding $1,000,

and in default of payment to imprisonment for a term not exceeding 6 months.

[7/2007; 53/2007]

(4) Except in the case of a notice published in the *Gazette* under section 62(1), no person shall be liable to prosecution for an offence under this section in respect of failure to comply with the terms of any notice issued under the provisions of this Act unless the notice has been served on him personally or by registered post.

[7/2007]

(5) The Comptroller may compound any offence punishable under this section.

[7/2007]

Penalty for incorrect return, etc.

95.—(1) Subject to the provisions of Part XVIII, every person who —

(*a*) makes an incorrect return by omitting or understating any income of which he is required by this Act to make a return;

(*b*) gives any incorrect information in relation to any matter affecting his own liability to tax or the liability of any other person or of a partnership; or

(*c*) fails to comply with section 76(8),

shall be guilty of an offence for which, on conviction, he shall pay a penalty equal to —

(i) the amount of tax;

(ii) the amount of PIC bonus; or

(iii) the amount of tax and the amount of PIC bonus,

as the case may be, that has been undercharged, obtained, or undercharged and obtained as a result of the incorrect return or information or failure, or that would have been so undercharged,

obtained, or undercharged and obtained if the return or information had been accepted as correct or if a notice had not been provided in accordance with section 76(8).

[4/75; 34/2008; 19/2013]

(2) Every person who without reasonable excuse or through negligence —

(*a*) makes an incorrect return by omitting or understating any income of which he is required by this Act to make a return;

(*b*) gives any incorrect information in relation to any matter affecting his own liability to tax or the liability of any other person or of a partnership; or

(*c*) fails to comply with section 76(8),

shall be guilty of an offence for which, on conviction, he shall pay a penalty equal to double —

(i) the amount of tax;

(ii) the amount of PIC bonus; or

(iii) the amount of tax and the amount of PIC bonus,

as the case may be, that has been undercharged, obtained, or undercharged and obtained as a result of the incorrect return or information or failure, or that would have been so undercharged, obtained, or undercharged and obtained if the return or information had been accepted as correct or if a notice had not been provided in accordance with section 76(8), and shall also be liable to a fine not exceeding $5,000 or to imprisonment for a term not exceeding 3 years or to both.

[34/2008; 19/2013]

(3) The Comptroller may compound any offence punishable under subsection (1) or (2), and may before judgment stay or compound any proceedings thereunder.

(3A) In this section, a reference to the amount of PIC bonus that has been obtained by a person as a result of an incorrect return or information, or that would have been so obtained if the return or

information had been accepted as correct, excludes an amount of PIC bonus that the person is entitled to.

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

(4) In this section, "PIC bonus" means a payment under section 37IA.

[19/2013]

Tax evasion and wilful action to obtain PIC bonus

96.—(1) Any person who wilfully with intent to evade or to assist any other person to evade tax, or to obtain or to assist any other person to obtain a PIC bonus or a higher amount of PIC bonus, or both —

(*a*) omits from a return made under this Act any income which should be included;

(*b*) makes any false statement or entry in any return made under this Act or in any notice made under section 76(8);

(*c*) gives any false answer, whether verbally or in writing, to any question or request for information asked or made in accordance with the provisions of this Act; or

(*d*) fails to comply with section 76(8),

shall be guilty of an offence for which, on conviction, he shall pay a penalty of treble —

(i) the amount of tax;

(ii) the amount of PIC bonus; or

(iii) the amount of tax and the amount of PIC bonus,

as the case may be, that has been undercharged, obtained, or undercharged and obtained as a result of the offence, or that would have been undercharged, obtained, or undercharged and obtained if the offence had not been detected, and shall also be liable to a fine not exceeding $10,000 or to imprisonment for a term not exceeding 3 years or to both.

[4/75; 21/2003; 34/2008; 19/2013]

(2) When an individual has been convicted for —

(*a*) 3 or more offences under this section or section 37J(3); or

(*b*) one offence under this section and one offence under either section 96A or 37J(4),

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

[19/2013]

(3) Whenever in any proceedings under this section it is proved that any false statement or entry is made in any return furnished under this Act or notice made under section 76(8) by or on behalf of any person, that person shall be presumed, until the contrary is proved, to have made that false statement or entry with intent to evade tax, to obtain a PIC bonus or a higher amount of PIC bonus, or both, as the case may be.

[21/2003; 34/2008; 19/2013]

(4) The Comptroller may compound any offence under this section and may before judgment stay or compound any proceedings thereunder.

(4A) In this section, a reference to the amount of PIC bonus that has been obtained by a person as a result of an offence, or that would have been so obtained if the offence had not been detected, excludes an amount of PIC bonus that the person is entitled to.

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

(5) In this section, "PIC bonus" means a payment under section 37IA.

[19/2013]

Serious fraudulent tax evasion and action to obtain PIC bonus

96A.—(1) Any person who wilfully with intent to evade or to assist any other person to evade tax, or to obtain or to assist any other person to obtain a PIC bonus or a higher amount of PIC bonus, or both —

(*a*) prepares or maintains or authorises the preparation or maintenance of any false books of account or other records or falsifies or authorises the falsification of any books of account or records; or

(*b*) makes use of any fraud, art or contrivance or authorises the use of any such fraud, art or contrivance,

shall be guilty of an offence for which, on conviction, he shall pay a penalty of 4 times —

(i) the amount of tax;

(ii) the amount of PIC bonus; or

(iii) the amount of tax and the amount of PIC bonus,

as the case may be, that has been undercharged, obtained, or undercharged and obtained as a result of the offence, or that would have been undercharged, obtained, or undercharged and obtained if the offence had not been detected, and shall also be liable to a fine not exceeding $50,000 or to imprisonment for a term not exceeding 5 years or to both.

[21/2003; 19/2013]

(2) When an individual has been convicted for —

(*a*) 2 or more offences under this section or section 37J(4); or

(*b*) one offence under this section and one offence under either section 96 or 37J(3),

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

[21/2003; 19/2013]

(3) Where in any proceedings under this section it is proved that any false statement or entry is made in any books of account or other records maintained by or on behalf of any person, that person shall be presumed, until the contrary is proved, to have made that false statement or entry with intent to evade tax, to obtain a PIC bonus or a higher amount of PIC bonus, or both, as the case may be.

[21/2003; 19/2013]

(4) The Comptroller may compound any offence under this section and may before judgment stay or compound any proceedings thereunder.

[21/2003]

(4A) In this section, a reference to the amount of PIC bonus that has been obtained by a person as a result of an offence, or that would have been so obtained if the offence had not been detected, excludes an amount of PIC bonus that the person is entitled to.

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

(5) In this section, "PIC bonus" means a payment under section 37IA.

[19/2013]

Penalties for offences by authorised and unauthorised persons

97. Any person who —

(*a*) being a person appointed for the due administration of this Act or any assistant employed in connection with the assessment and collection of tax —

(i) demands from any person an amount in excess of the authorised assessment or tax;

(ii) withholds for his own use or otherwise any portion of the amount of tax collected;

(iii) renders a false return, whether verbal or in writing, of the amounts of tax collected or received by him; or

(iv) defrauds any person, embezzles any money or otherwise uses his position so as to deal wrongfully either with the Comptroller or any other individual; or

(*b*) not being authorised under this Act to do so, collects or attempts to collect tax under this Act,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding $10,000 or to imprisonment for a term not exceeding 3 years or to both.

Penalty for obstructing officers

98. Any person who obstructs or hinders any officer acting in the discharge of his duty under this Act shall be guilty of an offence.

Tax to be payable notwithstanding any proceedings for penalties

99. The institution of proceedings for, or the imposition of, a penalty, fine or term of imprisonment under this Act shall not relieve any person from liability to payment of any tax for which he is or may be liable.

Provisions relating to penalty

100.—(1) Any interest imposed under section 85(2) or penalty imposed under this Act shall not be deemed to be part of the tax paid for the purposes of claiming relief under any of the provisions of this Act.

[2/92; 24/2000]

(2) Subject to subsection (3), any penalty imposed under section 13CA(2), (4) or (6), 13R(3) or (5), 37(18B), 45(4), 87(1) or 91(4), or section 44(19) in force immediately before 1st January 2014, shall be deemed to be interest on tax for the purposes of section 33(2) of the Limitation Act (Cap. 163).

[2/92; 37/2002; 21/2003; 10/2007; 53/2007; 34/2008; 19/2013]

(3) An action to recover a penalty imposed under section 87(1) on any amount recoverable under section 37H(8) (including interest imposed under section 37H(10)) shall not be brought after the expiration of 6 years from the date on which the cause of action accrued.

[34/2008]

Consent for prosecution

101.—(1) No prosecution shall be commenced in respect of an offence under section 37IE, 37J, 45(5), 94, 94A, 95, 96 or 96A except at the instance or with the consent of the Comptroller or the Public Prosecutor.

[37/75; 21/2003; 7/2007; 29/2010]

[Act 2 of 2016 wef 11/04/2016]

(2) The Comptroller may authorise either generally or specifically an officer to compound any offence under sections 37IE, 37J (except subsection (4)), 45(5), 94, 94A, 95, 96 and 96A.

[26/73; 37/75; 21/2003; 7/2007; 29/2010]

[Act 2 of 2016 wef 11/04/2016]

(3) No prosecution shall be commenced in respect of an offence under section 6, 97, 98 or 105M except at the instance or with the consent of the Public Prosecutor.

[37/75; 24/2009]

Service of summons

102.—(1) Every summons issued by a court against any person in connection with any offence under this Act may be served on the person —

(*a*) by delivering the summons to the person or to some adult member of his family at his last known place of residence;

(*b*) by leaving the summons at his usual or last known place of residence or business in an envelope addressed to the person;

(*c*) by sending the summons by registered post addressed to the person at his usual or last known place of residence or business; or

(*d*) where the person is a body of persons or a company —

(i) by delivering the summons to the secretary or other like officer of the body of persons or company at its registered office or principal place of business; or

(ii) by sending the summons by registered post addressed to the body of persons or company at its registered office or principal place of business.

[26/93]

(2) Any summons sent by registered post to any person in accordance with subsection (1) shall be deemed to be duly served on the person to whom the letter is addressed at the time when the letter would in the ordinary course of post be delivered and in proving service of the summons, it shall be sufficient to prove that the envelope containing the summons was properly addressed, stamped and posted by registered post.

Saving for criminal proceedings

103. The provisions of this Act shall not affect any criminal proceedings under any other written law.

Admissibility of certain statements and documents as evidence

104.—(1) Statements made or documents produced by or on behalf of any person shall not be inadmissible in evidence against him in any

proceedings to which this section applies by reason only that he was or may have been induced to make the statements or produce the documents by any inducement or promise lawfully given or made by a person having any official duty under, or being employed in the administration of, this Act.

(2) This section shall apply to any proceedings against the person in question —

(*a*) under section 37IE, 37J, 95, 96 or 96A; or

[Act 2 of 2016 wef 11/04/2016]

(*b*) for the recovery of any sum due from him, whether by way of tax or penalty.

[21/2003; 29/2010]

Jurisdiction of court

105. Notwithstanding any provision to the contrary in the Criminal Procedure Code (Cap. 68), a District Court or a Magistrate's Court shall have jurisdiction to try any offence under this Act and shall have power to impose the full penalty or punishment in respect of the offence.

[4/75]

PART XXA

EXCHANGE OF INFORMATION UNDER AVOIDANCE OF DOUBLE TAXATION ARRANGEMENTS AND EXCHANGE OF INFORMATION ARRANGEMENTS

Interpretation of this Part

105A.—(1) In this Part —

"avoidance of double taxation arrangement" means an arrangement having effect under section 49;

"competent authority", in relation to a prescribed arrangement, means a person or an authority whom the Comptroller is satisfied is authorised to make a request to the Comptroller for information —

(*a*) if it is an avoidance of double taxation arrangement, under the EOI provision of the arrangement; or

(*b*) if it is an EOI arrangement, under the provisions of the arrangement;

"exchange of information arrangement" or "EOI arrangement" means an arrangement having effect under section 105BA;

"exchange of information provision" or "EOI provision", in relation to an avoidance of double taxation arrangement, means a provision in that arrangement which provides expressly for the exchange of information concerning the tax positions of persons;

"prescribed arrangement" means an avoidance of double taxation arrangement which contains an EOI provision, or an EOI arrangement;

"tax position", in relation to a person, means the person's position —

(*a*) as regards any tax —

(i) of the country with whose government the avoidance of double taxation arrangement or EOI arrangement in question was made; and

(ii) that is covered by the EOI provision of the avoidance of double taxation arrangement or by the EOI arrangement;

(*b*) as regards —

(i) past, present and future liability to pay any tax referred to in paragraph (*a*);

(ii) penalties, interest and other amounts that have been paid, or are or may be payable, by or to the person in connection with any such tax; and

(iii) claims, elections, applications and notices that have been or may be made or given in connection with any such tax.

[24/2009; 22/2011; 19/2013]

(2) A reference in this Part to the tax position of a person includes a reference to the tax position of —

(*a*) a person (not being an individual) that has ceased to exist; and

(*b*) an individual who has died.

[24/2009; 22/2011]

(3) A reference in this Part to the tax position of a person is a reference to his tax position at any time or in relation to any period, unless otherwise stated in the prescribed arrangement in question.

[24/2009; 22/2011]

(4) For the avoidance of doubt, the reference to tax in the definition of "tax position" in subsection (1) is a reference to any type of tax that is covered by the EOI provision of the avoidance of double taxation arrangement in question or by the EOI arrangement in question, and is not limited to income tax or tax of a similar character.

[19/2013]

(5) In relation to an EOI arrangement which is a multilateral treaty referred to in section 105BA(1A) —

(*a*) the reference in the definition of "competent authority" to a person or an authority authorised under the provisions of the EOI arrangement to make a request to the Comptroller for information is a reference to a person or an authority of a country that is a Party to the treaty authorised to make such a request; and

(*b*) the reference in the definition of "tax position" to any tax of the country with whose government the EOI arrangement was made and that is covered by the arrangement, is a reference to any tax of a country that is a Party to the treaty and covered by the treaty.

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

Purpose of this Part

105B. The purpose of this Part is to facilitate the disclosure of information to a competent authority —

(*a*) under an avoidance of double taxation arrangement in accordance with the EOI provision in that arrangement; or

(*b*) under and in accordance with an EOI arrangement.

[22/2011; 19/2013]

Exchange of information arrangement

105BA.—(1) If the Minister by order declares that an arrangement specified in the order has been made with the government of any country, or the governments of 2 or more countries, outside Singapore for the exchange of information concerning the tax positions of persons (whether upon request by an authority of a country to the arrangement or otherwise), and that it is expedient that that arrangement should have effect, then the arrangement shall have effect notwithstanding anything in any written law.

[22/2011]

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

[Act 2 of 2016 wef 11/04/2016]

(1A) An arrangement under subsection (1) includes a multilateral treaty to which Singapore is a Party, the purpose or one of the purposes of which is the exchange of information concerning the tax positions of persons (whether upon request by an authority of a Party to the treaty or otherwise).

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

[Act 2 of 2016 wef 11/04/2016]

(2) An order made under this section may be revoked by a subsequent order.

[22/2011]

(3) Where an arrangement has effect by virtue of this section, the obligation as to secrecy imposed by section 6 shall not prevent the disclosure to the competent authority under the arrangement of such information as is required to be disclosed under the arrangement.

[22/2011]

105C. [*Repealed by Act 19 of 2013*]

Request for information

105D.—(1) The competent authority under a prescribed arrangement may make a request to the Comptroller for information concerning the tax position of any person in accordance with —

(*a*) if it is an avoidance of double taxation arrangement, the EOI provision of that arrangement; or

(*b*) if it is an EOI arrangement, the provisions of that arrangement.

[22/2011]

(2) Unless the Comptroller otherwise permits, the request must set out the information prescribed in the Eighth Schedule.

[24/2009]

(3) Every request shall be subject to and dealt with in accordance with the terms of the prescribed arrangement.

[24/2009]

(4) For the purposes of subsection (3), the terms of the prescribed arrangement shall not be construed in such a way as to prevent the Comptroller from complying with, or to permit him to decline to comply with, a request for information merely because —

(*a*) Singapore does not need the information for its own tax purposes; or

(*b*) the information is held by a bank or other financial institution, a nominee or a person acting in an agency or a fiduciary capacity, or it relates to the ownership interests in an entity.

[19/2013]

Comptroller to serve notice of request on certain persons

105E.—(1) After receipt of a request under section 105D for any information which, in the opinion of the Comptroller, is information referred to in subsection (2), the Comptroller shall serve notice of the request on the person identified in the request as the person in relation to whom the information is sought.

[19/2013]

(1A) Where the request referred to in subsection (1), in the opinion of the Comptroller, does not contain sufficient information for the Comptroller to serve notice under subsection (1), the Comptroller shall, after he discovers such information from information already in the Comptroller's possession or obtained under section 105F or 105G, serve notice of the request on that person.

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

(2) The information referred to in subsection (1) or (1A) is information that is protected from unauthorised disclosure under —

(*a*) section 47 of the Banking Act (Cap. 19) including any regulations made for the purposes of subsection (10) of that section; or

(*b*) section 49 of the Trust Companies Act (Cap. 336).

[24/2009]

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

(3) [*Deleted by Act 19 of 2013*]

(4) Notice under subsection (1) or (1A) need not be served on any person —

(*a*) if the Comptroller —

(i) does not have any information of the person upon whom service may be effected in accordance with section 8;

(ii) is of the opinion that this is likely to prevent or unduly delay the effective exchange of information under the prescribed arrangement; or

(iii) is of the opinion that this is likely to prejudice any investigation into any alleged breach of any law relating to tax of the country of the competent authority making the request (whether the breach would result in the imposition of a criminal or civil penalty); or

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

(*b*) on such other ground as may be prescribed under section 105H.

[24/2009; 19/2013]

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

(5) Rules made under section 105H may provide for the particulars to be given in a notice under subsection (1) or (1A).

[24/2009]

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

Power of Comptroller to obtain information

105F.—(1) Sections 65 to 65D shall have effect for the purpose of enabling the Comptroller to obtain any information for the purpose of

complying with a request under section 105D; and section 65E shall also have effect in relation to a notice issued under section 65B for the purpose of complying with such a request.

[19/2013]

(2) For the purpose of subsection (1) —

(*a*) the reference in section 65 to the purpose of obtaining full information in respect of any person's income shall be read as a reference to the purpose referred to in subsection (1);

(*b*) a reference in section 65B to the purposes of this Act shall be read as the purpose referred to in subsection (1); and

(*c*) references in section 65B to proceedings for an offence under this Act, proceedings for the recovery of tax or penalty and proceedings by way of an appeal against an assessment shall be read as proceedings for an offence under the law relating to tax of the country of the competent authority making the request, proceedings for the recovery of tax or penalty under such law, and proceedings by way of an appeal against an assessment or equivalent procedure under such law, respectively.

[24/2009]

Power of Comptroller to obtain information from other authorities

105G.—(1) For the purpose of complying with a request under section 105D, the Comptroller may request the Comptroller of Goods and Services Tax, the Comptroller of Property Tax, the Chief Assessor or the Commissioner of Stamp Duties to transmit information in his possession to the Comptroller.

[24/2009]

(2) Notwithstanding any obligation as to secrecy imposed under any written law or rule of law, the Comptroller of Goods and Services Tax, the Comptroller of Property Tax, the Chief Assessor or the Commissioner of Stamp Duties may transmit to the Comptroller information requested by him under subsection (1).

[24/2009]

Information may be used for administration of Act

105GA. For the avoidance of doubt, any information obtained under section 105F or 105G may be used not only for the purpose of complying with a request under section 105D, but also for any purpose connected with the administration of this Act, including the investigation or a prosecution for an offence alleged or suspected to have been committed under this Act.

[19/2013]

Rules for purposes of this Part

105H. The Minister may make rules —

(*a*) to prescribe anything which may be prescribed under this Part; and

(*b*) for the purposes of carrying out the provisions of this Part.

[24/2009]

Confidentiality requirements for judicial review proceedings

105HA.—(1) This section applies to a judicial review instituted by any person in respect of —

(*a*) any action taken by the Comptroller to obtain information to comply with a request made under section 105D;

(*b*) any disclosure or intended disclosure by the Comptroller of information pursuant to an arrangement that has effect under section 49 or 105BA; or

(*c*) any action taken by the Comptroller under this Part or a failure to take such action,

as well as any proceedings in court (however instituted) for a liquidated sum, damages, equitable relief or restitution if a Mandatory Order, Prohibiting Order, Quashing Order or declaration is made pursuant to the judicial review.

(2) In any proceedings to which this section applies, no person may inspect or take a copy of any of the following documents without the leave of court:

(*a*) a request made under section 105D;

(*b*) any document relating to the request which is given by or to the Comptroller, to or by the competent authority or a person acting on behalf of the competent authority.

(3) Leave shall not be given under subsection (2) in relation to any document if the court is satisfied that the competent authority has requested the Comptroller not to disclose that document to any person.

(4) A court may, in any proceedings to which this section applies, on the application of the Comptroller, make such order as it may consider necessary to ensure the confidentiality of anything relating to those proceedings.

(5) Every application, affidavit or other document filed with the court for the purpose of any proceedings to which this section applies shall be sealed upon the request of the applicant or the Comptroller.

(6) All proceedings to which this section applies shall be heard in camera.

(7) No information relating to any proceedings to which this section applies may be published without the leave of court; and leave shall not be given unless the court is satisfied that the information, if published in accordance with such directions as it may give, would not reveal any matter that —

(*a*) the Comptroller;

(*b*) the person from whom the Comptroller obtains the information; or

(*c*) the person in relation to whom information is sought,

reasonably wishes to remain confidential.

(8) In this section, "judicial review" includes proceedings instituted by way of —

(*a*) an application for a Mandatory Order, a Prohibiting Order or a Quashing Order; or

(*b*) an application for a declaration or an injunction, or any other suit or action, relating to or arising out of any matter referred to in subsection (1)(*a*) to (*c*).

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

PART XXB

INTERNATIONAL AGREEMENTS TO IMPROVE TAX COMPLIANCE

Interpretation of this Part

105I. In this Part —

"Action 13 Report" means the Transfer Pricing Documentation and Country-by-Country Reporting, Action 13 — 2015 Final Report published by the Organisation for Economic Co-operation and Development on 5 October 2015;

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

"CbCR exchange agreement" means a bilateral or multilateral agreement that is based on a model agreement in the Action 13 Report, and that requires the exchange of country-by-country reports;

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

"competent authority agreement" means a bilateral or multilateral agreement to improve international tax compliance based on the standard for automatic exchange of financial account information in tax matters developed by the Organisation for Economic Co-operation and Development;

[Act 15 of 2016 wef 20/07/2016]

"country-by-country report" means a report by that name mentioned in the Action 13 Report, to be made in the format set out in the Report;

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

"international tax compliance agreement" means an agreement or arrangement that is declared by the Minister, by an order

under section 105K, as an international tax compliance agreement;

"person" has the meaning given to that word in section 2(1) and includes a partnership.

[19/2013]

Purpose of this Part

105J. The purpose of this Part is to implement Singapore's obligations under an international tax compliance agreement, and to enable country-by-country reports to be filed with the Comptroller in accordance with the Action 13 Report.

[19/2013]

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

International tax compliance agreements

105K.—(1) The Minister may by order declare any of the following as an international tax compliance agreement for the purposes of this Part:

(*a*) the agreement reached between the Government and the Government of the United States of America to facilitate compliance by financial institutions and other persons in Singapore with the Foreign Account Tax Compliance Act of the United States of America (FATCA);

(*aa*) a competent authority agreement between the Government and —

(i) the government of another country; or

(ii) the governments of 2 or more countries;

[Act 15 of 2016 wef 20/07/2016]

(*ab*) a CbCR exchange agreement between the Government and —

(i) the government of another country; or

(ii) the governments of 2 or more countries;

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

(*b*) any agreement modifying or supplementing an agreement in paragraph (*a*), (*aa*) or (*ab*);

[Act 15 of 2016 wef 20/07/2016]

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

(*c*) any other agreement or arrangement between the Government and —

(i) the government of another country; or

(ii) the governments of 2 or more countries,

which makes provision corresponding, or substantially similar, to that made by an agreement in paragraph (*a*), (*aa*), (*ab*) or (*b*).

[Act 15 of 2016 wef 20/07/2016]

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

(2) An order under subsection (1) may only take effect on or after the date on which the agreement or arrangement enters into force for Singapore.

[19/2013]

Provision of information to Comptroller

105L.—(1) Subject to subsection (5), a person falling within any description of persons prescribed by regulations (called in this section a prescribed person) must provide the Comptroller (or such other person as may be authorised by the Comptroller) with information of a description prescribed by those regulations.

[Act 15 of 2016 wef 20/07/2016]

(1A) The information under subsection (1) must be provided —

(*a*) at such times and frequency as may be prescribed by the regulations or as the Comptroller may in any particular case allow;

(*b*) in such form and manner as may be prescribed by the regulations or as the Comptroller may in any particular case allow; and

(*c*) using the electronic service, except that the Comptroller may in any particular case or class of cases permit the information to be given in any other manner.

[Act 15 of 2016 wef 20/07/2016]

(1B) In subsection (1), the reference to a person falling within any description of persons prescribed by regulations —

(*a*) excludes one given a written notice by the Comptroller pursuant to a regulation made under section 105P(2)(*ba*)(i); and

(*b*) includes one given a written notice by the Comptroller pursuant to a regulation made under section 105P(2)(*ba*)(ii).

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

(2) A prescribed person is not excused from providing the information by reason only that the person is under a duty not to collect, use or disclose that information, whether imposed by written law, rule of law, any contract or any rule of professional conduct, in respect of that information.

[19/2013]

[Act 2 of 2016 wef 11/04/2016]

(3) A prescribed person who in good faith and with reasonable care does any act for the purpose of complying with subsection (1) is not to be treated as being in breach of any duty mentioned in subsection (2).

[Act 2 of 2016 wef 11/04/2016]

(4) No civil or criminal action for a breach of any such duty, other than a criminal action for an offence under section 105M(3), shall lie against the prescribed person —

(*a*) for producing any document or providing any information if he had done so in good faith and with reasonable care in compliance with subsection (1); or

[Act 2 of 2016 wef 11/04/2016]

(*b*) for doing or omitting to do any act if he had done or omitted to do the act in good faith and with reasonable care and for the purpose of, or as a result of complying with subsection (1).

[19/2013]

[Act 2 of 2016 wef 11/04/2016]

(5) Notwithstanding subsection (2), subsection (1) does not apply to any information subject to legal privilege.

[19/2013]

Offences

105M.—(1) Any person who, without reasonable excuse, fails or neglects to comply with section 105L(1), or any regulation made under section 105P the contravention of which is an offence, shall be guilty of an offence and shall be liable on conviction —

(*a*) to a fine not exceeding $1,000 and in default of payment to imprisonment for a term not exceeding 6 months; and

(*b*) in the case of a continuing offence, to a further fine not exceeding $50 for every day or part thereof during which the offence continues after conviction.

[19/2013]

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

(2) The Comptroller may compound any offence under subsection (1).

[19/2013]

(3) Any person who, in purported compliance with section 105L(1), produces to the Comptroller any document which contains any information, or provides to the Comptroller any information, known to the person to be false or misleading in a material particular —

(*a*) without indicating to the Comptroller that the information is false or misleading and the part that is false or misleading; and

(*b*) without providing correct information to the Comptroller if the person is in possession of, or can reasonably acquire, the correct information,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding $10,000 or to imprisonment for a term not exceeding 2 years or to both.

[19/2013]

(3A) Where —

(*a*) a person (*X*), in order to comply with a regulation mentioned in section 105P(2)(*c*), requests another person (*Y*) to provide any information contemplated by an agreement mentioned in section 105P(1) to establish *Y*'s

residence for a tax purpose contemplated by that agreement; and

(*b*) *Y*, in purported compliance with that request, provides any such information to *X* which *Y* knows is false or misleading in any material particular,

Y shall be guilty of an offence and shall be liable on conviction to a fine not exceeding $10,000 or to imprisonment for a term not exceeding 2 years or to both.

[Act 15 of 2016 wef 20/07/2016]

(3B) Where —

(*a*) *X*, in order to comply with a regulation mentioned in section 105P(2)(*c*), requests *Y* to provide any information contemplated by an agreement mentioned in section 105P(1) to establish another person's (*Z*) residence for a tax purpose contemplated by that agreement; and

(*b*) *Z* provides any such information, whether directly or indirectly, to *X* or *Y* which *Z* knows is false or misleading in any material particular,

Z shall be guilty of an offence and shall be liable on conviction to a fine not exceeding $10,000 or to imprisonment for a term not exceeding 2 years or to both.

[Act 15 of 2016 wef 20/07/2016]

(4) In subsection (3), references to the Comptroller include any other person authorised by the Comptroller.

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

Anti-avoidance

105MA.—(1) If —

(*a*) a person enters into any arrangements or takes any action; and

(*b*) in the Comptroller's view, the main purpose, or one of the main purposes of the person in entering into the arrangements or in taking the action is to avoid any

obligation under, or to circumvent the application of section 105L or any regulation made under section 105P,

then the Comptroller may in writing direct a relevant person that section 105L or the regulation has effect in relation to the relevant person as if the arrangements had not been entered into or the action had not been taken, and section 105L or the regulation shall then apply accordingly.

(2) In subsection (1), "relevant person" means a person who is subject to section 105L or the regulation, and whom the Comptroller considers should receive the direction.

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

Power of Comptroller to obtain information

105N.—(1) Sections 65 to 65D have effect for the purpose of enabling the Comptroller to obtain any information for the purpose of —

(*a*) complying with any provision of an international tax compliance agreement;

(*b*) enabling Singapore to carry out its obligations under any provision of such agreement; or

(*c*) determining whether a person has complied with any regulation made under section 105P.

[Act 15 of 2016 wef 20/07/2016]

(2) For the purpose of subsection (1) —

(*a*) the reference in section 65 to the purpose of obtaining full information in respect of any person's income shall be read as a reference to the purpose referred to in subsection (1);

(*b*) a reference in section 65B to the purposes of this Act shall be read as the purpose referred to in subsection (1);

(*c*) references in section 65B to proceedings for an offence under this Act, proceedings for the recovery of tax or penalty and proceedings by way of an appeal against an assessment shall be read as a reference to proceedings for an offence under this Part;

[Act 15 of 2016 wef 20/07/2016]

(*d*) the Comptroller may authorise —

(i) an officer of the Monetary Authority of Singapore; or

(ii) an accountant,

under section 4(1) to perform or assist in the performance of a duty of the Comptroller under section 65, 65A or 65B; and

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

(*e*) section 65E has effect in relation to a notice issued under section 65B for a purpose mentioned in subsection (1).

[Act 15 of 2016 wef 20/07/2016]

Information may be used for administration of Act

105O. For the avoidance of doubt, any information provided or obtained under section 105L or 105N may be used for any purpose connected with the administration of this Act, including the investigation or a prosecution for an offence alleged or suspected to have been committed under this Act.

[19/2013]

Regulations to implement international tax compliance agreements, etc.

105P.—(1) The Minister may make regulations for, or in connection with, giving effect to or enabling effect to be given to —

(*a*) an international tax compliance agreement; or

(*b*) any future competent authority agreement which may be declared as an international tax compliance agreement under section 105K(1).

[Act 15 of 2016 wef 20/07/2016]

(1A) The Minister may also make regulations to enable the Comptroller to obtain a country-by-country report or its equivalent in a case where the Comptroller is unable to obtain the report or its equivalent from the tax authority of a country in accordance with the Action 13 Report because —

(*a*) the Government does not have a CbCR exchange agreement with the government of that country; or

(*b*) the Government has a CbCR exchange agreement with the government of that country, but the Minister is of the opinion that the agreement is not operating effectively.

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

(2) Without prejudice to the generality of subsection (1), regulations under subsection (1) may —

(*a*) prescribe anything which may be prescribed under this Part;

(*b*) for the purpose of section 105L, prescribe different descriptions of information, forms and manners of provision of the information, and times and frequencies for the provision of the information, in relation to different international tax compliance agreements, different persons or under different circumstances;

(*ba*) where the international tax compliance agreement in question is a CbCR exchange agreement, or the regulation is for the purpose in subsection (1A), enable the Comptroller —

(i) after taking into account prescribed factors, to give written notice to a prescribed person that the person need not comply with section 105L or any other obligation of a prescribed person under the regulations; and

(ii) if the Comptroller considers appropriate after taking into account those factors, to give written notice to one or more other persons to discharge those obligations in place of the prescribed person mentioned in sub-paragraph (i).

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

(*c*) impose on a person —

(i) audit requirements for the purpose of determining the extent of compliance by the person with the regulations made under this section (including requiring the person's internal auditor or

appointing another person to carry out an audit, and report the results of the audit to the Comptroller);

(ii) due diligence requirements;

(iii) registration and other requirements; and

(iv) a requirement that the person inform the Comptroller if the person wishes to authorise another person to perform any requirement under section 105L(1) or sub-paragraphs (i), (ii) and (iii) on the person's behalf,

being requirements that —

(A) are required or permitted to be imposed under an international tax compliance agreement on any person to whom the agreement applies; or

(B) may facilitate the implementation of any future competent authority agreement which may be declared as an international tax compliance agreement under section 105K(1);

[Act 15 of 2016 wef 20/07/2016]

(*ca*) provide that a contravention of any specified provision is an offence;

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

[Act 15 of 2016 wef 20/07/2016]

(*cb*) enable the Comptroller to appoint another person to carry out an audit for the purpose of determining the extent of compliance by a person with the regulations made under this section; and

[Act 15 of 2016 wef 20/07/2016]

(*d*) contain incidental, transitional or savings provisions.

[19/2013]

(3) Regulations under subsection (1) may give force of law to any provision of an international tax compliance agreement, whether with or without any modification.

[19/2013]

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

Duty to provide information under regulations prevails over duty of secrecy, etc.

105PA.—(1) This section applies where a regulation made under section 105P imposes a duty on a person (*A*) to —

(*a*) provide any information to another person;

(*b*) require *A*'s internal auditor or appoint another person to carry out an audit for the purpose of determining the extent of compliance by *A* with the regulation;

(*c*) carry out any due diligence requirements; or

(*d*) provide any information to —

(i) *A*'s internal auditor or the appointed person mentioned in paragraph (*b*); or

(ii) a person appointed by the Comptroller to carry out an audit.

[Act 15 of 2016 wef 20/07/2016]

(2) *A* is not excused from complying with a duty mentioned in subsection (1) by reason only that *A* is under a duty not to collect, use or disclose any information, whether imposed by written law, rule of law, any contract or any rule of professional conduct.

[Act 15 of 2016 wef 20/07/2016]

(3) *A* who in good faith and with reasonable care does any act for the purpose of complying with the regulation mentioned in subsection (1) is not to be treated as being in breach of any duty mentioned in subsection (2).

(4) No civil or criminal action for a breach of any such duty, other than criminal action for an offence under section 105M (if applicable), lies against *A* —

(*a*) for producing any document or providing any information if *A* does so in good faith and with reasonable care in compliance with the regulation mentioned in subsection (1); or

(*b*) for doing or omitting to do any act if *A* does or omits to do the act in good faith and with reasonable care and for the

purpose of or as a result of complying with the regulation mentioned in subsection (1).

(5) Despite subsection (2), subsection (1) does not apply to any information subject to legal privilege.

[Act 2 of 2016 wef 18/03/2015]

Confidentiality requirements for judicial review proceedings

105Q.—(1) This section applies to a judicial review instituted by any person in respect of —

(*a*) any action taken by the Comptroller to obtain information for the purpose of complying with any provision of an international tax compliance agreement or to enable Singapore to carry out its obligations under any provision of such agreement;

(*b*) any disclosure or intended disclosure of information pursuant to an international tax compliance agreement; or

(*c*) any action taken by the Comptroller under this Part or a failure to take such action,

as well as any proceedings in court (however instituted) for a liquidated sum, damages, equitable relief or restitution if a Mandatory Order, Prohibiting Order, Quashing Order or declaration is made pursuant to the judicial review.

(2) In any proceedings to which this section applies, no person may inspect or take a copy of any of the following documents without the leave of court:

(*a*) a request for information made under any provision of the international tax compliance agreement;

(*b*) any document relating to the request which is given by or to the Comptroller, to or by the authority making the request or a person acting on behalf of the authority.

(3) Leave shall not be given under subsection (2) in relation to any document if the court is satisfied that the authority referred to in that subsection has requested the Comptroller not to disclose that document to any person.

(4) A court may, in any proceedings to which this section applies, on the application of the Comptroller, make such order as it may consider necessary to ensure the confidentiality of anything relating to those proceedings.

(5) Every application, affidavit or other document filed with the court for the purpose of any proceedings to which this section applies shall be sealed upon the request of the applicant or the Comptroller.

(6) All proceedings to which this section applies shall be heard in camera.

(7) No information relating to any proceedings to which this section applies may be published without the leave of court; and leave shall not be given unless the court is satisfied that the information, if published in accordance with such directions as it may give, would not reveal any matter that —

(*a*) the Comptroller;

(*b*) the person from whom the Comptroller obtains the information; or

(*c*) the person in relation to whom information is sought,

reasonably wishes to remain confidential.

(8) In this section, "judicial review" includes proceedings instituted by way of —

(*a*) an application for a Mandatory Order, a Prohibiting Order or a Quashing Order; or

(*b*) an application for a declaration or an injunction, or any other suit or action, relating to or arising out of any matter referred to in subsection (1)(*a*) to (*c*).

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

PART XXI

MISCELLANEOUS

Powers to amend Schedules

106.—(1) Parliament may, by resolution, add to, vary or revoke the whole or any part of any Schedule.

(2) Parliament may, by resolution, exempt any person or class of persons from all or any of the provisions of this Act.

(3) The Minister may, by order published in the *Gazette*, amend, add to or revoke the whole or any part of the First, Fourth, Sixth, Seventh and Eighth Schedules.

[4/75; 28/80; 34/2005; 24/2009]

107. [*Repealed by Act 19 of 2013*]

Advance rulings

108.—(1) The Comptroller may, on an application made by a person in accordance with Part I of the Seventh Schedule, make a ruling on any of the matters specified in that Part in accordance with that Part.

[34/2005]

(2) Part I of the Seventh Schedule shall apply to and in connection with an application under subsection (1) and any ruling made by the Comptroller under that subsection.

[34/2005]

(3) The fees specified in Part II of the Seventh Schedule shall be payable to and retained by the Authority in respect of any application under subsection (1).

[34/2005]

(4) The Authority may, in exceptional circumstances in its discretion, waive in whole or in part any fee payable by an applicant under subsection (3).

[34/2005]

(5) In this section, "Authority" means the Inland Revenue Authority of Singapore established under section 3 of the Inland Revenue Authority of Singapore Act (Cap. 138A).

[34/2005]

FIRST SCHEDULE

Sections 13(1)(*e*) and 106(3)

INSTITUTION, AUTHORITY, PERSON OR FUND EXEMPTED

A. Public authorities, boards or funds constituted by statute in Singapore:

FIRST SCHEDULE — *continued*

1.	Bankruptcy Estates Account	Cap. 20
2.	Central Co-operative Fund	Cap. 62
3.	Central Sikh Gurdwara Board	Cap. 357
4.	Common Fund	Cap. 260
5.	Dependants' Protection Insurance Fund	Cap. 36
6.	Education Finance Board	Cap. 87
7.	Hindu Endowments Board	Cap. 364
8.	Home Protection Fund	Cap. 36
9.	Hotels Licensing Board	Cap. 127
10.	Institute of Technical Education, Singapore	Cap. 141A
11.	Land Surveyors Board	Cap. 156
12.	Majlis Ugama Islam, Singapura	Cap. 3
13.	MediShield Fund	Cap. 36
13.	MediShield Life Fund	Act 4 of 2015
14.	Minister for Finance	Cap. 183
15.	National Arts Council	Cap. 193A
16.	National Council of Social Service	Cap. 195A
17.	National Heritage Board	Cap. 196A
18.	National Library Board	Cap. 197
19.	People's Association	Cap. 227
20.	Science Centre Board	Cap. 286
21.	Singapore Academy of Law	Cap. 294A
22.	Singapore Corporation of Rehabilitative Enterprises	Cap. 298
23.	Any specified statutory corporation within the meaning of section 3 of the Statutory Corporations (Contributions to Consolidated Fund) Act (Cap. 319A), as from the date of establishment of that statutory corporation.	

FIRST SCHEDULE — *continued*

B. Clubs, corporations and institutions in Singapore:

1.	Catholic Young Men's Association	
2.	Kwong-Wai-Shiu Free Hospital	Cap. 366
3.	Lee Kuan Yew Exchange Fellowship	G.N. No. S 317/91
4.	Metropolitan Young Men's Christian Association	
5.	National Crime Prevention Council of Singapore	G.N. No. S 158/82
6.	SAFRA National Service Association	G.N. No. S 137/84
7.	HomeTeamNS	G.N. No. S 194/2006
8.	Titular Anglican Bishop of Singapore	Cap. 355
9.	Titular Roman Catholic Archbishop of Singapore	Cap. 375
10.	Young Men's Christian Association	
11.	Young Women's Christian Association.	

[S 712/2015 wef 01/11/2015]

[29/95; 1/96; 7/96; 32/99; 41/99; 9/2000; 3/2001; 17/2001; 4/2004; 19/2013; S 148/76; S 38/77; S 217/80; S 41/82; S 158/82; S 183/83; S 137/84; S 138/84; S 217/84; S 26/85; S 79/88; S 379/89; S 380/89; S 381/90; S 382/90; S 383/90; S 317/91; S 562/91; S 210/92; S 412/92; S 259/95; S 33/96; S 67/96; S 302/96; S 372/97; S 372/98; S 267/99; S 485/99; S 220/2003; S 715/2005; S 194/2006]

SECOND SCHEDULE

Sections 13N(7), 40(2), 42(1) and 81(7)

RATES OF TAX

PART A

TABLE 1

RATES OF TAX ON CHARGEABLE INCOME OF AN INDIVIDUAL OR A HINDU JOINT FAMILY FOR YEARS OF ASSESSMENT 2007, 2008, 2009, 2010 AND 2011

Chargeable Income		*Rate of Tax*
For every dollar of the first	$ 20,000	Nil
For every dollar of the next	$ 10,000	3.5%
For every dollar of the next	$ 10,000	5.5%
For every dollar of the next	$ 40,000	8.5%
For every dollar of the next	$ 80,000	14.0%
For every dollar of the next	$160,000	17.0%
For every dollar exceeding	$320,000	20.0%.

[7/2007; 22/2012]

[Act 2 of 2016 wef 11/04/2016]

TABLE 2

RATES OF TAX ON CHARGEABLE INCOME OF AN INDIVIDUAL OR A HINDU JOINT FAMILY FOR YEAR OF ASSESSMENT 2012 AND OF AN INDIVIDUAL FOR YEAR OF ASSESSMENT 2013, 2014, 2015 AND 2016

Chargeable Income		*Rate of Tax*
For every dollar of the first	$ 20,000	Nil
For every dollar of the next	$ 10,000	2%
For every dollar of the next	$ 10,000	3.5%
For every dollar of the next	$ 40,000	7%
For every dollar of the next	$ 40,000	11.5%

SECOND SCHEDULE — *continued*

For every dollar of the next	$ 40,000	15%
For every dollar of the next	$ 40,000	17%
For every dollar of the next	$120,000	18%
For every dollar exceeding	$320,000	20%.

[22/2011; 29/2012]

[Act 2 of 2016 wef 11/04/2016]

TABLE 3

RATES OF TAX ON CHARGEABLE INCOME OF AN INDIVIDUAL FOR YEAR OF ASSESSMENT 2017 AND SUBSEQUENT YEARS OF ASSESSMENT

Chargeable Income		*Rate of tax*
For every dollar of the first	$20,000	Nil
For every dollar of the next	$10,000	2%
For every dollar of the next	$10,000	3.5%
For every dollar of the next	$40,000	7%
For every dollar of the next	$40,000	11.5%
For every dollar of the next	$40,000	15%
For every dollar of the next	$40,000	18%
For every dollar of the next	$40,000	19%
For every dollar of the next	$40,000	19.5%
For every dollar of the next	$40,000	20%
For every dollar exceeding	$320,000	22%.

[Act 2 of 2016 wef 11/04/2016]

PART B

[*Deleted by Act 27 of 2009*]

SECOND SCHEDULE — *continued*

PART C

RATES OF TAX FOR THE COMPUTATION OF RELIEF UNDER SECTION 40

Chargeable Income		*Rate of Tax*
For every dollar of the first	$ 2,500	4%
For every dollar of the next	$ 2,500	6%
For every dollar of the next	$ 2,500	8%
For every dollar of the next	$ 2,500	10%
For every dollar of the next	$ 5,000	14%
For every dollar of the next	$ 5,000	16%
For every dollar of the next	$ 5,000	17%
For every dollar of the next	$ 10,000	20%
For every dollar of the next	$ 15,000	27%
For every dollar of the next	$ 50,000	34%
For every dollar exceeding	$100,000	37%.

[7/79; 11/94; 28/96]

THIRD SCHEDULE

[*Repealed by Act 2 of 86*]

FOURTH SCHEDULE

Sections 47(1) and 106(3)

NAME OF BOND, SECURITIES, STOCK OR FUND

1. Singapore Government Tax Free 6¼% Registered Stock 1976 (1993) Loan No. 3.
2. Singapore Government Tax Free 6¼% Registered Stock 1977 (1997) Loan No. 1.
3. Singapore Government Tax Free 6¼% Registered Stock 1977 (1995/97) Loan No. 2.

FOURTH SCHEDULE — *continued*

4. Singapore Government Tax Free 6¼% Registered Stock 1978 (1998) Loan No. 1.

5. Singapore Government Tax Free 6¼% Registered Stock 1978 (1998) Loan No. 2.

6. Singapore Government Tax Free 6¼% Registered Stock (Maturing 1st March 1999).

7. Singapore Government Tax Free 6¼% Registered Stock (Maturing 15th June 1999).

8. Singapore Government Tax Free 6¼% Registered Stock (Maturing 15th October 1999).

9. Singapore Government Tax Free 6¼% Registered Stock 1980 (Maturing 1st March 2000) Loan No. 1.

10. Singapore Government Tax Free 6¼% Registered Stocks 1980 (Maturing 15th July 2000) Loan No. 2.

11. Singapore Government Tax Free 6¼% Registered Stocks 1980 (Maturing 15th November 2000) Loan No. 3.

12. Singapore Government Tax Free 6¼% Registered Stocks 1982 (Maturing 15th April 2002) Loan No. 1.

13. Singapore Government Tax Free 6¼% Registered Stocks 1983 (Maturing 15th May 2003) Loan No. 1.

[S 169/71; S 84/72; S 85/72; S 168/72; S 239/72; S 22/73; S 176/73; S 340/73; S 238/74; S 171/75; S 238/75; S 4/76; S 101/76; S 159/76; S 226/76; S 87/77; S 257/77; S 258/77; S 113/78; S 185/78; S 275/78; S 63/79; S 148/79; S 234/79; S 103/80; S 251/80; S 336/80; S 129/82; S 168/83]

FIFTH SCHEDULE

Section 39(2)(*e*)

CHILD RELIEF

1. Subject to the provisions of this Schedule, the allowable deduction to an individual in respect of each of his eligible children shall be as follows:

(*a*) [*Deleted by Act 37 of 2014 wef 27/11/2014*]

(*b*) if the year of assessment is 2009 or a subsequent year of assessment —

FIFTH SCHEDULE — *continued*

for each child $4,000.

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

2. [*Deleted by Act 37 of 2014 wef 27/11/2014*]

3. No deduction shall be allowed in respect of any child —

(*a*) whose income (excluding income to which the child is entitled as the holder of a scholarship, bursary or similar educational endowment) for the year immediately preceding the year of assessment exceeded —

(i) [*Deleted by Act 37 of 2014 wef 27/11/2014*]

(ii) if that year of assessment is 2009, $2,000; or

(*b*) who was engaged in any employment, other than under articles or indentures, or carried on or exercised a trade, business, profession or vocation, during the year immediately preceding the year of assessment.

3A. For the year of assessment 2010 or any subsequent year of assessment, no deduction shall be allowed in respect of any child —

(*a*) who is not incapacitated by reason of physical or mental infirmity; and

(*b*) who meets either or both of the following:

(i) his income (excluding income to which the child is entitled as the holder of a scholarship, bursary or similar educational endowment) for the year immediately preceding the year of assessment exceeded $4,000;

(ii) he was engaged in any employment, other than under articles or indentures, or carried on or exercised a trade, business, profession or vocation, during the year immediately preceding the year of assessment.

4. Where more than one individual is entitled to claim a deduction in respect of the same child under paragraph 1 or the proviso to section 39(2)(*e*), the deduction shall be apportioned in such manner as appears to the Comptroller to be reasonable.

5.—(1) Where a married woman, divorcee or widow maintained, in the year immediately preceding the year of assessment 2009, 2010 or 2011, a child who is a citizen of Singapore as at 31st December of that year, the following deductions shall, without prejudice to any deduction allowable under paragraph 1 or proviso (A) to section 39(2)(*e*), be allowable for that year of assessment to her only:

(*a*) [*Deleted by Act 37 of 2014 wef 27/11/2014*]

FIFTH SCHEDULE — *continued*

(*b*) if that year of assessment is 2009, 2010 or 2011 —

(i) first eligible child	15% of her earned income;
(ii) second eligible child	20% of her earned income;
(iii) third and subsequent eligible child	25% of her earned income for each eligible child.

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

(1A) Where a married woman, divorcee or widow maintained, in a year immediately preceding any year of assessment (being the year of assessment 2012 or any subsequent year of assessment), a child who —

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

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

the following deductions shall, without prejudice to any deduction allowable under paragraph 1 or proviso (A) to section 39(2)(*e*), be allowable for that year of assessment to her only:

(i) first eligible child	15% of her earned income;
(ii) second eligible child	20% of her earned income;
(iii) third and subsequent eligible child	25% of her earned income for each eligible child.

(2) Where more than one married woman, divorcee or widow is entitled to claim a deduction in respect of the same child under sub-paragraph (1) or (1A), the deduction shall be allowed to one such claimant only as determined by the Comptroller (whose decision shall be final) having regard to the circumstances of the case, including rights of custody, care and control and level of maintenance provided by each claimant.

(3) The total deductions allowable to a married woman, divorcee or widow under sub-paragraph (1)(*b*) or (1A) shall not exceed 100% of her earned income for any year of assessment.

6.—(1) [*Deleted by Act 37 of 2014 wef 27/11/2014*]

(2) The total deductions allowable to all individuals under paragraphs 1(*b*) and 5(1)(*b*) or 5(1A), as the case may be, and proviso (A) to section 39(2)(*e*) in respect of the same child shall not exceed $50,000.

(3) For the purpose of sub-paragraph (2), any deduction allowable under paragraph 1 or proviso (A) to section 39(2)(*e*) shall first be allowed before a

FIFTH SCHEDULE — *continued*

deduction, to the extent allowable under sub-paragraph (2), is allowed under paragraph 5.

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

7. In this Schedule —

(*a*) "child", in relation to an individual claiming a deduction, means a legitimate child, step-child or child adopted in accordance with any written law relating to the adoption of children; and

(*b*) where any question arises as to the ranking of any child for the purpose of any deduction to be granted under this Schedule, it shall be determined by the Comptroller whose decision shall be final.

[34/2008; 29/2010; 29/2012]

SIXTH SCHEDULE

Sections 19(2), (2A) and (2B), 19A(2FA) and (2G) and 106(3)

NUMBER OF YEARS OF WORKING LIFE OF ASSET

Item	*Number of years of working life of asset*
1. Aircraft	5
2. Bank vaults	16
3. Building and construction equipment (including assets such as rollers, mixers, piling and drilling plants, loaders, dumpers, excavators, bull-dozers and support structure)	6
4. Cable cars and equipment	12
5. Cables and related assets	16
6. Containers used for the carriage of goods by any mode of transportation	10
7. Electric, gas, water and steam, utility plant (including tanks and generators)	16
8. Electrical equipment (including assets such as electrical and industrial apparatus, domestic and commercial appliances, air-conditioning and ventilating equipment)	8

SIXTH SCHEDULE — *continued*

Item	*Number of years of working life of asset*
9. Electronic equipment (including assets such as electronic detection, guidance, control, radiation, computation, test and navigation equipment)	8
10. Equipment used in personal and professional services (including assets used in the provision of personal and professional services which are not elsewhere classified)	10
11. Farming equipment	8
12. Fire safety device	10
13. Floating and dry docks	16
14. Gas cylinders	16
15. Manufacturing and industrial processing plant and machinery	6
16. Materials and passenger handling equipment (including assets such as lifts, escalators, weighing machines, conveyor belts, forklifts, lifting gears, trolleys and cranes)	6
17. Motion picture films	5
18. Musical instruments and other related assets	10
19. Office equipment:	
(*a*) furniture and fixtures (including furniture and fixtures which are not a structural component of a building)	10
(*b*) data handling equipment (including typewriters, calculators, adding and accounting machines, copiers and duplicating equipment)	8
(*c*) telecommunication equipment	10
20. Plant for recreation and amusement purposes (including assets used in the provision of entertainment services on payment of a fee or admission charge, as in the operation of	10

SIXTH SCHEDULE — *continued*

Item	*Number of years of working life of asset*
bowling alleys, billiard and pool establishments, theatres, cinemas, concert halls, amusement parks and miniature golf courses)	
21. Railway wagons, lines and related equipment	16
22. Transport equipment:	
(*a*) buses	6
(*b*) business service passenger vehicles	6
(*c*) taxis	5
(*d*) trucks, lorries, trailers and vans	6
(*e*) motor cycles and bicycles	8
23. Vessels, barges, tugs and similar water transportation equipment	16
24. Wholesale and retail trade service assets (including assets used in such activities as the operation of restaurants and cafes)	8.

[28/80]

SEVENTH SCHEDULE

Sections 106(3) and 108(1), (2) and (3)

ADVANCE RULINGS

PART I

1.—(1) Subject to the provisions of this Part, on an application made by a person in accordance with this Part, the Comptroller shall make a ruling on how any provision of this Act applies, or would apply, to the person and to the arrangement for which the ruling is sought.

(2) The Comptroller may make a ruling on how any provision of this Act applies to the arrangement described in an application whether or not reference was made to that provision in the application.

(3) The Comptroller shall not make a ruling on a provision of this Act that authorises or requires the Comptroller to —

SEVENTH SCHEDULE — *continued*

(*a*) impose or remit a penalty;

(*b*) inquire into the correctness of any return or other information supplied by any person;

(*c*) prosecute any person; or

(*d*) recover any debt owing by any person.

(4) An application for a ruling —

(*a*) shall be made in such form as the Comptroller may determine; and

(*b*) shall comply with the disclosure requirements of paragraph 9.

(5) An applicant for a ruling may at any time withdraw the application by notice in writing to the Comptroller.

2. The Comptroller may decline to make a ruling if —

(*a*) the application for the ruling would require the Comptroller to determine any question of fact;

(*b*) the Comptroller considers that the correctness of the ruling would depend on the making of assumptions, whether in respect of a future event or any other matter;

(*c*) the matter on which the ruling is sought is subject to an objection or appeal, whether in relation to the applicant or any other person;

(*d*) the applicant has outstanding debts relating to earlier ruling applications; or

(*e*) the matter on which the ruling is sought is the subject of a return which has been or is due to be lodged under this Act.

3. The Comptroller shall not make a ruling if —

(*a*) at the time the application is made or at any time before the ruling is issued, the Comptroller considers that the person to whom the ruling is to apply is not seriously contemplating the arrangement for which the ruling is sought;

(*b*) the application is frivolous or vexatious;

(*c*) the matter on which the ruling is sought —

(i) concerns tax (excluding estimated tax) that is due and payable, unless the application is received before the tax is due and payable;

(ii) involves the interpretation of any foreign law; or

SEVENTH SCHEDULE — *continued*

(iii) is being dealt with, or in the Comptroller's opinion should be dealt with, by one or both competent authorities of the parties to an agreement to avoid double taxation;

(*d*) a ruling already exists on how the relevant provision of this Act applies to the person and the arrangement, and the proposed ruling would apply to a period or a year of assessment to which the existing ruling applies;

(*e*) an assessment (other than an assessment of any estimated tax) relating to the person, the arrangement, and a year of assessment to which the proposed ruling would apply has been made, unless the application is received by the Comptroller before the date the assessment is made;

(*f*) the Comptroller is undertaking an audit or investigation on how any provision of this Act applies to the applicant, or to an arrangement similar to the arrangement which is the subject of the application, during any period for which the proposed ruling would apply were the ruling to be made;

(*g*) in the Comptroller's opinion, the applicant has not provided sufficient information in relation to the application after the Comptroller has requested further information;

(*h*) in the Comptroller's opinion, it would be unreasonable to make a ruling in view of the resources available to the Comptroller; or

(*i*) the application for the ruling would require the Comptroller to form an opinion as to a generally accepted accounting principle or to form an opinion as to a commercially acceptable practice.

4. The Comptroller shall, where he has declined to make a ruling under paragraph 2 or has not made a ruling by virtue of paragraph 3, notify the applicant in writing of his decision and the reasons therefor.

5. Where the Comptroller has made a ruling to a person on the application of any provision of this Act in relation to an arrangement, and —

(*a*) the ruling applies in relation to the arrangement during the whole or any part of the period specified in the ruling; and

(*b*) the person has under paragraph 17 disclosed in the return provided under this Act that he has relied on the ruling in preparing and providing the return,

the Comptroller shall apply the provision in relation to the person and the arrangement in respect of the whole of the period or the part of the period, as the case may be, in accordance with the ruling.

SEVENTH SCHEDULE — *continued*

6. A ruling shall apply in relation to an arrangement as a ruling on a provision of this Act —

(*a*) only if the provision is expressly referred to in the ruling; and

(*b*) only for the period for which the ruling applies.

7. A ruling shall not apply to a person in relation to an arrangement if —

(*a*) the arrangement is materially different from the arrangement identified in the ruling;

(*b*) there was a material omission or misrepresentation in, or in connection with, the application for the ruling;

(*c*) the Comptroller makes an assumption about a future event or another matter that is material to the ruling, and the assumption subsequently proves to be incorrect; or

(*d*) the Comptroller stipulates a condition that is not satisfied.

8.—(1) A person, in his own right or on behalf of a person who is yet to come into legal existence, may apply to the Comptroller for a ruling on how a provision of this Act applies, or would apply, to —

(*a*) the person making the application or the prospective person, as the case may be; and

(*b*) an arrangement.

(2) Two or more persons may jointly apply, or a person on behalf of 2 or more persons who are yet to come into legal existence may apply, to the Comptroller for a ruling on how a provision of this Act applies, or would apply, to each person and to an arrangement.

9.—(1) An application for a ruling shall —

(*a*) identify the applicant;

(*b*) disclose all relevant facts (including the reasons for the arrangement, if applicable) and documents relating to the arrangement in respect of which the ruling is sought;

(*c*) state the provision of this Act in respect of which the ruling is sought;

(*d*) state the proposition of law (if any) which is relevant to the issues raised in the application;

(*e*) state whether a previous application has been made on the same or any similar arrangement by the applicant and the result of any such application; and

SEVENTH SCHEDULE — *continued*

(*f*) provide a draft ruling.

(2) If the Comptroller considers that it would be unreasonable to require the applicant to comply with any of the requirements in sub-paragraph (1)(*c*) to (*f*), the Comptroller may waive those requirements.

(3) Any document provided by any person under this Schedule shall be retained by the Comptroller.

10. The Comptroller may at any time request further relevant information from an applicant for a ruling.

11.—(1) If the Comptroller considers that the correctness of a ruling would depend on assumptions being made about a future event or other matter, the Comptroller may make the assumptions that he considers to be most appropriate.

(2) The Comptroller may not make assumptions about information which the applicant can provide.

12.—(1) A ruling made by the Comptroller shall state —

(*a*) that it is a ruling made under section 108;

(*b*) the identity of the person, the provision of this Act, and the arrangement (which may be identified by reference to the arrangement in the application) to which the ruling applies;

(*c*) how the provision of this Act applies to the arrangement and to the person;

(*d*) the period or year of assessment for which the ruling applies;

(*e*) the material assumptions about future events or other matters made by the Comptroller; and

(*f*) the conditions (if any) stipulated by the Comptroller.

(2) The Comptroller shall notify the making of a ruling by sending a copy of the ruling to the person or persons who applied for it.

13.—(1) The Comptroller may at any time withdraw a ruling by notifying the person to whom the ruling applies in writing of the withdrawal and the reasons therefor.

(2) The ruling is withdrawn from the date specified in the notice of withdrawal.

(3) The date referred to in sub-paragraph (2) may not be earlier from the date on which the person could reasonably be expected to receive the notice of withdrawal.

SEVENTH SCHEDULE — *continued*

(4) If the Comptroller withdraws a ruling —

(*a*) the ruling does not apply to any arrangement entered into or effected on or after the date of withdrawal; but

(*b*) the ruling shall continue to apply in relation to any arrangement for the remainder of the period specified in the ruling if the arrangement has been entered into or effected before the date of withdrawal.

14.—(1) The Comptroller does not have to withdraw and reissue a new ruling to correct a typographical or a minor error if the correction does not change the meaning of the ruling.

(2) A ruling that is not withdrawn and reissued remains valid.

15. A ruling does not apply from the date a provision of this Act is repealed or amended to the extent that the repeal or amendment changes the way the provision applies in the ruling.

16. The fact that there has been an application for a ruling does not affect a person's obligation to provide any return, make any payment, or do any other act, or the Comptroller's power to make or amend any assessment.

17. Where —

(*a*) a person has obtained a ruling;

(*b*) the person is required to provide a return under this Act; but

(*c*) in preparing the return the person is required to take into account the way in which a provision of this Act applies to the arrangement identified in the ruling,

the person shall disclose in the return —

(i) the existence of the ruling;

(ii) whether or not the person has relied on the ruling in preparing and providing the return; and

(iii) any material changes to the arrangement identified in the ruling.

PART II

1. The fees specified in respect of an application for a ruling made in accordance with Part I are as follows:

(*a*) a non-refundable application fee of $620 (inclusive of goods and services tax), which must accompany the application;

[S 303/2016 wef 01/07/2016]

SEVENTH SCHEDULE — *continued*

(*b*) a further fee, calculated at $155 (inclusive of goods and services tax) per hour (or part hour), beyond the first 4 hours, spent in consideration of the application by the Comptroller, including any time spent by the Comptroller in consulting with the applicant;

[S 303/2016 wef 01/07/2016]

(*c*) an additional fee, of up to 2 times the aggregate fee under sub-paragraphs (*a*) and (*b*), for the Comptroller to give priority to the application and to expedite his consideration thereof; and

(*d*) reimbursement fees in respect of —

(i) any fees paid by the Comptroller to any person, if the Comptroller requires external advice in relation to the ruling and the applicant agrees to the Comptroller seeking such external advice; and

(ii) any costs and reasonable disbursements incurred by the Comptroller in relation to the ruling.

2. If an application for a ruling is withdrawn, the applicant is liable to pay all fees incurred before the Comptroller received notice of the withdrawal.

3. The Comptroller must ensure as far as is reasonably practicable that every effort is made to minimise the fees to which an applicant is liable in respect of an application for a ruling.

[34/2005; S 130/2012; S 775/2013]

EIGHTH SCHEDULE

Sections 105D(2) and 106(3)

INFORMATION TO BE INCLUDED IN A REQUEST FOR INFORMATION UNDER PART XXA

1. The purpose of the request.
2. The identity of the competent authority.
3. The identity of the person in relation to whom the information is requested.
4. A statement of the information requested for including its nature, and the form in which the competent authority wishes to receive the information from the Comptroller.
5. The grounds for believing that the information requested for is held by the Comptroller, the Comptroller of Goods and Services Tax, the Comptroller of Property Tax, the Chief Assessor or the Commissioner of Stamp Duties, or is in the possession or control of a person in Singapore.

EIGHTH SCHEDULE — *continued*

6. To the extent known, the name and address of any person believed to have possession or control of the information requested for.

7. A statement that the request is in conformity with the law and administrative practices of the country of the competent authority, and that the competent authority is authorised to obtain the information under the laws of that country or in the normal course of administrative practice.

8. A statement that the country has pursued all means available in its own territory to obtain the information except those that would give rise to disproportionate difficulties.

9. [*Deleted by S 595/2012*]

10. Any other information required to be included with the request under the prescribed arrangement.

11. Any other information that may assist in giving effect to the request.

[24/2009; S 595/2012]

LEGISLATIVE HISTORY

INCOME TAX ACT
(CHAPTER 134)

This Legislative History is provided for the convenience of users of the Income Tax Act. It is not part of the Act.

1. Ordinance 39 of 1947 — Income Tax Ordinance 1947

Date of First Reading	:	27 November 1947 (Bill published on 10 November 1947. No Bill number given)
Date of Second Reading	:	27 November 1947
Date of Third Reading	:	4 December 1947
Date of commencement	:	1 January 1948

2. Ordinance 20 of 1948 — Income Tax (Amendment) Ordinance 1948

Date of First Reading	:	13 July 1948 (Bill published on 2 July 1948. No Bill number given)
Date of Second and Third Readings	:	13 July 1948
Date of commencement	:	1 January 1948 (except section 20) 1 August 1948 (section 20)

3. Ordinance 44 of 1950 — Income Tax (Amendment) Ordinance 1950

Date of First Reading	:	13 October 1950 (Bill published on 20 October 1950. No Bill number given)
Referred to Select Committee	:	Council Paper No. 92 of 1950 presented to Parliament on 21 November 1950
Date of Second and Third Readings	:	21 November 1950
Date of commencement	:	1 January 1950 (except sections 4, 11 and 13(*a*)) 1 January 1948 (sections 11 and 13(*a*)) 1 January 1949 (section 4)

4. Ordinance 46 of 1950 — Income Tax (Amendment No. 2) Ordinance 1950

Date of First Reading	:	19 December 1950 (Bill not published)
Date of Second and Third Readings	:	19 December 1950
Date of commencement	:	1 January 1951

5. Ordinance 29 of 1952 — Income Tax (Amendment) Ordinance 1952

Date of First Reading	:	15 July 1952 (Bill No. 26/52 published on 18 July 1952)
Date of Second and Third Readings	:	19 August 1952
Date of commencement	:	1 January 1952 (except section 3) 1 January 1948 (section 3)

6. Ordinance 40 of 1953 — Income Tax (Amendment) Ordinance 1953

Date of First Reading	:	18 August 1953 (Bill No. 18/53 published on 21 August 1953)
Referred to Select Committee	:	Council Paper No. 73 of 1953 presented to Council on 24 November 1953
Date of Second and Third Readings	:	15 December 1953
Date of commencement	:	1 January 1948 (sections 2, 3, 4 and 8) 1 January 1951 (section 5(*a*)) 1 January 1954 (sections 5(*b*) and 6) 1 January 1953 (sections 5(*c*) and 7)

7. Ordinance 34 of 1954 — Income Tax (Amendment) Ordinance 1954

Date of First Reading	:	15 June 1954 (Bill No. 21/54 published on 18 June 1954)
Date of Second Reading	:	20 July 1954
Date of Third Reading	:	14 December 1954
Date of commencement	:	1 January 1954

8. Ordinance 6 of 1956 — Income Tax (Amendment) Ordinance 1956

Date of First Reading	:	8 February 1956 (Bill No. 37/56 published on 25 February 1956)
Date of Second and Third Readings	:	7 March 1956
Date of commencement	:	1 January 1956

9. Ordinance 31 of 1958 — Legislative Assembly (Presentation of Subsidiary Legislation) Ordinance 1958

Date of First Reading	:	16 July 1958 (Bill No. 158/58 published on 22 July 1958)
Date of Second Reading	:	13 August 1958
Date of Third Reading	:	10 September 1958
Date of commencement	:	25 September 1958

10. Ordinance 37 of 1958 — Income Tax (Amendment) Ordinance 1958

Date of First Reading	:	10 September 1958 (Bill No. 171/58 published on 17 September 1958)
Date of Second and Third Readings	:	8 October 1958
Date of commencement	:	1 January 1959 (except section 3) 1 January 1956 (section 3)

11. Ordinance 49 of 1958 — Income Tax (Amendment No. 2) Ordinance 1958

Date of First Reading	:	3 December 1958 (Bill No. 189/58 published on 5 December 1958)
Date of Second and Third Readings	:	12 December 1958
Date of commencement	:	1 January 1959

12. Ordinance 71 of 1959 — Transfer of Powers Ordinance 1959

Date of First Reading	:	22 September 1959 (Bill No. 30/59 published on 30 September 1959)
Date of Second and Third Readings	:	11 November 1959
Date of commencement	:	20 November 1959

13. Ordinance 72 of 1959 — Transfer of Powers (No. 2) Ordinance 1959

Date of First Reading	:	22 September 1959 (Bill No. 31/59 published on 30 September 1959)
Date of Second and Third Readings	:	11 November 1959
Date of commencement	:	20 November 1959

14. Ordinance 36 of 1960 — Income Tax (Amendment) Ordinance 1960

Date of First Reading	:	6 April 1960 (Bill No. 71/60 published on 22 April 1960)
Date of Second and Third Readings	:	11 May 1960 and 12 May 1960
Date of commencement	:	1 January 1960 (sections 2(*a*), 3 to 5, 7 to 23) 1 January 1961 (sections 2(*b*) and 6)

15. Ordinance 60 of 1960 — Transfer of Powers Ordinance 1960

Date of First Reading	:	20 October 1960 (Bill No. 99/60 published on 28 October 1960)
Date of Second and Third Readings	:	16 November 1960
Date of commencement	:	9 December 1960

16. Ordinance 77 of 1960 — Income Tax (Amendment No. 2) Ordinance 1960

Date of First Reading	:	13 December 1960 (Bill No. 118/60 published on 19 December 1960)
Date of Second and Third Readings	:	29 December 1960
Date of commencement	:	1 January 1961

17. Ordinance 15 of 1962 — Income Tax (Amendment) Ordinance 1962

Date of First Reading	:	14 March 1962 (Bill No. 170/62 published on 16 March 1962)
Date of Second and Third Readings	:	26 March 1962
Date of commencement	:	1 January 1962

18. Malaysia Act 21 of 1964 — Income Tax Act 1964

Date of First Reading	:	6 July 1964 (Bill published on 6 July 1964. No Bill number given)
Date of Second and Third Readings	:	14 July 1964
Date of commencement	:	30 July 1964

19. Malaysia Act 2 of 1965 — Finance Act 1965

Date of First Reading	:	24 December 1964 (Bill published on 24 December 1964. No Bill number given)
Date of Second and Third Readings	:	29 December 1964
Date of commencement	:	1 January 1965

20. Malaysia Act 43 of 1965 — Income Tax Laws (Singapore and the States of Malaya) (Amendment) Act 1965

Date of First Reading	:	26 May 1965 (Bill published on 26 May 1965. No Bill number given)
Date of Second and Third Readings	:	5 June 1965
Date of commencement	:	30 June 1965

21. Act 29 of 1965 — Income Tax (Amendment) Act 1965

Date of First Reading	:	13 December 1965 (Bill No. 54/65 published on 20 December 1965)
Date of Second and Third Readings	:	31 December 1965
Date of commencement	:	1 January 1966

22. Act 44 of 1966 — Income Tax (Amendment) Act 1966

Date of First Reading	:	26 October 1966 (Bill No. 43/66 published on 2 November 1966)
Date of Second and Third Readings	:	5 December 1966
Date of commencement	:	16 December 1966

23. Act 33 of 1967 — Income Tax (Amendment) Act 1967

Date of First Reading	:	31 October 1967 (Bill No. 30/67 published on 4 November 1967)
Date of Second and Third Readings	:	14 November 1967
Date of commencement	:	18 November 1967

24. Act 23 of 1969 — Income Tax (Amendment) Act 1969

Date of First Reading	:	15 October 1969 (Bill No. 18/69 published on 18 October 1969)
Date of Second and Third Readings	:	23 December 1969
Date of commencement	:	1 January 1970

25. Act 7 of 1970 — Income Tax (Amendment) Act 1970

Date of First Reading	:	17 March 1970 (Bill No. 8/70 published on 18 March 1970)
Date of Second and Third Readings	:	30 March 1970
Date of commencement	:	1 January 1970

26. G.N. No. S 169/71 — Income Tax (Amendment of Fourth Schedule) Order 1971

Date of commencement	:	15 July 1970

27. Act 48 of 1970 — Statute Law Revision Act 1970

Date of First Reading	:	2 September 1970 (Bill No. 36/70 published on 7 September 1970)
Date of Second and Third Readings	:	4 November 1970
Date of commencement	:	11 December 1970

28. 1970 Revised Edition — Income Tax Act (Chapter 141)

Date of operation	:	1 March 1971

29. G.N. No. S 84/72 — Income Tax (Amendment of Fourth Schedule) Order 1972

Date of commencement	:	26 July 1971

30. G.N. No. S 85/72 — Income Tax (Amendment of Fourth Schedule) (No. 2) Order 1972

Date of commencement : 15 October 1971

31. G.N. No. S 168/72 — Income Tax (Amendment of Fourth Schedule) (No. 3) Order 1972

Date of commencement : 15 April 1972

32. G.N. No. S 137/84 — Income Tax Act (Amendment of First Schedule) Order 1984

Date of commencement : 2 July 1972

33. G.N. No. S 239/72 — Income Tax (Amendment of Fourth Schedule) (No. 4) Order 1972

Date of commencement : 15 July 1972

34. G.N. No. S 176/73 — Income Tax (Amendment of Fourth Schedule) (No. 2) Order 1973

Date of commencement : 15 March 1973

35. Act 26 of 1973 — Income Tax (Amendment) Act 1973

Date of First Reading : 11 July 1973
(Bill No. 42/73 published on 14 July 1973)

Date of Second and Third Readings : 26 July 1973

Date of commencement : 10 August 1973

36. G.N. No. S 340/73 — Income Tax (Amendment of Fourth Schedule) (No. 3) Order 1973

Date of commencement : 27 August 1973

37. G.N. No. S 38/77 — Income Tax (Amendment of First Schedule) Order 1977

Date of commencement : 1 October 1973 (paragraph 2(*a*))
1 April 1976 (paragraph 2(*b*))

38. G.N. No. S 22/73 — Income Tax (Amendment of Fourth Schedule) Order 1973

Date of commencement : 15 November 1973

39. G.N. No. S 238/74 — Income Tax (Amendment of Fourth Schedule) Order 1974

Date of commencement : 1 July 1974

40. Act 4 of 1975 — Income Tax (Amendment) Act 1975

Date of First Reading	:	25 February 1975 (Bill No. 8/75 published on 28 February 1975)
Date of Second and Third Readings	:	27 March 1975
Date of commencement	:	4 April 1975

41. G.N. No. S 171/75 — Income Tax (Amendment of Fourth Schedule) Order 1975

Date of commencement	:	12 June 1975

42. G.N. No. S 238/75 — Income Tax (Amendment of Fourth Schedule) (No. 2) Order 1975

Date of commencement	:	15 August 1975

43. G.N. No. S 4/76 — Income Tax (Amendment of Fourth Schedule) Order 1976

Date of commencement	:	20 November 1975

44. Act 37 of 1975 — Income Tax (Amendment No. 2) Act 1975

Date of First Reading	:	11 November 1975 (Bill No. 52/75 published on 11 November 1975)
Date of Second and Third Readings	:	20 November 1975
Date of commencement	:	2 December 1975 (except section 3(*a*)) 1 April 1975 (section 3(*a*))

45. G.N. No. S 101/76 — Income Tax (Amendment of Fourth Schedule) (No. 2) Order 1976

Date of commencement	:	13 April 1976

46. G.N. No. S 159/76 — Income Tax (Amendment of Fourth Schedule) (No. 3) Order 1976

Date of commencement	:	7 July 1976

47. G.N. No. S 148/76 — Income Tax (Amendment of First Schedule) Order 1976

Date of commencement	:	23 July 1976

48. First Reprint (1976) — Income Tax Act (Chapter 141)

Date of operation	:	1 September 1976

49. G.N. No. S 222/76 — Income Tax (Amendment of Fourth Schedule) (No. 4) Order 1976

Date of commencement : 15 October 1976

50. G.N. No. S 87/77 — Income Tax (Amendment of Fourth Schedule) Order 1977

Date of commencement : 15 March 1977

51. G.N. No. S 257/77 — Income Tax (Amendment of Fourth Schedule) (No. 2) Order 1977

Date of commencement : 21 April 1977

52. Act 5 of 1977 — Income Tax (Amendment) Act 1977

Date of First Reading : 27 May 1977
(Bill No. 8/77 published on 2 June 1977)

Date of Second and Third Readings : 29 June 1977

Date of commencement : 7 July 1977

53. G.N. No. S 258/77 — Income Tax (Amendment of Fourth Schedule) (No. 3) Order 1977

Date of commencement : 14 September 1977

54. G.N. No. S 113/78 — Income Tax (Amendment of Fourth Schedule) Order 1978

Date of commencement : 17 April 1978

55. G.N. No. S 185/78 — Income Tax (Amendment of Fourth Schedule) (No. 2) Order 1978

Date of commencement : 24 July 1978

56. G.N. No. S 275/78 — Income Tax (Amendment of Fourth Schedule) (No. 3) Order 1978

Date of commencement : 13 November 1978

57. G.N. No. S 63/79 — Income Tax (Amendment of Fourth Schedule) Order 1979

Date of commencement : 26 February 1979

58. G.N. No. S 158/82 — Income Tax Act (Amendment of First Schedule) (No. 2) Order 1982

Date of commencement : 2 March 1979 (paragraph 2(*a*))
1 May 1982 (paragraph 2(*b*))

59. Act 7 of 1979 — Income Tax (Amendment) Act 1979

Date of First Reading	:	5 March 1979 (Bill No. 9/79 published on 12 March 1979)
Date of Second and Third Readings	:	30 March 1979
Date of commencement	:	16 April 1979

60. G.N. No. S 148/79 — Income Tax (Amendment of Fourth Schedule) (No. 2) Order 1979

Date of commencement	:	11 June 1979

61. G.N. No. S 234/79 — Income Tax (Amendment of Fourth Schedule) (No. 3) Order 1979

Date of commencement	:	16 October 1979

62. G.N. No. S 217/80 — Income Tax Act (Amendment of First Schedule) Order 1980

Date of commencement	:	1 February 1980

63. G.N. No. S 103/80 — Income Tax (Amendment of Fourth Schedule) Order 1980

Date of commencement	:	3 March 1980

64. Act 9 of 1980 — Income Tax (Amendment) Act 1980

Date of First Reading	:	26 February 1980 (Bill No. 6/80 published on 29 February 1980)
Date of Second and Third Readings	:	17 March 1980
Date of commencement	:	3 April 1980

65. G.N. No. S 251/80 — Income Tax Act (Amendment of Fourth Schedule) (No. 2) Order 1980

Date of commencement	:	21 July 1980

66. G.N. No. S 336/80 — Income Tax Act (Amendment of Fourth Schedule) (No. 3) Order 1980

Date of commencement	:	24 November 1980

67. Act 28 of 1980 — Income Tax (Amendment No. 2) Act 1980

Date of First Reading	:	31 October 1980 (Bill No. 25/80 published on 7 November 1980)

Date of Second and Third Readings : 28 November 1980

Date of commencement : 4 December 1980

68. G.N. No. S 138/84 — Income Tax Act (Amendment of First Schedule) (No. 2) Order 1984

Date of commencement : 15 August 1981

69. G.N. No. S 213/84 — Income Tax Act (Amendment of First Schedule) Order 1984 (Corrigendum)

Date of commencement : 15 August 1981

70. G.N. No. S 183/83 — Income Tax Act (Amendment of First Schedule) Order 1983

Date of commencement : 2 October 1981

71. G.N. No. S 381/90 — Income Tax Act (Amendment of First Schedule) Order 1990

Date of commencement : 1 November 1981

72. G.N. No. S 41/82 — Income Tax Act (Amendment of Fourth Schedule) Order 1982

Date of commencement : 19 February 1982

73. Act 1 of 1982 — Income Tax (Amendment) Act 1982

Date of First Reading : 22 December 1981
(Bill No. 30/81 published on 30 December 1981)

Date of Second and Third Readings : 3 March 1982

Date of commencement : 19 March 1982

74. G.N. No. S 129/82 — Income Tax Act (Amendment of Fourth Schedule) Order 1982

Date of commencement : 12 April 1982

75. G.N. No. S 379/89 — Income Tax Act (Amendment of First Schedule) Order 1989

Date of commencement : 1 January 1983

76. Act 5 of 1983 — Income Tax (Amendment) Act 1983

Date of First Reading : 4 March 1983
(Bill No. 1/83 published on 9 March 1983)

Date of Second and Third Readings : 24 March 1983

Date of commencement : 8 April 1983

77. G.N. No. S 168/83 — Income Tax Act (Amendment of Fourth Schedule) Order 1983

Date of commencement : 23 May 1983

78. G.N. No. S 217/84 — Income Tax Act (Amendment of First Schedule) (No. 3) Order 1984

Date of commencement : 14 October 1983

79. Act 15 of 1983 — Income Tax (Amendment No. 2) Act 1983

Date of First Reading : 30 August 1983 (Bill No. 10/83 published on 7 September 1983)

Date of Second and Third Readings : 20 December 1983

Date of commencement : 13 January 1984

80. Act 13 of 1984 — Income Tax (Amendment) Act 1984

Date of First Reading : 29 June 1984 (Bill No. 20/84 published on 9 July 1984)

Date of Second and Third Readings : 26 July 1984

Date of commencement : 10 August 1984

81. Second Reprint (1984) — Income Tax Act (Chapter 141)

Date of operation : 1 November 1984

82. G.N. No. S 26/85 — Income Tax Act (Amendment of First Schedule) Order 1985

Date of commencement : 1 September 1984

83. Act 7 of 1985 — Income Tax (Amendment) Act 1985

Date of First Reading : 23 July 1985 (Bill No. 10/85 published on 26 July 1985)

Date of Second and Third Readings : 30 August 1985

Date of commencement : 27 September 1985

84. Act 2 of 1986 — Statute Law Revision Act 1986

Date of First Reading : 31 October 1985 (Bill No. 12/85 published on 8 November 1985)

Date of Second and Third Readings : 10 January 1986

Date of commencement : 31 January 1986

85. Act 31 of 1986 — Income Tax (Amendment) Act 1986

Date of First Reading : 27 October 1986
(Bill No. 25/86 published on 31 October 1986)

Date of Second and Third Readings : 9 December 1986

Date of commencement : 19 December 1986 (except section 14(*a*))
1 January 1986 (section 14(*a*))

86. 1985 Revised Edition — Income Tax Act (Chapter 134)

Date of operation : 30 March 1987

87. G.N. No. S 380/89 — Income Tax Act (Amendment of First Schedule) (No. 2) Order 1989

Date of commencement : 14 August 1987

88. G.N. No. S 79/88 — Income Tax Act (Amendment of First Schedule) Order 1988

Date of commencement : 9 November 1987

89. Act 1 of 1988 — Income Tax (Amendment) Act 1988

Date of First Reading : 9 November 1987
(Bill No. 22/87 published on 11 November 1987)

Date of Second and Third Readings : 13 January 1988

Date of commencement : 29 January 1988 and other dates (see section 1 of the Act)

90. Act 3 of 1989 — Income Tax (Amendment) Act 1989

Date of First Reading : 16 January 1989
(Bill No. 1/89 published on 16 January 1989)

Date of Second and Third Readings : 26 January 1989

Date of commencement : 17 February 1989

91. Act 1 of 1990 — Income Tax (Amendment) Act 1990

Date of First Reading	:	30 November 1989 (Bill No. 42/89 published on 30 November 1989)
Date of Second and Third Readings	:	15 January 1990
Date of commencement	:	9 February 1990 15 January 1989 (Section 16(*a*) and c) 17 February 1989 (Section 2 and 3(*b*))

92. G.N. No. S 562/91 — Income Tax Act (Amendment of First Schedule) (No. 2) Order 1991

Date of commencement	:	11 February 1989

93. G.N. No. S 372/97 — Income Tax Act (Amendment of First Schedule) Order 1997

Date of commencement	:	11 February 1989

94. G.N. No. S 382/90 — Income Tax Act (Amendment of First Schedule) (No. 2) Order 1990

Date of commencement	:	14 May 1989

95. G.N. No. S 383/90 — Income Tax Act (Amendment of First Schedule) (No. 3) Order 1990

Date of commencement	:	1 July 1990

96. Act 23 of 1990 — Income Tax (Amendment No. 2) Act 1990

Date of First Reading	:	4 October 1990 (Bill No. 26/90 published on 5 October 1990)
Date of Second and Third Readings	:	9 November 1990
Date of commencement	:	30 November 1990

97. G.N. No. S 317/91 — Income Tax Act (Amendment of First Schedule) Order 1991

Date of commencement	:	17 January 1991

98. Act 20 of 1991 — Income Tax (Amendment) Act 1991

Date of First Reading	:	7 May 1991 (Bill No. 16/91 published on 8 May 1991)

Date of Second and Third Readings	:	28 June 1991
Date of commencement	:	19 July 1991 (except section 17(*a*) and (*c*)) 1 January 1990 (section 17(*a*) and (*c*))

99. G.N. No. S 210/92 — Income Tax Act (Amendment of First Schedule) Order 1992

Date of commencement	:	17 August 1991

100. 1992 Revised Edition — Income Tax Act (Chapter 134)

Date of operation	:	9 March 1992

101. Act 2 of 1992 — Income Tax (Amendment) Act 1992

Date of First Reading	:	14 January 1992 (Bill No. 7/92 published on 15 January 1992)
Date of Second and Third Readings	:	27 February 1992
Date of commencement	:	13 March 1992 (except sections 13, 14, 16 and 18) 1 January 1993 (sections 13, 14, 16 and 18)

102. Act 26 of 1993 — Income Tax (Amendment) Act 1993

Date of First Reading	:	30 July 1993 (Bill No. 23/93 published on 31 July 1993)
Date of Second and Third Readings	:	30 August 1993
Date of commencement	:	13 March 1992 1 January 1993 (Sections 3(*b*), (*d*), 4, 5(*b*), 11(*a*)(*b*), 28(*a*))

103. G.N. No. S 412/92 — Income Tax Act (Amendment of First Schedule) (No. 2) Order 1992

Date of commencement	:	1 September 1992

104. Act 28 of 1992 — Income Tax (Amendment No. 2) Act 1992

Date of First Reading	:	31 July 1992 (Bill No. 32/92 published on 1 August 1992)
Date of Second and Third Readings	:	14 September 1992

Date of commencement	:	2 October 1992 13 March 1992 (Section 4 and 5) 1 January 1992 (Section 16(*a*) and (*d*)) 1 January 1993 (Section 16(*b*) and 19

105. Act 31 of 1993 — Goods and Services Tax Act 1993
(Consequential amendments made to Act by)

Date of First Reading	:	26 February 1993 (Bill No. 14/93 published on 27 February 1993)
Date of Second Reading	:	19 March 1993
Date Committed to Select Committee	:	19 March 1993
Date of Presentation of Select Committee Report	:	7 September 1993 (Parl 4 of 1993)
Date of commencement	:	26 November 1993 (paragraph (7) of the Fifth Schedule — amendment of Income Tax Act)

106. 1994 Revised Edition — Income Tax Act (Chapter 134)

Date of operation	:	15 March 1994

107. Act 11 of 1994 — Income Tax (Amendment) Act 1994

Date of First Reading	:	25 July 1994 (Bill No. 17/94 published on 29 July 1994)
Date of Second and Third Readings	:	25 August 1994
Date of commencement	:	16 September 1994 1 January 1993 (Section 9) 1 January 1994 (Section 2, 19) 1 March 1994 (Section 5) 1 January 1995 (Section 18, 22)

108. G.N. No. S 259/95 — Income Tax Act (Amendment of First Schedule) Order 1995

Date of commencement	:	1 October 1994

109. Act 19 of 1994 — Enlistment (Amendment) Act 1994
(Consequential amendments made to Act by)

Date of First Reading	:	25 July 1994 (Bill No. 21/94 published on 29 July 1994)
Date of Second and Third Readings	:	31 October 1994
Date of commencement	:	1 December 1994

110. Act 28 of 1994 — National Registration (Amendment) Act 1994
(Consequential amendments made to Act by)

Date of First Reading	:	31 October 1994 (Bill No. 30/94 published on 1 November 1994)
Date of Second and Third Readings	:	5 December 1994
Date of commencement	:	1 March 1995

111. Act 32 of 1995 — Income Tax (Amendment) Act 1995

Date of First Reading	:	7 August 1995 (Bill No. 28/95 published on 8 August 1995)
Date of Second and Third Readings	:	27 September 1995
Date of commencement	:	1 March 1995 (sections 7(*c*), 8 and 25) 13 October 1995 (except sections 7(*c*), 8 and 25)

112. Act 29 of 1995 — Rapid Transit Systems Act 1995
(Consequential amendments made to Act by)

Date of First Reading	:	7 July 1995 (Bill No. 25/95 published on 8 July 1995)
Date of Second and Third Readings	:	7 August 1995
Date of commencement	:	1 September 1995

113. G.N. No. S 33/96 — Income Tax Act (Amendment of First Schedule) Order 1996

Date of commencement	:	1 September 1995

114. G.N. No. S 67/96 — Income Tax Act (Amendment of First Schedule) (No. 2) Order 1996

Date of commencement : 1 February 1996

115. Act 7 of 1996 — Maritime and Port Authority of Singapore Act 1996
(Consequential amendments made to Act by)

Date of First Reading : 5 December 1995
(Bill No. 46/95 published on 6 December 1995)

Date of Second and Third Readings : 18 January 1996

Date of commencement : 2 February 1996

116. Act 1 of 1996 — Singapore Productivity and Standards Board Act 1995
(Consequential amendments made to Act by)

Date of First Reading : 1 November 1995
(Bill No. 39/95 published on 2 November 1995)

Date of Second and Third Readings : 5 December 1995

Date of commencement : 1 April 1996

117. 1996 Revised Edition — Income Tax Act (Chapter 134)

Date of operation : 30 April 1996

118. G.N. No. S 302/96 — Income Tax Act (Amendment of First Schedule) (No. 3) Order 1996

Date of commencement : 1 July 1996

119. Act 23 of 1996 — Income Tax (Amendment) Act 1996

Date of First Reading : 21 May 1996
(Bill No. 17/96)

Date of Second and Third Readings : 12 July 1996

Date of commencement : 2 August 1996

120. Act 28 of 1996 — Income Tax (Amendment No. 2) Act 1996

Date of First Reading : 12 July 1996
(Bill No. 23/96 published on 13 July 1996)

Date of Second and Third Readings : 27 August 1996

Date of commencement : 6 September 1996

121. G.N. No. S 372/98 — Income Tax Act (Amendment of First Schedule) Order 1998

Date of commencement	:	1 January 1997

122. Act 31 of 1998 — Income Tax Act 1998

Date of First Reading	:	29 June 1998 (Bill No. 29/98 published on 30 June 1998)
Date of Second and Third Readings	:	31 July 1998
Date of commencement	:	1 January 1997 (Section 13(*a*), (*e*), (*f*)

123. G.N. No. S 485/99 — Income Tax Act (Amendment of First Schedule) (No. 2) Order 1999

Date of commencement	:	30 September 1997

124. Act 1 of 1998 — Income Tax (Amendment) Act 1998

Date of First Reading	:	19 November 1997 (Bill No. 16/97 published on 20 November 1997)
Date of Second and Third Readings	:	14 January 1998
Date of commencement	:	23 January 1998

125. Act 31 of 1998 — Income Tax (Amendment) Act 1998

Date of First Reading	:	29 June 1998 (Bill No. 29/98)
Date of Second and Third Readings	:	31 July 1998
Date of commencement	:	27 February 1998 (Section 7) 14 August 1998

126. Act 32 of 1999 — Income Tax (Amendment) Act 1999

Date of First Reading	:	6 July 1999 (Bill No. 24/99 published on 7 July 1999)
Date of Second and Third Readings	:	17 August 1999
Date of commencement	:	28 February 1998 (Section 19(*c*)) 18 November 1998 (Section 4(*b*))

31 August 1999
3 September 1999

127. Act 37 of 1998 — Post Office Savings Bank of Singapore (Transfer of Undertakings and Dissolution) Act 1998

(Consequential amendments made to Act by)

Date of First Reading	:	31 July 1998 (Bill No. 34/98 published on 1 August 1998)
Date of Second and Third Readings	:	12 October 1998
Date of commencement	:	16 November 1998 (Transfer Date)

128. Act 24 of 2000 — Income Tax (Amendment) Act 2000

Date of First Reading	:	30 June 2000 (Bill No. 20/2000 published on 1 July 2000)
Date of Second and Third Readings	:	25 August 2000
Date of commencement	:	28 February 1999 (Section 8) 1 December 1999 (Section 13) 30 December 1999 (Section 6) 18 January 2000 (Section 4) 7 September 2000 12 December 2002

129. G.N. No. S 267/99 — Income Tax Act (Amendment of First Schedule) Order 1999

Date of commencement	:	21 May 1999

130. Act 34 of 2005 — Income Tax (Amendment) Act 2005

Date of First Reading	:	19 September 2005 (Bill No. 27/2005 published on 20 September 2005)
Date of Second and Third Readings	:	18 October 2005
Date of commencement	:	31 August 1999 (Section 10(*a*)) 1 January 2004 (Sections 10(*e*), 31(*b*), (*c*)) 27 February 2004 (Sections 13, 31(*a*)) 21 September 2004 (Sections 10(*f*), 21)

1 January 2005 (Sections 4, 10(*b*), (*f*), (*g*), (*h*), (*j*), 22(*a*), (*b*), (*d*), 24(*f*), 25, 27(*a*), (*b*), (*c*), (*d*), (*e*), 28(*c*), (*e*), (*f*), (*g*), 24, 26)
18 February 2005 (Sections 11, 13, 29, 33(*a*), (*b*), 35, 37, 38(*b*), 39, 47)
1 April 2005 (Sections 34,47)
7 November 2005
1 December 2005 (Section 42)
1 January 2006 (Sections 43 and 44)
30 January 2006 (Sections 2(*c*), (*d*), 3, 7, 8, 9, 10(*c*), 12, 15, 18(*b*), (*c*), 22(*e*), (*f*), 23, 24, 32, 33(*c*), (*d*), (*e*), 41)

131. Act 41 of 1999 — Info-communications Development Authority of Singapore Act 1999

(Consequential amendments made to Act by)

Date of First Reading	:	11 October 1999 (Bill No. 36/99 published on 12 October 1999)
Date of Second and Third Readings	:	23 November 1999
Date of commencement	:	1 December 1999

132. 1999 Revised Edition — Income Tax Act (Chapter 134)

Date of operation	:	30 December 1999

133. Act 9 of 2000 — Defence Science and Technology Agency Act 2000

(Consequential amendments made to Act by)

Date of First Reading	:	17 January 2000 (Bill No. 1/2000 published on 18 January 2000)
Date of Second and Third Readings	:	21 February 2000
Date of commencement	:	15 March 2000

134. Act 24 of 2001 — Income Tax (Amendment) Act 2001

Date of First Reading	:	11 July 2001 (Bill No. 25/2001 published on 12 July 2001)
Date of Second and Third Readings	:	25 July 2001

Date of commencement : 1 October 2000 (Section 8(*b*))
31 January 2001
10 August 2001

135. Act 3 of 2001 — Intellectual Property Office of Singapore Act 2001
(Consequential amendments made to Act by)

Date of First Reading : 12 January 2001
(Bill No. 1/2001 published on 13 January 2001)

Date of Second and Third Readings : 22 February 2001

Date of commencement : 1 April 2001

136. Act 17 of 2001 — Singapore Land Authority Act 2001
(Consequential amendments made to Act by)

Date of First Reading : 5 March 2001
(Bill No. 17/2001 published on 7 March 2001)

Date of Second and Third Readings : 19 April 2001

Date of commencement : 1 June 2001

137. Act 37 of 2002 — Income Tax (Amendment) Act 2002

Date of First Reading : 31 October 2002
(Bill No. 39/2002 published on 1 November 2002)

Date of Second and Third Readings : 25 November 2002

Date of commencement : 1 June 2001 (Sections 32(*c*), 40(*d*), 44, 62(*c*))
13 October 2001 (Sections 5, 6, 49)
23 November 2001 (Sections 3, 7, 26(*b*))
1 January 2002
3 May 2002
2 July 2002
10 December 2002
1 January 2003

138. 2001 Revised Edition — Income Tax Act (Chapter 134)

Date of operation : 31 December 2001

139. Act 42 of 2001 — Securities and Futures Act 2001
(Consequential amendments made to Act by)

Date of First Reading	:	25 September 2001 (Bill No. 33/2001 published on 26 September 2001)
Date of Second and Third Readings	:	5 October 2001
Date of commencement	:	1 October 2002 (item (9) of the Fourth Schedule — amendment of Income Tax Act)

140. Act 25 of 2002 — Currency (Amendment) Act 2002
(Consequential amendments made to Act by)

Date of First Reading	:	8 July 2002 (Bill No. 23/2002 published on 9 July 2002)
Date of Second and Third Readings	:	23 July 2002
Date of commencement	:	1 October 2002

141. Act 21 of 2003 — Income Tax (Amendment) Act 2003

Date of First Reading	:	16 October 2003 (Bill No. 28/2003 published on 17 October 2003)
Date of Second and Third Readings	:	11 November 2003
Date of commencement	:	10 December 2002 (Sections 4(*a*), 5, 6, 8, 15(*b*), 29) 1 January 2003 (Sections 10, 42, 43) 28 February 2003 (Section 40) 1 April 2003 (Section 9, 30(*c*), 31, 35, 44(*a*), 45 1 June 2003 (Sections 3(*e*), (*f*) and 18) 1 July 2003 (Section 30) 1 November 2003 (Section 23) 3 December 2003 1 January 2004 (Sections 49, 50, 52(*b*))

142. Act 7 of 2007 — Income Tax (Amendment) Act 2007

Date of First Reading	:	8 November 2006 (Bill No. 19/2006 published on 9 November 2006)
Date of Second and Third Readings	:	22 January 2007
Date of commencement	:	10 December 2002 (Section 2(*g*)) 1 January 2005 (Sections 3(*b*), (*c*), 21, 26(*f*), (*g*), (*h*), (*j*) 18 February 2005 (Section 9) 1 January 2006 (Sections 3(*d*), (*e*), 13, 14, 15, 18, 26(*a*), 29) 17 February 2006 (Sections 2(*k*), 6(*a*), (*e*), (*h*), 8, 10, 16(*a*), 17, 21, 28, 31, 32, 34, 35, 36, 44(*f*)) 1 March 2006 (Sections 2(*a*) to (*f*), 10, 35, 44(*f*)) 1 April 2006 (Sections 2(*h*), (*i*), (*j*), 23) 1 November 2006 (Sections 33, 44(*a*), (*e*)) 13 February 2007

143. Act 49 of 2004 — Income Tax (Amendment) Act 2004

Date of First Reading	:	19 October 2004 (Bill No. 58/2004 published on 20 October 2004)
Date of Second and Third Readings	:	17 November 2004
Date of commencement	:	1 January 2003 (Sections 5(*a*), (*c*), 2 (*e*)) 1 October 2003 (Section 28(*d*)) 1 November 2003 (Sections 26(*a*), (*b*), (*c*), 54(*b*), (*c*) 1 January 2004 (Sections 6, 9(*g*), (*h*), (*j*), 28(*g*), (*m*), (*n*), (*o*), 54(*a*)) 27 February 2004 (Sections 5(*e*), (*f*), (*g*), (*h*), 9(*a*), (*f*), 24(*c*), (*d*), (*e*), (*f*), 30, 33, 34, 39, 56) 1 July 2004 (Section 13) 30 November 2004

1 January 2005 (Sections 9(i), 29, 38(*a*), 42)

144. Act 4 of 2003 — Customs (Amendment) Act 2003
(Consequential amendments made to Act 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

145. G.N. No. S 220/2003 — Income Tax Act (Amendment of First Schedule) Order 2003

Date of commencement	:	7 May 2003

146. 2004 Revised Edition — Income Tax Act
(G.N. No. S 400/2007 — Rectification Order)

Date of operation	:	1 January 2004

147. Act 29 of 2010 — Income Tax (Amendment) Act 2010

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 January 2004 (Section 18(*a*)) 1 September 2007 (Section 5) 1 January 2010 (Section 28(*b*)) 22 February 2010 (Section 4(*a*), (*c*), (*d*), 6, 36, 49) 23 February 2010 (Sections 19 to 22, 26, 27, 54(*a*), (*b*), (*c*), (*e*), (*f*), (*g*), 55(*a*), (*b*), (*c*)) 1 March 2010 (Sections 28(*d*), 33) 1 April 2010 (Sections 8, 10, 34, 38(*a*), (*b*), 47, 54(*d*), 55(*d*)) 21 May 2010 (Section 42) 7 July 2010 (Section 9) 22 November 2010 1 January 2011 (Sections 28(*a*), (*c*), 43)

1 March 2011 (Sections 7(*b*), (*c*), 44(*b*), 45(*b*), 46(*b*))

148. Act 4 of 2004 — Accountants Act 2004
(Consequential amendments made to Act by)

Date of First Reading	:	5 January 2004 (Bill No. 2/2004 published on 6 January 2004)
Date of Second and Third Readings	:	6 February 2004
Date of commencement	:	1 April 2004

149. Act 11 of 2004 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2004
(Consequential amendments made to Act by)

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 (section 30 — amendment of Income Tax Act)

150. Act 16 of 2004 — Statistics (Amendment) Act 2004
(Consequential amendments made to Act by)

Date of First Reading	:	19 April 2004 (Bill No. 15/2004 published on 20 April 2004)
Date of Second and Third Readings	:	19 May 2004
Date of commencement	:	1 July 2004

151. Act 48 of 2004 — Economic Expansion Incentives (Relief from Income Tax) (Amendment No. 2) Act 2004
(Consequential amendments made to Act by)

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 (section 16 — amendment of Income Tax Act)

152. G.N. No. S 194/2006 — Income Tax Act (Amendment of First Schedule) Order 2006

Date of commencement : 22 April 2005 (paragraph 2(*b*))

153. Act 8 of 2005 — Diplomatic and Consular Relations Act 2005
(Related amendments made to Act by)

Date of First Reading : 16 November 2004
(Bill No. 65/2004 published on 17 November 2004)

Date of Second and Third Readings : 25 January 2005

Date of commencement : 1 May 2005

154. G.N. No. S 715/2005 — Income Tax Act (Amendment of First Schedule) Order 2005

Date of commencement : 9 November 2005

155. Act 22 of 2011 — Income Tax (Amendment) Act 2011

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 January 2006 (Section 30(*h*), (*i*))
13 February 2007 (Section 21)
1 September 2007 (Sections 8, 9, 11, 13(*a*), (*b*), (*c*), 44(*a*), (*b*), (*c*), 53(*a*), (*b*), (*c*))
31 October 2008 (Section 3)
9 January 2009 (Section 6(*h*))
1 April 2009 (Sections 13(*d*), 14(*a*), 44(*d*), 53(*d*))
22 February 2010 (Sections 10(*a*), (*b*), (*e*), (*g*), (*h*), (*i*), (*j*))
23 February 2010 (Section 28)
1 April 2010 (Sections 15, 35)
7 July 2010 (Section 14(*b*))
1 January 2011 (Sections 4(*a*), 6(*b*), (*e*), (*f*), (*i*), 16(*b*), 27(*a*))
19 February 2011 (Section 37)
1 April 2011 (Section 18, 20, 34, 38, 40)

25 April 2011 (Section 41)
1 June 2011 (Sections 10(*f*), 48, 49, 69(*a*), 71)
1 September 2011 (Section 16(*a*))
20 December 2011 (Sections 2, 5, 6(*g*), 12, 30(*j*), (*k*), 32(*a*), 36(1), 39,42, 43, 45, 46, 47, 50, 51, 52, 55 to 60, 62 to 68(*b*), 72)
1 January 2012 (Sections 6(*a*), (*c*), (*d*), 32(*b*))

156. Act 11 of 2005 — Trust Companies Act 2005
(Consequential amendments made to Act by)

Date of First Reading	:	25 January 2005 (Bill No. 1/2005 published on 26 January 2005)
Date of Second and Third Readings	:	18 February 2005
Date of commencement	:	1 February 2006

157. Act 53 of 2007 — Income Tax (Amendment No. 2) Act 2007

Date of First Reading	:	22 October 2007 (Bill No. 43/2007 published on 23 October 2007)
Date of Second and Third Readings	:	12 November 2007
Date of commencement	:	17 February 2006 (Sections 3(*e*) and 5) 1 November 2006 (Sections 6(*a*), (*h*), (*k*), (*m*), 31(*d*)) 1 January 2007 (Sections 6(*g*), 25(*e*), 29) 15 February 2007 (Sections 3(*c*), (*d*), 6(*a*), (*g*), (*h*), (*i*), (*l*), (*n*), 9, 11, 16(*b*), (*c*), (*d*), 23, 27 and 32) 1 March 2007 (Sections 15(*a*), 28, 42(*c*), (*d*), (*g*), (*i*), 43(*b*)) 1 July 2007 (Sections 11, 12(*b*)) 1 September 2007 (Sections 7, 10, 14, 42(*o*)) 6 December 2007

158. Act 7 of 2006 — Workplace Safety and Health Act 2006
(Consequential amendments made to Act by)

Date of First Reading	:	17 October 2005 (Bill No. 36/2005 published on 18 October 2005)
Date of Second and Third Readings	:	17 January 2006
Date of commencement	:	1 March 2006

159. G. N. No. S 194/2006 — Income Tax Act (Amendment of First Schedule) Order 2006

Date of commencement	:	31 March 2006 (paragraph 2(*a*))

160. 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	:	13 February 2007 (Sections 2(*b*), 23) 15 February 2007 (Sections 31(*a*), (*b*)) 1 September 2007 (Sections 8, 16) 6 December 2007 (Section 6(*g*)) 17 January 2008 (Section 40) 16 February 2008 (Section 6(*c*), (*d*), (*e*), 11, 12, 13, 24, 25(*b*), 32(*b*)) 1 April 2008 (Section 17(*a*), 18, 30, 42, 55, 57(*c*)) 16 December 2008 1 January 2009 (Section 46)

161. Act 2 of 2007 — Statutes (Miscellaneous Amendments) Act 2007

Date of First Reading	:	8 November 2006 (Bill No. 14/2006 published on 9 November 2006)
Date of Second and Third Readings	:	22 January 2007
Date of commencement	:	1 March 2007 (section 3 — amendment of Income Tax Act)

162. Act 10 of 2007 — Charities (Amendment) Act 2007
(Consequential amendments made to Act by)

Date of First Reading	:	8 November 2006 (Bill No. 22/2006 published on 9 November 2006)
Date of Second and Third Readings	:	23 January 2007
Date of commencement	:	1 March 2007

163. Act 30 of 2007 — Employment of Foreign Workers (Amendment) Act 2007
(Consequential amendments made to Act by)

Date of First Reading	:	9 April 2007 (Bill No. 17/2007 published on 10 April 2007)
Date of Second and Third Readings	:	22 May 2007
Date of commencement	:	1 July 2007

164. 2008 Revised Edition — Income Tax Act (Chapter 134)

Date of operation	:	1 January 2008

165. Act 35 of 2007 — Commodity Trading (Amendment) Act 2007
(Consequential amendments made to Act by)

Date of First Reading	:	21 May 2007 (Bill No. 23/2007 published on 22 May 2007)
Date of Second and Third Readings	:	17 July 2007
Date of commencement	:	27 February 2008 (section 27 — amendment of Income Tax Act)

166. Act 27 of 2009 — Income Tax (Amendment) Act 2009

Date of First Reading	:	14 September 2009 (Bill No. 17/2009 published on 14 September 2009)
Date of Second and Third Readings	:	23 November 2009
Date of commencement	:	1 April 2008 (Section 35) 1 October 2008 (Section 5(*a*)) 22 January 2009 (Section 7(*c*), 20, 23) 1 April 2009 (Section 14) 4 May 2009 (Section 2, 27)

1 July 2009 (Section 25, 33(*c*), (*d*), (*e*))
29 December 2009
1 January 2010 (Sections 10, 11, 12, 15)

167. Act 29 of 2012 — Income Tax (Amendment) Act 2012

Date of First Reading	:	15 October 2012 (Bill No. 29/2012 published on 15 October 2012)
Date of Second and Third Readings	:	14 November 2012
Date of commencement	:	1 April 2008 (Section 28(*a*)) 22 February 2010 (Section 5(*b*)) 1 April 2010 (Sections 33(*a*), (*b*), (*d*), (*e*), (*h*), (*i*), (*j*), (*o*), (*p*), (*f*) 1 January 2011 (Sections 12, 25(*a*) to (*f*), (*h*), (*i*)) 1 June 2011 (Sections 4, 5(*a*), (*c*), (*d*), (*e*), 9) 17 February 2012 (Sections 3(*b*), (*c*), (*d*), (*e*), 33(*c*), (*f*), (*g*), (*k*) to (*h*), (*q*), (*r*), (*s*), (*u*), (*v*), 42, 44) 28 February 2012 (Sections 38, 39) 1 March 2012 (Section 20) 1 April 2012 (Sections 13, 17, 37(*b*)) 1 June 2012 (Sections 11, 51(*d*)) 18 December 2012 (Sections 3(*a*), 7, 8, 10(*b*), 16, 18, 22, 25(*g*), 26, 29, 31, 48)

168. Act 10 of 2006 — Casino Control Act 2006
(Related amendments made to Act by)

Date of First Reading	:	16 January 2006 (Bill No. 3/2006 published on 17 January 2006)
Date of Second and Third Readings	:	14 February 2006
Date of commencement	:	2 April 2008 (section 202 — amendment of Income Tax Act)

169. 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	:	22 January 2009 (Section 22) 1 October 2009 (Sections 7(*h*) and (*r*)) 18 December 2012 (Section 15) 25 February 2013 (Section 29, 50, 53) 26 February 2013 (Section 27(*b*)) 1 April 2013 (Section 30) 28 June 2013 (Sections 7(*b*), (*c*), (*d*), (*i*)) 28 November 2013 (Sections 2, 3, 4(*a*), (*b*), 5, 6, 7(*e*), (*f*), (*g*), (*j*), 9, 10, 11, 13(1)(*a*), (*b*), (*c*), 14, 16, 17, 18(1)(*a*), 19, 20, 21(1)(*a*), (*d*), 23(1)(*e*), (*f*), 24, 25, 26, 27(*a*), 33 to 48, 51, 52) 1 January 2014

170. Act 37 of 2008 — Limited Partnerships Act 2008
(Consequential amendments made to Act by)

Date of First Reading	:	21 October 2008 (Bill No. 35/2008 published on 21 October 2008)
Date of Second and Third Readings	:	18 November 2008
Date of commencement	:	4 May 2009

171. Act 24 of 2009 — Income Tax (Amendment) (Exchange of Information) Act 2009

Date of First Reading	:	14 September 2009 (Bill No. 18/2009 published on 14 September 2009)
Date of Second and Third Readings	:	19 October 2009
Date of commencement	:	9 February 2010

172. Act 21 of 2008 — Mental Health (Care and Treatment) Act 2008
(Consequential amendments made to Act by)

Date of First Reading	:	21 July 2008 (Bill No. 11/2008 published on 22 July 2008)
Date of Second and Third Readings	:	16 September 2008
Date of commencement	:	1 March 2010 (item 1(20) of the Second Schedule — amendment of Income Tax Act)

173. Act 25 of 2010 — Estate Agents Act 2010
(Consequential amendments made to Act by)

Date of First Reading	:	16 August 2010 (Bill No. 19/2010 published on 16 August 2010)
Date of Second and Third Readings	:	15 September 2010
Date of commencement	:	22 October 2010 (item 4 of the Third Schedule — amendment of Income Tax Act)

174. Act 13 of 2011 — Children Development Co-Savings (Amendment) Act 2011
(Consequential amendments made to Act by)

Date of First Reading	:	28 February 2011 (Bill No. 8/2011 published on 28 February 2011)
Date of Second and Third Readings	:	10 March 2011
Date of commencement	:	1 May 2011

175. Act 4 of 2011 — Retirement Age (Amendment) Act 2011
(Consequential amendments made to Act by)

Date of First Reading	:	22 November 2010 (Bill No. 36/2010 published on 22 November 2010)
Date of Second and Third Readings	:	11 January 2011
Date of commencement	:	1 January 2012

176. Act 2 of 2012 — Statutes (Miscellaneous Amendments) Act 2012

Date of First Reading	:	21 November 2011 (Bill No. 22/2011 published on 21 November 2011)
Date of Second and Third Readings	:	18 January 2012
Date of commencement	:	1 March 2012 (section 4 — amendment of Income Tax Act)

177. G.N. No. S 130/2012 — Income Tax Act (Amendment of Seventh Schedule) Order 2012

Date of commencement	:	1 April 2012

178. G.N. No. S 595/2012 — Income Tax Act (Amendment of Eighth Schedule) Order 2012

Date of commencement	:	3 December 2012

179. Act 36 of 2012 — Casino Control (Amendment) Act 2012
(Consequential amendments made to Act by)

Date of First Reading	:	15 October 2012 (Bill No. 28/2012 published on 15 October 2012)
Date of Second and Third Readings	:	16 November 2012
Date of commencement	:	31 January 2013 (section 119 — amendment of Income Tax Act)

180. Act 2 of 2013 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2013
(Consequential amendments made to Act by)

Date of First Reading	:	12 November 2012 (Bill No. 36/2012 published on 12 November 2012)
Date of Second and Third Readings	:	14 January 2013
Date of commencement	:	17 February 2013 (section 7 — amendment of Income Tax Act)

181. Act 3 of 2013 — Computer Misuse (Amendment) Act 2013
(Consequential amendments made to Act by)

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 : 13 March 2013

182. Act 11 of 2013 — Insurance (Amendment) Act 2013
(Consequential amendments made to Act by)

Date of First Reading : 4 February 2013
(Bill No. 5/2013 published on 4 February 2013)

Date of Second and Third Readings : 15 March 2013

Date of commencement : 18 April 2013 (item 10 of the Schedule — amendment of Income Tax Act)

183. G.N. No. S 775/2013 — Income Tax Act (Amendment of Seventh Schedule) Order 2013

Date of commencement : 23 December 2013

184. Act 21 of 2013 — Goods and Services Tax (Amendment) Act 2013
(Related amendments made to Act by)

Date of First Reading : 21 October 2013
(Bill No. 17/2013 published on 21 October 2013)

Date of Second and Third Readings : 11 November 2013

Date of commencement : 1 January 2014 (item 1 of the Schedule — amendment of Income Tax Act)

185. 2014 Revised Edition — Income Tax Act (Chapter 134)

Date of operation : 31 March 2014

186. 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 : 1 April 2014
30 May 2014
1 September 2014
27 November 2014
1 January 2015

1 June 2015
1 July 2015

187. Act 4 of 2015 — MediShield Life Scheme Act 2015

Date of First Reading	:	19 January 2015 (Bill No. 3/2015 published on 19 January 2015)
Date of Second and Third Readings	:	29 January 2015
Date of commencement	:	1 November 2015

188. G.N. No. S 712/2015 — Income Tax Act (Amendment of First Schedule) Order 2015

Date of commencement	:	1 November 2015

189. Act 29 of 2014 — Business Names Registration Act 2014
(Consequential amendments made to Act by)

Date of First Reading	:	8 September 2014 (Bill No. 26/2014)
Date of Second and Third Readings	:	8 October 2014
Date of commencement	:	3 January 2016

190. 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

191. 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 2014 1 September 2014 24 February 2015 18 March 2015 1 April 2015 29 May 2015

1 June 2015
1 July 2015
1 January 2016
11 April 2016
1 July 2016

192. G. N. No. S 303/2016 — Income Tax Act (Amendment of Seventh Schedule) Order 2016

Date of commencement : 1 July 2016

193. Act 15 of 2016 — Income Tax (Amendment No. 2) Act 2016

Date of First Reading : 14 April 2016 (Bill No. 16/2016 published on 14 April 2016)

Date of Second and Third Readings : 9 May 2016

Date of commencement : 20 July 2016
1 August 2016

194. Act 24 of 2016 — SkillsFuture Singapore Agency Act 2016

Date of First Reading : 11 July 2016 (Bill No. 24/2016 published on 11 July 2016)

Date of Second and Third Readings : 16 August 2016

Date of commencement : 3 October 2016

195. Act 34 of 2016 — Income Tax (Amendment No. 3) Act 2016

Date of First Reading : 10 October 2016 (Bill No. 34/2016)

Date of Second and Third Readings : 10 November 2016

Date of commencement : 27 November 2014
25 March 2016
1 April 2016
11 April 2016
19 April 2016
19 May 2016
1 July 2016
29 December 2016

196. 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	:	1 April 2014 1 April 2015 1 April 2016 1 January 2017

COMPARATIVE TABLE

INCOME TAX ACT
(CHAPTER 134)

The following provisions in the 2001 Revised Edition of the Income Tax Act were renumbered by the Law Revision Commissioners in the 2004 Revised Edition.

This Comparative Table is provided for the convenience of users. It is not part of the Income Tax Act.

2004 Ed.	**2001 Ed.**
2—(1) (Definition of "institution of a public character")	**37**—(9) (Definition of "institution of a public character")
10—(1) to (4)	**10**—(1) to (4)
(5)	(4A)
(6)	(5)
(7)	(5A)
(8)	(5B)
(9)	(6)
(10)	(6A)
(11)	(6B)
(12)	(7)
(13)	(8)
(14)	(9)
(15)	(9A)
(16)	(10)
(17)	(11)
(18)	(12)
(19)	(13)
(20)	(14)
(21)	(15)
(22)	(16)
(23)	(17)

2004 Ed.	**2001 Ed.**
(24)	(18)
(25)	(19)
(26)	(20)
10C—(1)	**10C**—(1)
(2)	(1A)
(3)	(1B)
(4)	(1C)
(5)	(1D)
(6)	(1E)
(7)	(2)
(8)	(3)
(9)	(4)
(10)	(5)
(11)	(6)
(12)	(7)
—	**10F** (*Repealed by Act 37/2002*)
—	**10G** (*Repealed by Act 37/2002*)
10J—(1) to (3)	**10J**—(1) to (3)
(4)	(3A)
(5)	(3B)
(6)	(4)
(7)	(4A)
(8)	(4B)
(9)	(5)
(10)	(6)
(11)	(6A)
(12)	(7)
13—(1) to (7)	**13**—(1) to (7)

2004 Ed.	2001 Ed.
(8)	(7A)
(9)	(7B)
(10)	(7C)
(11)	(7D)
(12)	(8)
(13)	(9)
(14)	(10)
(15)	(12)
(16)	(11) and (13)
13E—(1) to (4)	**13E**—(1) to (4)
(5)	(4A)
—	(4B) (*Deleted by Act 37/2002*)
—	(4C) (*Deleted by Act 37/2002*)
(6)	(5)
(7)	(6)
(8)	(7)
(9)	(8)
(10)	(9)
(11)	(10)
(12)	(11)
—	(12) (*Deleted by Act 37/2002*)
—	(13) (*Deleted by Act 37/2002*)
13G—(1) to (3)	**13G**—(1) to (3)
(4) (Definition of "trustee company")	—
13J—(1) to (5)	**13J**—(1) to (5)
(6)	(7)
(7)	(8)
(8)	(9)

2004 Ed.	**2001 Ed.**
(9)	(10)
(10)	(6)
13M—(1) to (3)	**13M**—(1) to (3)
—	(4) (*Deleted by Act 21/2003*)
(4)	(5)
(5)	(6)
(6)	(7)
(7)	(9)
(8)	(8)
14A—(1) to (6)	**14P**—(1) to (6)
14B—(1) and (2)	**14B**—(1) and (2)
(3)	(2A)
(4)	(3)
(5)	(3A)
(6)	(3AA)
(7)	(3B)
(8)	(3C)
(9)	(3D)
(10)	(3E)
(11)	(4)
—	**14G** (*Repealed by Act 21/2003*)
14K—(1) to (4)	**14K**—(1) to (4)
(5)	(4A)
(6)	(5)
(7)	(6)
14M—(1) to (8)	**14M**—(1) to (8)
(9)	(8A)
(10)	(8B)

2004 Ed.	2001 Ed.
(11)	(8C)
(12)	(8D)
(13)	(8E)
(14)	(8F)
(15)	(8G)
(16)	(8H)
(17)	(8I)
(18)	(9)
(19)	(10)
(20)	(11)
(21)	(12)
(22)	(13)
(23)	(14)
15—(1)(*a*) to (*m*)	**15**—(1)(*a*) to (*m*)
Spent	(*n*)
(*n*)	(*o*)
(*o*)	(*p*)
(*p*)	(*q*)
(2)	(2)
Spent	(3)
17—(1)	**17**—(1)
(2)	(1A)
(3)	(1B)
(4)	(2)
(5)	(3)
(6)	(4)
18—(1)(*a*) to (*e*)	**18**—(1)(*a*) to (*e*)
—	(*f*) and (*g*) (*Deleted by Act 21/2003*)

2004 Ed.	2001 Ed.
(*f*)	(*h*)
(*g*)	(*i*)
(*h*)	(*j*)
(*i*)	(*k*)
(*j*)	(*l*)
(2) and (3)	(1A)
(4)	(2)
(5)	(2A)
(6)	(3)
(7)	(4)
(8)	(5)
(9)	(6)
—	**18A** (*Repealed by Act 21/2003*)
19A—(1)	**19A**—(1)
(2)	(1A)
(3)	(1B)
(4)	(1C)
(5)	(1D)
(6)	(1E)
(7)	(1F)
(8)	(1G)
(9)	(1H)
(10)	(1J)
(11)	(1K)
(12)	(2)
(13)	(3)
(13A)	(4)
(14)	(5)

2004 Ed.	2001 Ed.
(15)	(6) (except paragraph (*b*))
(16)	(6)(*b*)
19B—(1) to (6)	**19B**—(1) to (6)
(7)	(8)
(8)	(9)
(9)	(10)
(10)	(11)
(11)	(7)
23—(1)	**23**—(1)
(2)	(1A)
(3)	(1B)
(4)	(2)
(5)	(2A)
(6)	(3)
(7)	(4)
24—(3)(*d*)	**24**—(3)(*ca*)
(*e*)	(*d*)
27—(1) to (4)	**27**—(1) to (4)
(5)	(4A)
(6)	(5)
(7)	(6)
31—(1) and (2)	**31**—(1) and (2)
(3)	(2A)
(4)	(3)
(5)	(4)
(6)	(5)
(7)	(6)
(8)	(7)

2004 Ed.	2001 Ed.
35—(1)	**35**—(1)
(2)	(1A)
(3)	(1B)
(4)	(2)
(5)	(2A)
(6)	(3)
(7)	(4)
(8)	(5)
(9)	(5A)
(10)	(6)
(11)	(7)
(12)	(8)
(13)	(9)
(14)	(10)
(15)	(11)
37—(1)	**37**—(1)
(2)	(1A)
(3)	(2)
(4)	(2A)
(5)	(2B)
(6)	(2C)
(7)	(2D)
(8)	(2E)
(9)	(2F)
(10)	(3)
(11)	(4)
(12)	(5)
(13)	(6)

2004 Ed.	2001 Ed.
(14)	(7)
(15)	(8)
(16)	(8A)
(17)	(10)
(18)	(11)
37A—(1)	**37A**—(1)
(2)	(1A)
(3)	(2)
(4)(*a*)	(4)(*a*)
(*b*)	(3)(*b*)
(*c*)	(3)(*a*)
(*d*)	(3)(*c*)
(*e*)	(4)(*b*)
39—(1) to (11)	**39**—(1) to (11)
(12)	(11A)
(13)	(12)
42A—(1) and (2)	**42A**—(1) and (2)
(3)	(2A)
(4)	(3)
(5)	(3A)
(6)	(3B)
(7)	(4)
(8)	(5)
(9)	(6)
43—(1) to (3)	**43**—(1) to (3)
(4)	(3A)
(5)	(3B)
(6)	(5)

2004 Ed.	2001 Ed.
(7) to (9)	(7) to (9)
(10)	(3C), (4) and (6)
43A—(1)	**43A**—(1)
(2)(*a*)	(2)
(*b*) and (*c*)	(3)
43D—(1)	**43D**—(1)
(2)	(1A)
(3)	(2)
(4)	(3)
43E—(1) to (4)	**43E**—(1) to (4)
(5)	(4) (Proviso to the definition of "associated company")
43G—(1) to (3)	**43G**—(1) to (3)
(4)	(3) (Proviso to the definition of "associated company")
43I—(1) and (2)	**43I**—(1) and (2)
(3)	(2A)
(4)	(3)
(5)	(4)
(6)	(5)
(7)	(6)
(8)	(7)
(9)	(8)
—	**43M** (*Repealed by Act 21/2003*)
43P—(1)	**43P**—(1)
(2)	(1A)

2004 Ed.	2001 Ed.
(3)	(2)
44—(1) to (5)	**44**—(1) to (5)
(6)	(5A)
(7)	(5B)
(8)	(5C)
(9)	(6)
(10)	(6A)
(11)	(6B)
(12)	(6C)
(13)	(7)
(14)	(8)
(15)	(9)
(16)	(10)
(17)	(11)
(18)	(12)
(19)	(13)
(20)	(14)
44A—(1) to (9)	**44A**—(1) to (9)
(10)	(9A)
(11)	(10)
(12)	(11)
(13)	(12)
50A—(1)(*a*)	**50A**—(1)(*a*)
(*b*)	(*aa*)
(*c*)	(*b*)
(*d*)	(*c*)
(*e*)	(*d*)
—	(2) (*Deleted by Act 21/2003*)

2004 Ed.	**2001 Ed.**
(2)	(3)
(3)	(4)
(4)	(5)
(5)	(6)
(6)	(7)
65B—(1)	**65B**—(1)
(2)	(4)
(3)	(3)
(4)	(2)
91—(1)	**91**—(1)
(2)	(2) (Paragraph (*a*) of proviso)
(3)	(Paragraph (*b*) of proviso)
(4)	(2A)
(5)	(2B)
(6)	(3)
(7)	(3A)
(8)	(4)
(9)	(4) (Paragraph (*a*) of proviso)
(10)	(Paragraph (*b*) of proviso)
(11)	(5)
(12)	(6)
(13)	(7)
FIFTH SCHEDULE	FIFTH SCHEDULE
1 and 2	1 and 2
—	3 (*Deleted by Act 21/2003*)
3	4
4	5
5	6

2004 Ed.	**2001 Ed.**
6	7
7	8
8	9
9	10

COMPARATIVE TABLE

INCOME TAX ACT
(CHAPTER 134)

The following provisions in the 2004 Revised Edition of the Income Tax Act were renumbered by the Law Revision Commissioners in the 2008 Revised Edition.

This Comparative Table is provided for the convenience of users. It is not part of the Income Tax Act.

2008 Ed.	**2004 Ed.**
10C—(1) to (6)	**10C**—(1) to (6)
—	(7) (*Deleted by Act 7/2007*)
(8) to (12)	(8) to (12)
13F—(1)(*a*) and (*b*)	**13F**—(1)(*a*) and (*b*)
(*c*)(i) and (ii)	(*c*)(i) and (ii)
—	(iii) and (iv) (*Deleted by Act 49/2004*)
(2) to (6)	(2) to (6)
13G—(1) and (2)	**13G**—(1) and (2)
(3)	(2A)
(4)	(3)
(5)	(4)
—	**13M** (*Repealed by Act 53/2007*)
13N—(1)(*a*)	**13N**—(1)(*a*)
—	(*b*) (*Spent*)
(*b*)	(*c*)
(2) to (7)	(2) to (7)
13O—(1)	**13O**—(1)
(2)	(1A)
(3)	(2)
(4)	(3)
16—(1) to (12)	**16**—(1) to (12)

2008 Ed.	**2004 Ed.**
(13)	(12A)
(14)	(13)
19—(1) to (1B)	**19**—(1) to (1B)
(2)(*a*) and (*b*)	(2)(*a*) and (*b*)
—	(*c*) and (*d*) (*Spent*)
(*c*)	(*e*)
(*d*)	(*f*)
(3) to (7)	(3) to (7)
19A—(1) to (13)	**19A**—(1) to (13)
(13A)	(13A)
(13B)	—
(14) to (16)	(14) to (16)
19C—(1) to (3)	**19C**—(1) to (3)
—	(4) (*Deleted by Act 7/2007*)
(4)	(5)
(5)	(6)
(6)	(7)
(7)	(8)
—	(9) (*Deleted by Act 7/2007*)
(8)	(10)
(9)	(11)
(10)	(11A)
(11)	(11B)
(12)	(11C)
(13)	(12)
19D—(1) to (12)	**19D**—(1) to (12)
(13)	(12A)
(14)	(12B)

2008 Ed.	**2004 Ed.**
(15)	(13)
(16)	(14)
26—(1) to (9)	**26**—(1) to (9)
(10)	(9A)
(11)	(9B)
(12)	(10)
37—(1) to (4)	**37**—(1) to (4)
(5)	(4A)
(6)	(5)
—	(6) (*Deleted by Act 34/2005*)
(7) to (14)	(7) to (14)
(15)	(14A)
(16)	(15)
(17)	(16)
(18)	(16A)
(19)	(17)
—	(18) (*Deleted by Act 34/2005*)
43I—(1) to (3)	**43I**—(1) to (3)
—	(4) (*Deleted by Act 53/2007*)
—	(5) (*Deleted by Act 53/2007*)
(6) to (9)	(6) to (9)
—	**43L** (*Repealed by Act 7/2007*)
51—(1)	**51**—(1)
—	(2) and (3) (*Deleted by Act 49/2004*)
(2)	(4)
(3)	(5)
—	(6) (*Deleted by Act 49/2004*)
62—(1) to (3)	**62**—(1) to (3)

2008 Ed.	**2004 Ed.**
—	(4) (*Deleted by Act 49/2004*)
(4)	(5)
(5)	(6)
—	(7) (*Deleted by Act 49/2004*)
—	(8) (*Deleted by Act 7/2007*)
—	**71A** (*Repealed by Act 49/2004*)
78—(1) to (6)	**78**—(1) to (6)
(7)	(6A)
(8)	(7)
(9)	(8)
(10)	(9)
(11)	(10)
(12)	(10A)
(13)	(10B)
(14)	(11)
(15)	(12)
(16)	(13)
79—(1) and (2)	**79**—(1) and (2)
(3)	(2A)
(4)	(3)
(5)	(3A)
(6)	(4)
(7)	(4A)
(8)	(4B)
(9)	(4C)
(10)	(4D)
(11)	(5)
(12)	(6)

2008 Ed.	**2004 Ed.**
93—(1) to (5)	**93**—(1) to (5)
—	(6) (*Deleted by Act 49/2004*)
(6)	(7)
(7)	(8)
(8)	(9)
FIFTH SCHEDULE	FIFTH SCHEDULE
1 to 6	1 to 6
—	7 (*Deleted by Act 49/2004*)
—	8 (*Deleted by Act 49/2004*)
7(*a*)	9(*a*)
—	(*b*) (*Deleted by Act 49/2004*)
(*b*)	(*c*)