THE STATUTES OF THE REPUBLIC OF SINGAPORE

INCOME TAX ACT 1947

2020 REVISED EDITION

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Income Tax Act 1947

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

[1 January 1948]

PART 1

PRELIMINARY

Short title

1. This Act is the Income Tax Act 1947.

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 2004;

"advocate and solicitor" means an advocate and solicitor within the meaning of the Legal Profession Act 1966;

"annual value" has the meaning given by section 2 of the Property Tax Act 1960, and is to 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 34F(9), 37L(7), 37M(5), 37S(8), 67(1)(*a*), 95, 96, 96A and 101, a Deputy Comptroller or an Assistant Comptroller so appointed;

[Act 30 of 2023 wef 30/10/2023]

"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

37D or claimed under section 37C (excluding any donation referred to in section 37C(8)(*c*)) or 37E 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 meaning given by the Electronic Transactions Act 2010;

"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 chairperson and any member of the statutory board,

and "employer" and other cognate expressions are to 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 2001 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;

"holding company" has the meaning given by section 5 of the Companies Act 1967;

[Act 33 of 2022 wef 04/11/2022]

"incapacitated person" means an individual —

(*a*) who is below 21 years of age; or

(*b*) who lacks capacity to make a decision for himself or herself in relation to any matter at the material time because of an impairment of, or a disturbance in the functioning of, the mind or brain, whether such impairment or disturbance is permanent or temporary;

"information subject to legal privilege" means —

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

(*b*) communications between —

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

(ii) an advocate and solicitor or his or her 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 meaning given by the Charities Act 1994;

"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 or her 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;

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

"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;

"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 limiting the foregoing, a person is deemed to have a permanent establishment in Singapore if that person —

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

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

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

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

(iii) 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 meaning given by the Retirement and Re-employment Act 1993;

"private hire car" means a motor car —

(*a*) that is used as a private hire car within the meaning of the Road Traffic Act 1961; and

(*b*) in respect of which a licence is issued under Part 5 of that Act for such use;

"professional visit pass" means a professional visit pass issued by the Controller of Immigration under the Immigration Regulations;

"related party", in relation to a person (*A*), means any person —

(*a*) who directly or indirectly controls *A*;

(*b*) who is being controlled directly or indirectly by *A*; or

(*c*) who, together with *A*, is directly or indirectly under the control of a common person;

[Act 33 of 2022 wef 04/11/2022]

"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;

"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;

"specially authorised officer" means an officer authorised under section 4(5) to exercise the powers mentioned in that provision;

"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 10G that may be made by the member to his or her 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 the Minister may appoint, for the purposes of the Supplementary Retirement Scheme;

"subsidiary" has the meaning given by section 5 of the Companies Act 1967;

[Act 33 of 2022 wef 04/11/2022]

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

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

"treasury share" —

(*a*) in relation to a company incorporated under the Companies Act 1967 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;

"VCC Act" means the Variable Capital Companies Act 2018;

"work pass" means a work pass issued by the Controller of Work Passes under the Employment of Foreign Manpower Act 1990;

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

[2/2016; 34/2016; 39/2017; 45/2018; 28/2019; 32/2019; 41/2020]

(1A) The terms "non-umbrella VCC", "share", in relation to a VCC, "sub-fund", "umbrella VCC", and "VCC" have the meanings given to them in the VCC Act.

[28/2019]

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

(3) In this Act, a ship (as defined in section 2(1) of the Merchant Shipping Act 1995) 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.

[2/2016]

(3A) In this Act, a ship (as defined in section 2(1) of the Merchant Shipping Act 1995) 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.

[34/2016]

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

PART 2

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.

Assignment of function or power to public body

3A.—(1) This section applies where the Minister, after consultation with the responsible Minister of a public body, by notification in the

Gazette assigns a function or power under a provision of this Act or any subsidiary legislation made under this Act (called in this section an incentive provision) to the public body.

[41/2020]

(2) Starting on the date the Minister assigns a function or power under an incentive provision to a public body in accordance with subsection (1), a reference in that incentive provision to an authorised body is to the public body.

[41/2020]

(3) The public body, when carrying out a function or exercising a power under an incentive provision, is treated as carrying out a function or exercising a power conferred on the public body under the Act that establishes it.

[41/2020]

(4) The public body must carry out a function or exercise a power under an incentive provision in accordance with any directions given by the Minister.

[41/2020]

(5) A member of the public body who is not from the public sector must not be involved in the carrying out of a function or exercise of a power under an incentive provision by the public body.

[41/2020]

(6) The public body must not delegate a function or power under an incentive provision to any of its members, or any other person, who is not from the public sector.

[41/2020]

(7) Without affecting any obligation as to secrecy or other restriction against the disclosure of information imposed by any law or contract —

(*a*) a member of the public body who is from the public sector; or

(*b*) a person to whom a function or power under an incentive provision has been delegated,

that receives or obtains information relating to a person for the purposes of an incentive provision, must not disclose or provide

access to such information to a member of the public body, or any other person, who is not from the public sector.

[41/2020]

(8) Subsection (7) does not apply to the following information:

(*a*) information the disclosure of which has been approved by the Minister;

(*b*) information relating to a person —

(i) for which consent for disclosure has been obtained from the person; or

(ii) that is already in the possession of the public body;

(*c*) information that is publicly available.

[41/2020]

(9) The public body may carry out a function or exercise a power under an incentive provision despite the absence of a quorum at any meeting of the public body because of subsection (5) or (7), and the absence of a quorum does not affect the validity of anything done by the public body at the meeting.

[41/2020]

(10) An assignment of a function or power under an incentive provision in accordance with subsection (1) does not affect or prevent the carrying out of any function or exercise of any power by the Minister.

[41/2020]

(11) In this section —

(*a*) a person is from the public sector if the person is a public officer or an employee of a public body; and

(*b*) "public body" and "responsible Minister", in relation to a public body, have the meanings given by section 2(1) of the Public Sector (Governance) Act 2018.

[41/2020]

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 is responsible for the assessment and collection of tax and must 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.

(5) The Comptroller may further authorise a person authorised under subsection (1) to investigate offences under this Act, to exercise any power in sections 65B(1A), (1B), (1C) and (1D), 65F, 65G, 65H and 65I.

[45/2018]

Approved pension or provident fund or society

5. The Comptroller may, subject to such conditions as the Comptroller 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 the Comptroller 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 must 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 must 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) A person appointed under, or employed in carrying out, the provisions of this Act is not 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 the person's notice in the performance of the person's 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.

(4) The obligation as to secrecy imposed by this section does 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 20B applies.

(4AA) Subsection (4) also applies to an agreement or arrangement to which Part 20B applies between the Minister or the Minister's authorised representative and the authority of another country that exercises powers or carries out duties corresponding to a power or duty of the Minister or representative, as if —

(*a*) a reference to the Government of Singapore is a reference to the Minister or the Minister's authorised representative; and

(*b*) a reference to the government of another country is a reference to that authority of the other country.

[39/2017]

(4A) The obligation as to secrecy imposed by this section does 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.

[37/2014]

(4B) The obligation as to secrecy imposed by this section does not prevent the disclosure to an authorised officer of the government of another country of any information concerning any person if —

(*a*) the person gives express written consent to the disclosure; and

(*b*) the disclosure is for a purpose, and satisfies the conditions, prescribed by rules made under section 7.

[41/2020]

(5) Despite anything in this section, the Comptroller must 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 or her official duties.

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

(7) Despite anything in this section, the Comptroller may transmit any document, information or return received by him or her or in his or her possession under this Act to the Commissioner of Estate Duties; and the Commissioner of Estate Duties may, despite 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 her or on his or her 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*) must 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) Despite 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 their duties, or may permit such access to any records or documents as may be necessary for those purposes.

(10) Despite 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 or her in the performance of his or her duties, or may permit such access to any records or documents as may be necessary for that purpose.

(10A) Despite anything in this section, the Comptroller may, for the purpose of enabling the Chief Statistician to perform his or her duties under the Statistics Act 1973, furnish and permit the Chief Statistician access to any information and records prescribed in rules made under section 7.

(10B) Despite anything in this section, the Comptroller may furnish to the head of a law enforcement agency any information —

(*a*) that may be required by the law enforcement agency for the purpose of an investigation or prosecution of a person for an offence specified in the First or Second Schedule to the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992; or

(*b*) that the Comptroller has reasonable grounds to suspect affords evidence of the commission of such an offence.

[45/2018]

(10C) The following persons, namely:

(*a*) the head of a law enforcement agency to whom any information is furnished under subsection (10B) for the purpose mentioned in subsection (10B)(*a*);

(*b*) any person under the command of the head of the law enforcement agency;

(*c*) any person to whom information is disclosed in compliance with this subsection,

must not disclose to any other person such information except where it is necessary for that same purpose, and any person in paragraph (*a*), (*b*) or (*c*) who contravenes this subsection shall be guilty of an offence.

[45/2018]

(11) Despite anything in this section, the Comptroller may lay a complaint of professional misconduct against any person in the person's 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.

(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 1992; 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 any of the public schemes specified in the Ninth Schedule; 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.

[2/2016; 41/2020]

(11B) Despite anything in this section, the Comptroller may allow a person who is authorised by the chief executive officer of the Inland Revenue Authority of Singapore such access to any records or documents as may be necessary for the person to conduct an audit in relation to the administration of any public scheme specified in the Ninth Schedule, including the audit of any information technology system used by the Inland Revenue Authority of Singapore for such administration.

[27/2021]

(11C) A person authorised by the chief executive officer of the Inland Revenue Authority of Singapore under subsection (11B) —

(*a*) must make and subscribe a declaration of secrecy in accordance with subsection (1);

(*b*) must not disclose to any person, or allow any person access to, anything contained in the records or documents; and

(*c*) must not use or make any copy of the records or documents or anything contained in the records or documents, other than for the purpose of the audit mentioned in subsection (11B).

[27/2021]

(11D) A person who contravenes subsection (11C)(*b*) or (*c*) shall be guilty of an offence.

[27/2021]

(12) Despite subsections (1) and (2) and without affecting subsections (5) to (11D) and (12B), the Comptroller may disclose information relating to income or items of income of any person to any of the following with the express consent of the person:

(*a*) any public officer or officer of a statutory board for the performance of his or her official duties;

(*b*) any other person (called *A* in this subsection and subsection (12A)) who is engaged by the Government or a statutory board to assist any public officer or officer of a statutory board in performing any of the officer's official duties if a public officer or officer of the statutory board (as the case may be), duly authorised by the Comptroller for this purpose, has obtained a declaration of secrecy from *A* in accordance with subsection (1).

[Act 33 of 2022 wef 04/11/2022]

(12A) *A* shall be guilty of an offence if *A* —

(*a*) discloses to any person, or allows any person access to, any information disclosed to *A* under subsection (12); or

(*b*) uses or makes any copy of any record or document containing the information,

other than for the purpose of rendering the assistance mentioned in subsection (12)(*b*).

[Act 33 of 2022 wef 04/11/2022]

(12B) Despite subsections (1) and (2) and without affecting subsections (5) to (12), the Comptroller may disclose any information prescribed in the Eleventh Schedule to any public officer or officer of a statutory board that is required for the performance of the public officer's or officer's official duties.

[Act 33 of 2022 wef 04/11/2022]

(13) Despite 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.

(14) In this section —

"head of a law enforcement agency" means —

(*a*) in relation to the Singapore Police Force, the Commissioner of Police;

(*b*) in relation to the Commercial Affairs Department, the Director;

(*c*) in relation to the Central Narcotics Bureau, the Director;

(*d*) in relation to the Corrupt Practices Investigation Bureau, the Director; and

(*e*) in relation to any other law enforcement agency, its head or equivalent;

"law enforcement agency" means —

(*a*) the Singapore Police Force;

(*b*) the Commercial Affairs Department;

(*c*) the Central Narcotics Bureau;

(*d*) the Corrupt Practices Investigation Bureau; and

(*e*) any other department of the Government charged with the responsibility of investigating any offence specified in the First or Second Schedule to the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992.

[45/2018]

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;

(*aa*) to prescribe the mode of payment for any refund under this Act to any person or class of persons; and

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

[41/2020]

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

Service and signature of notices, etc.

8.—(1) Except where it is provided by this Act that service must be effected either personally or by registered post, the Comptroller may serve a notice, direction or other document on a person —

(*a*) personally;

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

(*c*) through the electronic service if the notice, direction or other document is permitted to be served in this way by regulations made under section 8A(13)(*ba*) and (13A).

[39/2017]

(2) Where a notice is served by ordinary or registered post, it is 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 1967 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 the person at a post office and the person refuses or neglects to take delivery of the registered letter, the notice is deemed to have

been served upon the person on the date on which the person was informed that there was a registered letter awaiting the person at a post office.

(3A) Where a notice, direction or other document is served on any person through the electronic service under subsection (1)(*c*), the notice, direction or other document is taken to have been served at the time when an electronic record of it enters the person's account with the electronic service.

[39/2017]

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

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

(6) Where a notice in subsection (4) or (5) may be served on a person through the electronic service under subsection (1)(*c*), the notice need not be signed if it is served on the person by transmitting an electronic record of the notice to the person's account with the electronic service.

[39/2017]

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

(*b*) the service of any notice, direction or other document by the Comptroller.

[2/2016; 15/2016; 39/2017]

(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.

(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.

[15/2016]

(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.

[34/2016]

(4) Any agent who is authorised by the agent's 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 the principal through the electronic service.

[2/2016]

(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 is deemed to have been filed, submitted or provided with the authority of that person; and

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

[2/2016]

(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 (*A*) before *A* has requested, in the prescribed manner, for the cancellation of the authentication code —

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

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

[2/2016]

(7) Where regulations made under subsection (13) permit the Comptroller to serve through the electronic service a notice, direction or other document on a person who has been assigned an account with the electronic service, the Comptroller may serve it on the person by transmitting an electronic record of it to that account.

[39/2017]

(8) Despite 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 through the electronic service, or any notice, direction or other document that was served through the electronic service in accordance with regulations made under subsections (13)(*ba*) and (13A); or

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

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

(*c*) 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

(*d*) is duly authenticated in the manner specified in subsection (10) or is otherwise authenticated in the manner provided in the Evidence Act 1893 for the authentication of computer output.

[2/2016; 39/2017]

(9) To avoid doubt —

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

electronic service in accordance with regulations made under subsections (13)(*ba*) and (13A); or

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

is not 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.

[2/2016; 39/2017]

(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

(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;

(*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,

is 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.

[2/2016]

(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 is 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.

[2/2016]

(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.

(13) The Minister may make regulations which are necessary or expedient for carrying out the purposes of this section and section 8(1)(*c*), 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;

(*ba*) the circumstances in which the Comptroller may serve any notice, direction or other document through the electronic service on a person assigned an account with the electronic service;

(*c*) the manner in which a person who has been served through the electronic service with any notice, direction or other document is to be notified of the transmission of an electronic record of it to the person's 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.

[2/2016; 39/2017]

(13A) Regulations made for the purpose of subsection (13)(*ba*) —

(*a*) may provide for service of any notice, direction or other document through the electronic service in circumstances where —

(i) the person consents to such service; or

(ii) the Comptroller gives the person notice of the Comptroller's intention of such service and the person does not refuse such service;

(*b*) may make provision with respect to the giving of any notice of the Comptroller's intention, or the person's consent or refusal, mentioned in paragraph (*a*), including —

(i) the matters that must be contained in the notice; and

(ii) the time within which, and the form and manner in which, the consent or refusal must be received by the Comptroller;

(*c*) may provide when the consent or refusal of the person takes effect and when the Comptroller must give effect to such consent or refusal; and

(*d*) may provide for any other matter necessary or incidental to the purposes in subsection (13)(*ba*) and paragraphs (*a*), (*b*) and (*c*).

[39/2017]

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

[2/2016]

(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 37G(1) or (4A) or 37R(1) or (6); and

[Act 30 of 2023 wef 30/10/2023]

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

[15/2016]

(16) Despite subsection (3), any person making an election under section 37G(1) or (4A) or 37R(1) or (6) must, unless otherwise permitted by the Comptroller, do so through the electronic service.

[15/2016]

[Act 30 of 2023 wef 30/10/2023]

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 3

IMPOSITION OF INCOME TAX

Charge of income tax

10.—(1) Income tax is, subject to the provisions of this Act, 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 1965*]

(*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 Comptroller's satisfaction 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 is 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 is disregarded;

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

(*ca*) for any year of assessment between the years of assessment 2015 and 2019 (both years inclusive), 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;

(*cb*) for the year of assessment 2020 and subsequent years of assessment, either —

(i) the rent paid by the employer for any place of residence provided by the employer (or the part of such place of residence occupied by the employee if the premises are shared with another), including for any furniture and fittings in that place or part; or

(ii) if no such rent is paid, the annual value of such place or part, less any rent paid by the employee for the place or part;

(*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.

[45/2018]

(2A) For the purposes of subsection (2)(*ca*) and (*cb*)(ii), 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 1960, the annual value is to be ascertained in accordance with the definition of that term in section 2 of that Act.

[37/2014; 45/2018]

(2AA) Where the Comptroller is not satisfied that the rent mentioned in subsection (2)(*cb*)(i) is reasonable after having regard to the rent that a lessee might reasonably be expected to pay under a lease of the place or part (including the furniture and fittings) if it were unoccupied and offered for renting, the Comptroller may adopt either —

(*a*) the annual value of the place of residence provided by the employer (or the part of such place of residence occupied by the employee if the premises are shared with another), less any rent paid by the employee for the place or part; or

(*b*) in a case where no annual value or separate annual value is ascribed to such place of residence in the Valuation List prepared under section 10 of the Property Tax Act 1960, such other value as appears to the Comptroller to be reasonable in the circumstances.

[45/2018]

(2AB) In a case where —

(*a*) subsection (2)(*cb*)(i) applies; and

(*b*) the rent paid by the employer under that provision includes rent for any furniture and fittings in the place or part,

then, despite subsection (2)(*a*), no further account is to be taken of those furniture and fittings in determining the gains or profits of the employee from the employment.

[45/2018]

(2AC) However (and to avoid doubt), subsection (2AB) does not apply in a case where the Comptroller exercises his or her power under subsection (2AA).

[45/2018]

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

[37/2014]

(3) Any sum realised under any insurance against loss of profits must 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 is 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 13P 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 13P;

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 or provisionally registered ship the income derived from the operation of which is exempt from tax under section 13A or 13E, or the income derived from the chartering or finance leasing of which is exempt from tax under section 13P (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 or provisionally registered ship against any income exempt from tax under section 13A, 13E or 13P, 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.

[Act 33 of 2022 wef 04/11/2022]

(5) In subsection (4) —

"foreign ship" has the meaning given by section 13E(6);

"Singapore ship" and "provisionally registered ship" have the meanings given by section 13A(16).

[2/2016]

[Act 33 of 2022 wef 04/11/2022]

(5A) In subsection (4), "finance leasing" has the meaning given by section 13P(20).

[2/2016]

(6) Any gains or profits, directly or indirectly, derived by any person from a right or benefit granted on or after 1 January 2003, whether granted in the person's name or in the name of the person's nominee or agent, to acquire shares in any company are, where the

right or benefit is obtained by that person by reason of any office or employment held by the person, 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 are the price of the shares in the open market at that time, less any amount paid for the shares;

(*b*) despite 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 are 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*) despite paragraphs (*a*) and (*c*), any gains or profits derived by the person by any exercise of a right or benefit to acquire shares in any company listed on the Singapore Exchange are computed in accordance with the 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 the person; 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 the person; and

B is the amount paid for such shares;

(*e*) "shares" includes stocks.

(6A) To avoid doubt, section 10(5) in force immediately before 10 December 2002 continues 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 1 January 2003, whether in his or her name or in the name of his or her nominee or agent, where the right or benefit was obtained by that person by reason of any office or employment held by him or her.

(7) Despite subsection (6), where —

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

(*b*) immediately before he or she 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 her, or the restriction on the sale of the shares has not ceased to apply,

any gains or profits from the right or benefit are —

(*c*) 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

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

(7A) The Comptroller may, if he or she thinks fit and subject to such condition as he or she 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*).

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

(7C) If any condition imposed by the Comptroller under subsection (7A) has not been complied with by the employer of an individual, then despite 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 are to be assessed in accordance with subsection (7) and are deemed to be income accruing to the individual in the year in which the condition is not complied with.

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

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

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

(*b*) subject to any exemption from tax provided under this Act, the discount is 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 is 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.

(8B) In subsection (8A), "debt security" has the meaning given by section 43H(4).

(9) For the purposes of subsection (1)(*e*), the income derived from an annuity for any year is 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 is 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 1 January 1993 such income in lieu of any pension or other benefit payable during the person's employment or upon his or her retirement.

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

(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, the person's income is treated as follows:

(*a*) in the case of a financial institution, the interest and the gains or profits are 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 are 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 excludes 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 the person in respect of that certificate; and

(ii) where a subsequent holder sells a certificate after receiving interest therefrom, the gains or profits are 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 is deemed to be interest derived by the person.

(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 1995,

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

(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 or she 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, is deemed to be —

(*a*) the amount of the royalties or other payments remaining after the deductions allowable under Parts 5 and 6 have been made; or

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

whichever is less.

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

(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 or she 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 is deemed to be —

(*a*) the amount of the royalties or other payments remaining after the deductions allowable under Parts 5 and 6 have been made; or

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

whichever is less.

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

[2/2016]

(17) Despite 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.

(18) In subsection (16) —

"approved" means approved for such period not exceeding 5 years by the Minister or such person as the Minister 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.

(19) Any distribution made by a unit trust approved under section 10A out of gains or profits derived on or after 1 July 1989 from the disposal of securities and which have not been subject to tax is 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.

(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) is, subject to subsection (21), deemed to be income of the unit holder if the unit holder is not a foreign investor.

[37/2014; 2/2016]

(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 27 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 27 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 27 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 1970;

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

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

(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 2001 in force immediately before 8 October 2018, 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 2001);

(B) fund management;

(C) securities financing;

(D) providing custodial services for securities,

where the fees and compensatory payments are derived before 8 October 2018;

(vi*a*) a holder of a capital markets services licence licensed to carry on business in the following regulated activities under the Securities and Futures Act 2001 on or after 8 October 2018, or a company exempted under that Act from holding such a licence:

(A) dealing in capital markets products (other than any person licensed under the Financial Advisers Act 2001);

(B) fund management;

(C) product financing; or

(D) providing custodial services,

where the fees and compensatory payments are derived on or after 8 October 2018;

(vii) a collective investment scheme or closed-end fund as defined in the Securities and Futures Act 2001 that is constituted as a corporation;

(viii) the Central Depository (Pte) Limited;

(ix) an insurer licensed or regulated under the Insurance Act 1966 or exempted under that Act from being licensed or regulated; or

(x) a trust company licensed under the Trust Companies Act 2005;

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

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

(*f*) discount from —

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

(ii) qualifying debt securities issued during the period from 17 February 2006 to 31 December 2028 (both dates inclusive);

[Act 30 of 2023 wef 30/10/2023]

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

(*h*) early redemption fee and redemption premium from qualifying debt securities issued during the period from 15 February 2007 to 31 December 2028 (both dates inclusive); and

[Act 30 of 2023 wef 15/02/2023]

[Act 30 of 2023 wef 30/10/2023]

(*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(12) is deemed to be income of the unit holder if the unit holder is not a foreign investor.

[37/2014; 2/2016; 4/2017; 45/2018; 1/2020]

(20B) If —

(*a*) the income of the trustee of a unit trust, unit trust scheme or exchange traded fund interest scheme (called in this section the unit trust) did not form part of the trustee's 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 is treated as having derived, on the date in the second column of the table opposite to that event (called in this subsection and subsections (20C), (20E), (20G) and (20H) 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 *Event*	*Second column* *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 the trustee's 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 the trustee's income derived	Last day of that part of the basis period

First column	*Second column*
Event	*Corresponding date*
in only a part of the basis period for any year of assessment	

[37/2014; 2/2016]

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

[37/2014]

(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.

[37/2014]

(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 the trustee's statutory income for one or more years of assessment by reason of section 35(12) or (12A) in force immediately before 1 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 the person 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*) does not include the amount of any gains or profits referred to in subsection (20)(*a*).

[37/2014]

(20F) The trustee of the unit trust to which subsection (20B) applies must, 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).

[37/2014]

(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*).

[2/2016]

(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.

[2/2016]

(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 28 February 1998, is not deemed to be income of that unit holder.

(22) Where a designated unit trust had also been approved under section 10A, 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 10A is treated as income of a unit holder in accordance with subsection (19) and section 35(11) and (15).

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

[*Deleted by Act 30 of 2023 wef 15/02/2023*]

"compensatory payment" has the meaning given by section 10H(12);

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

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

[Act 30 of 2023 wef 15/02/2023]

"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

(*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 an authorised body, 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 41 of 2020 wef 06/12/2022]

"qualifying debt securities" has the meaning given by section 13(16);

"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 10A;

"securities lending or repurchase arrangement" has the meaning given by section 10H(12).

[37/2014; 32/2019]

(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 10B applies, is deemed to accrue to the individual on the date he or she is entitled to the sum upon retirement or on the date he or she withdraws any sum before his or her retirement (as the case may be) except that where upon his or her 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 is deemed to be income of the individual accruing on the date of withdrawal.

(25) To avoid doubt, it is declared that the amounts described in the following paragraphs are 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.

(26) Any payment accrued to a self-employed individual under section 9, 12A, 12AB, 12B, 12E, 12H or 12HA of the Child Development Co-Savings Act 2001 is deemed to be income from his or her trade, business, profession or vocation chargeable to tax under subsection (1)(*a*).

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

[Act 30 of 2023 wef 01/11/2021]

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

(28) In subsection (27) —

"approved" means approved by the Minister or an authorised body, subject to such conditions as the Minister or authorised body may impose;

[Act 41 of 2020 wef 06/12/2022]

"Islamic debt securities" has the meaning given by section 43H(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 (called in this subsection and subsection (27) 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.

Profits of unit trusts

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

(*a*) provide that tax on gains or profits derived on or after 1 July 1989 from the disposal of securities by an approved unit trust is to 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).

(1A) No unit trust may be approved as an approved unit trust under this section after 18 February 2019.

[32/2019]

(2) In this section —

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

"securities" has the meaning given by section 10(23);

"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.

[10B
[32/2019]

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

10B.—(1) Despite 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 1953 —

(*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,

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

(2) Despite 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 is not deemed to be income accruing to the employee.

(3) Subsection (2) does not apply to contributions made by an employer in any year from 1 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.

(4) [*Deleted by Act 32 of 2019*]

(5) [*Deleted by Act 32 of 2019*]

(5A) Despite 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 the employer's employee maintained under the Central Provident Fund Act 1953, the contribution up to the maximum amount mentioned in subsection (5B) is not deemed to be income accruing to the employee.

(5B) The maximum amount is —

(*a*) $1,500 per year (for contributions made before 2018); or

(*b*) $2,730 per year (for contributions made in 2018 and in each subsequent year),

less any previous contribution that is made to the medisave account in that year by the employer in the employer's capacity as a person of a prescribed description in section 13(1)(*jd*) (if applicable), and that is exempt from tax under that provision.

[39/2017]

(6) Subsection (5A) does not apply to contributions made by an employer in any year from 1 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.

[32/2019]

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

(8) Where in any year contributions under section 7 of the Central Provident Fund Act 1953 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*) applies as if all the ordinary and additional wages from those related employers and the contributions on those wages were paid by one employer.

(9) For the purposes of subsection (8), one employer is 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) 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 is deemed to be income accruing to the employee for the year in which the contributions are paid.

(12) In this section —

"additional wages" has the meaning given by the Central Provident Fund Act 1953;

"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 1953 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 1953;

"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 1953 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 that are paid to the employee in every month in that year which exceeds —

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

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

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

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

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

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

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

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(*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),

whichever is less;

"relevant employer" means any company incorporated or registered under the Companies Act 1967 or any person registered under the Business Names Registration Act 2014;

"specified amount" means —

(*a*) [*Deleted by Act 2 of 2016*]

(*b*) [*Deleted by Act 33 of 2022 wef 04/11/2022*]

(*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) is disregarded;

(*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 is disregarded; and

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

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

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

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

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

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

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"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 1 January to 31 December.

[10C

[29/2014; 2/2016]

Income from finance or operating lease

10C.—(1) Despite 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 1 April 1990 are not to be made to the lessor but to the lessee as though the machinery or plant had been sold by the lessor to the lessee.

(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 apply:

(*a*) 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;

(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 are only available as a deduction against the income from finance leasing, and any balance of the

allowances is not, subject to paragraph (*d*), available as a deduction against any other income or available for transfer under section 37B, 37C or 37E;

(*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 43F, 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 is available as a deduction against any income from offshore finance leasing for that year of assessment, and any balance of the allowances is not, subject to paragraph (*d*), available as a deduction against any other income or available for transfer under section 37B;

(*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*) is 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 43F —

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

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

(2A) The income of a lessor during any basis period from the finance leasing of any machinery or plant that is treated as sold by the lessor to the lessee pursuant to regulations made under subsection (1), is determined by the formula A – B, where —

(*a*) A is the total of all payments liable to be made during the basis period by the lessee to the lessor under the finance lease; and

(*b*) B is that part of those payments that is attributable to the repayment of principal.

[45/2018]

(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 meanings given by section 43F(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.

[10D

Ascertainment of income from business of making investments

10D.—(1) Despite 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 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 are not 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 are only 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 is disregarded;

(*c*) the allowances under sections 19, 19A, 20 and 21 relating to that business are only 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 is disregarded.

(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 continues to apply to the originator as if the arrangement had not been entered into.

(1B) Where the investment mentioned in subsection (1) is an immovable property, that subsection only applies if the company or trustee of the property trust —

(*a*) is the legal owner of the investment; or

(*b*) otherwise has a proprietary interest in the investment (including a lease or an easement) and would receive consideration if the proprietary interest is disposed of or transferred, whether in whole or in part.

[41/2020]

(2) In this section —

"approved Islamic debt securities arrangement" and "originator" have the meanings given by 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.

[10E

Ascertainment of income from certain public-private partnership arrangements

10E.—(1) Where —

(*a*) a contract is entered into on or after 29 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, FRS 116, SFRS(I) 1-17 read with SFRS(I) INT 4, or SFRS(I) 16, the Government or the approved statutory body being the lessee and the person being the lessor,

then —

(*c*) despite any provisions under Part 6, 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, are not to be made to the person, but to the Government or the approved statutory body, as the case may be; and

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

[45/2018]

(1A) Despite 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 the person and the Government or any approved statutory body; and

(ii) to which INT FRS 112 or SFRS(I) INT 12 applies; and

(*b*) the person recognises in the person's financial statements, prepared in accordance with INT FRS 112 or SFRS(I) INT 12 (as the case may be), that income of a certain amount has been derived from such services,

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

[45/2018]

(1B) Despite subsection (1A), the person mentioned in that subsection may elect in accordance with subsection (1D) for the Comptroller to assess to tax any deemed income mentioned in subsection (1A) from providing any FRS 11 construction or upgrade services, FRS 115 construction or upgrade services, or SFRS(I) 15 construction or upgrade services, under the public-private partnership arrangement, as income derived by the person in the basis period in which those services are completed.

[39/2017; 32/2019]

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

(*a*) the income referred to in subsection (1B) is deemed as income derived by the person in the basis period in which the FRS 11 construction or upgrade services, FRS 115 construction or upgrade services, or SFRS(I) 15 construction or upgrade services (as the case may be) are completed; and

(*b*) any expenditure for which a deduction or an allowance may be allowed or made to the person under Parts 5 and 6 in respect of those services is treated as having been incurred in that basis period.

[39/2017; 32/2019]

(1D) The election must be made by written notice 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, FRS 115 construction or upgrade services, or SFRS(I) 15 construction or upgrade services (as the case may be), being the year of assessment 2012 or any subsequent year of assessment; or

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

[39/2017; 32/2019]

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

(2) In this section —

"approved" means approved by the Minister or such person as the Minister 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 115 construction or upgrade services" means any construction or upgrade services (as the case may be) to which FRS 115 applies;

"FRS 11", "FRS 17", "FRS 115", "FRS 116", "INT FRS 104", "INT FRS 112", "SFRS(I) 1-17", "SFRS(I) 15", "SFRS(I) 16", "SFRS(I) INT 4" and "SFRS(I) INT 12" mean the financial reporting standards known respectively as —

(*a*) Financial Reporting Standard 11 (Construction Contracts);

(*b*) Financial Reporting Standard 17 (Leases);

(*c*) Financial Reporting Standard 115 (Revenue from Contracts with Customers);

(*d*) Financial Reporting Standard 116 (Leases);

(*e*) Interpretation of Financial Reporting Standard 104 (Determining whether an Arrangement contains a Lease);

(*f*) Interpretation of Financial Reporting Standard 112 (Service Concession Arrangements);

(*g*) Singapore Financial Reporting Standard (International) 1-17 (Leases);

(*h*) Singapore Financial Reporting Standard (International) 15 (Revenue from Contracts with Customers);

(*i*) Singapore Financial Reporting Standard (International) 16 (Leases);

(*j*) Singapore Financial Reporting Standard (International) Interpretation 4 (Determining whether an Arrangement contains a Lease); and

(*k*) Singapore Financial Reporting Standard (International) Interpretation 12 (Service Concession Arrangements),

that are made by the Accounting Standards Committee under Part 3 of the Accounting Standards Act 2007, as amended from time to time;

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"SFRS(I) 15 construction or upgrade services" means any construction or upgrade services (as the case may be) to which SFRS(I) 15 applies.

[10F

[39/2017; 45/2018; 32/2019]

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

10F.—(1) Despite 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 apply:

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

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

[41/2020]

(1A) Subsection (1) applies in determining the income derived by any person for the year of assessment 2021 or a subsequent year of assessment from any business of providing chauffeur services using motor cars as it applies in determining the income derived by a person from any business mentioned in that subsection.

[41/2020]

(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.

[10H

Withdrawals from Supplementary Retirement Scheme

10G.—(1) Where the amount of withdrawals made by an SRS member from his or her SRS account in any year exceeds the amount the SRS member contributed to his or her SRS account in that year, the excess amount withdrawn from his or her SRS account is, subject to subsections (3), (3G), (6), (7), (8) and (9), deemed to be income of the SRS member chargeable to tax under section 10(1)(*g*).

[2/2016]

(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) is payable by the SRS member and must be deducted by the SRS operator from the amount so withdrawn.

[2/2016]

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

(3) Subject to subsection (3G), only 50% of the following withdrawals made by an SRS member from his or her SRS account are 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 or her 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 or her SRS account for a period of not less than 10 years from the date of his or her first contribution to his or her 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 or her first contribution to his or her 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 herself or his or her affairs or has a terminal illness or disease.

[2/2016]

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(3A) Subject to subsection (3C), where an SRS member has used funds in his or her 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,

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

(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 is treated as if the person is still an SRS member for the purposes of subsections (1), (2), (2A) and (3)(*b*) and (*c*).

(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).

(3D) Where any funds in an SRS account have been used for investment, then all the funds standing in the SRS account are 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.

[37/2014; 2/2016]

(3E) Where —

(*a*) an SRS member has used funds in his or her 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), is considered as having been withdrawn by the SRS member from his or her SRS account on the date of the deduction for the purposes of subsections (1), (2), (3) and (3G).

[37/2014; 2/2016]

(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*).

[37/2014]

(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 has 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).

[2/2016]

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(4) Where any contribution made by an SRS member in any year to his or her SRS account exceeds his or her SRS contribution cap for that year (called in this section 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 or her SRS account,

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

(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 or her SRS account must be withdrawn not later than 10 years from the date the SRS member made his or her first withdrawal under subsection (3)(*b*).

(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 is deemed to be withdrawn by the SRS member and 50% of such balance is deemed to be the SRS member's income chargeable to tax under section 10(1)(*g*) for the year in which the period expires.

(6A) Where an SRS member —

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

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

then —

(*c*) any withdrawal made under subsection (3)(*b*) prior to the date of the first of the SRS member's contributions referred to in paragraph (*b*) is disregarded for the purpose of determining the period referred to in subsection (5); and

(*d*) the date of the SRS member's first withdrawal made under subsection (3)(*b*) after the date of the first of his or her contributions referred to in paragraph (*b*) is deemed to be the date the SRS member made his or her first withdrawal under subsection (3)(*b*) for the purpose of determining the period referred to in subsection (5).

(6B) Where an SRS member —

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

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

then —

(*c*) the reference to the date the SRS member made his or her first withdrawal under subsection (3)(*b*) for the purpose of determining the period referred to in subsection (5) is a reference to the date the SRS member makes his or her first withdrawal after he or she opened the second SRS account; and

(*d*) for the purposes of subsection (1) and section 39(2)(*o*), both the first SRS account and the second SRS account are deemed to be the same account as if the first SRS account had never been closed.

(7) Where an SRS member is eligible to make a withdrawal under subsection (3)(*c*), he or she must withdraw all the funds (excluding any life annuity) standing in his or her SRS account not later than 10 years from the date he or she 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 or her SRS account is deemed to be withdrawn by the SRS member and 50% of such balance is deemed to be the SRS member's income chargeable to tax under section 10(1)(*g*).

(8) Only 50% of any annuity payment made under a life annuity purchased by an SRS member under the SRS is 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 herself or his or her affairs, or is diagnosed to have a terminal illness or disease.

[2/2016]

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(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).

[2/2016]

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

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

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 or her 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*).

[2/2016]

(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.

[2/2016]

(10) For the purposes of this section, the use of funds in his or her 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 or her SRS account is deemed not to be a withdrawal from his or her SRS account.

(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.

(12) Without limiting 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.

(12A) Without limiting 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.

[37/2014]

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

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

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

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

[10L

Securities lending or repurchase arrangement

10H.—(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.

(2) Despite 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 the transferor from any transfer of securities under a securities lending or repurchase arrangement are 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 the transferor 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 Comptroller's opinion, 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 are deemed to arise at the time any of the events referred to in paragraph (*a*), (*b*), (*c*), (*d*) or (*e*) occurs.

(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 the transferee from any transfer of securities under a securities lending or repurchase arrangement are chargeable to tax under section 10(1)(*a*), and the gains or profits are 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;

(*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.

(4) For the purposes of computing the gains or profits of a transferee under subsection (3), the transferee is to be treated as if the transferee 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.

(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 must 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.

(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) is not entitled to any tax credit under section 50 or 50A for any distribution received by the transferee from outside Singapore in respect of transferred securities under a securities lending or repurchase arrangement.

(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 is to 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 is allowed to the transferor.

(9) Section 45 applies 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 the firstmentioned person to be resident in Singapore, and for the purpose of such application, any reference in that section to interest is a reference to such distribution of interest or compensatory payment.

(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.

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

(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, subdivided 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 meaning given by 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 23 November 2001 —

(*a*) under which —

(i) a person (called in this section the transferor) transfers the legal interest in any securities (called in this section the transferred securities) to another person (called in this section the 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 meanings given by section 43H.

(13) This section has effect despite anything to the contrary in this Act, except that this section does not affect the chargeability to tax of any income of a transferor or transferee under section 10 unless otherwise provided in this section.

[10N

Additional Tier 1 capital instruments

10I.—(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 is deemed for the purposes of this Act, and for that year of assessment, as interest derived from a debt security.

[37/2014]

(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*) satisfies any of the following:

(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 1970;

[Act 18 of 2022 wef 30/06/2022]

(ii) according to a direction issued under section 28(3) of the Monetary Authority of Singapore Act 1970 as in force immediately before the date of commencement of the Financial Holding Companies Act 2013 and

to 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 the Monetary Authority of Singapore Act 1970 as in force immediately before the date of commencement of the Financial Holding Companies Act 2013;

[Act 18 of 2022 wef 30/06/2022]

(iii) according to MAS Notice FHC-N637, may be used to satisfy the capital adequacy requirement of a financial holding company designated under section 4 of the Financial Holding Companies Act 2013;

[Act 18 of 2022 wef 30/06/2022]

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"full banking licence" has the meaning given by the Banking (Fees) Notification;

"MAS Notice FHC-N637" means the notice commonly known as MAS Notice FHC-N637 that is issued by the Monetary Authority of Singapore under section 36(1) of the Financial Holding Companies Act 2013, and includes any notice that replaces it;

[Act 18 of 2022 wef 30/06/2022]

"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), 10A(1), 10B(1) and 65(2) of the Banking Act 1970, and includes any notice that replaces it.

[10O

[37/2014; 5/2016; 41/2020]

Tax treatment for trading stock appropriated for non-trade or capital purpose

10J.—(1) This section applies where, at any time on or after 16 November 2021, a person carrying on a trade or business appropriates any trading stock of that trade or business for a purpose other than for sale or disposal in the ordinary course of any of the

person's trades or businesses in circumstances that give rise to a reasonable inference that the appropriation is permanent.

[27/2021]

(2) Without limiting the generality of the expression, a person appropriates trading stock for a purpose other than for sale or disposal in the ordinary course of any of the person's trades or businesses if the person —

(*a*) holds or uses the trading stock as a capital asset; or

(*b*) donates the trading stock.

[27/2021]

(3) The following is treated for the purposes of this Act as the person's income for the firstmentioned trade or business in subsection (1) for the year of assessment relating to the basis period in which the date of appropriation of the trading stock falls:

(*a*) where the appropriation is by way of a donation of the trading stock that qualifies for a deduction under section 37(3)(*b*), (*e*) or (*f*) for any year of assessment — an amount equal to the person's cost of acquiring, making or constructing the trading stock;

(*b*) in any other case — an amount equal to the open market value of the trading stock as at the date of the appropriation.

[27/2021]

(4) Section 14 applies for the purpose of ascertaining such part of the income mentioned in subsection (3) that is chargeable with tax under this Act, as if the trading stock were sold on the date of the appropriation.

[27/2021]

(5) Where this section applies, then the person must, at the time of lodgment of the person's return of income for the year of assessment relating to the basis period in which the trading stock is appropriated, or such later time as the Comptroller may allow, give notice of the appropriation and specify the particulars of the appropriation in the form and manner specified by the Comptroller.

[27/2021]

(6) The Minister may by rules made under section 7, and subject to any condition specified in the rules —

(*a*) exempt any person or class of persons from subsection (5); or

(*b*) provide that subsection (5) does not apply in a particular case or class of cases.

[27/2021]

(7) Rules made for the purposes of subsection (6) may be made to take effect from (and including) 16 November 2021.

[27/2021]

(8) Where subsection (3) applies to a person for a year of assessment and that person has not been assessed accordingly in that year of assessment, any income arising because of that subsection is treated as the person's income for the year of assessment in which the Comptroller discovers sufficient facts on which the Comptroller may reasonably conclude that there has been such appropriation.

[27/2021]

(9) In this section —

"open market value", in relation to any trading stock, means —

(*a*) the amount that would be realised if the trading stock had been sold on the open market on the date of appropriation of the trading stock; or

(*b*) where the Comptroller is satisfied by reason of the special nature of the trading stock that it is not practicable to determine the amount mentioned in paragraph (*a*), such other value as appears to the Comptroller to be reasonable in the circumstances;

"trading stock", in relation to a trade or business —

(*a*) means property of any description (whether movable or immovable) —

(i) that is sold in the ordinary course of trade or business; or

(ii) that would be so sold if it were mature or if its manufacture, preparation or construction were complete; but

(*b*) does not include any material used in the manufacture, preparation or construction of any property mentioned in paragraph (*a*).

[10P
[27/2021]

Tax treatment for covered bond transactions

10K.—(1) This section applies where —

(*a*) an approved covered bond company derives income from any cover pool for covered bonds issued by a bank incorporated in Singapore (directly or through its overseas branch), being covered bonds that are issued in compliance with the MAS Notice during the period from 15 February 2023 to 31 December 2028 (both dates inclusive); and

(*b*) the bank had transferred the cover pool to the approved covered bond company under a covered bond transaction entered into during that period, for the purpose of securing the bank's liabilities under the covered bonds.

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

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

(4) In this section —

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

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

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

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

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

(*a*) secured by a cover pool; and

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

"covered bond transaction" means —

(*a*) the issue of any covered bonds; and

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

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

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

[Act 30 of 2023 wef 15/02/2023]

Gains from the sale of foreign assets

10L.—(1) Despite anything in this Act, gains from the sale or disposal by an entity (called in this section the seller entity) of a relevant group of any movable or immovable property situated

outside Singapore at the time of such sale or disposal or any rights or interest thereof (called in this section a foreign asset), that are received in Singapore from outside Singapore, are treated as income chargeable to tax under section 10(1)(*g*) for the year of assessment relating to the basis period in which the gains are received in Singapore.

(2) Subsection (1) only applies if —

(*a*) the gains would not otherwise be chargeable to tax as income under section 10(1); or

(*b*) the gains would otherwise be exempt from tax under this Act.

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

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

(5) In this section —

(*a*) an entity is a member of a group if its assets, liabilities, income, expenses and cash flows —

(i) are included in the consolidated financial statements of the parent entity of the group; or

(ii) are excluded from the consolidated financial statements of the parent entity of the group solely on size or materiality grounds or on the grounds that the entity is held for sale; and

(*b*) a group is a relevant group if —

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

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

(6) Subsection (1) does not apply to the prescribed percentage of gains from the sale or disposal of any qualifying intellectual property

right as defined in section 43X(13) that are received in Singapore from outside Singapore.

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

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

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

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

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

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

(*b*) carried out as part of, or incidental to, the business activities or operations of an entity, being activities or operations from which the entity derives income that is exempt from tax, or that is taxed at a concessionary rate of tax, under section 13A, 13E, 13P, 43C, 43E, 43I, 43J, 43L, 43N, 43P, 43Q, 43R or 43U for the year of assessment for the basis period in which the sale or disposal occurred;

(*c*) carried out as part of, or incidental to, the business activities or operations of an entity, being activities or operations from which the entity derives income that is exempt from tax, or that is taxed at a concessionary rate of tax, under Part 2, 3 or 4 of the Economic Expansion Incentives (Relief from Income Tax) Act 1967 for the year

of assessment for the basis period in which the sale or disposal occurred; or

(*d*) carried out by an entity that is an excluded entity in the basis period in which the sale or disposal occurred.

(9) For the purpose of subsection (1), the following amounts of gains from the sale or disposal of any foreign asset are treated as received in Singapore from outside Singapore:

(*a*) any amount from such gains that is remitted to, or transmitted or brought into, Singapore;

(*b*) any amount from such gains that is applied in or towards satisfaction of any debt incurred in respect of a trade or business carried on in Singapore;

(*c*) any amount from such gains that is applied to the purchase of any movable property which is brought into Singapore.

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

$$A + B - C,$$

where —

(*a*) A is the amount of the gains actually received in Singapore from outside Singapore;

(*b*) B is the open-market price for the foreign asset; and

(*c*) C is the actual price for the sale or disposal of the foreign asset.

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

(*a*) the price which the foreign asset could have been sold for in the open market on the date of its sale or disposal; or

(*b*) where the Comptroller is satisfied by reason of the special nature of the foreign asset that it is not practicable to

determine the price mentioned in paragraph (*a*), such other value as appears to the Comptroller to be reasonable in the circumstances.

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

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

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

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

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

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

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

(*b*) capital expenditure computed by the following formula:

$$D - E,$$

where —

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

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

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

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

(*a*) any immovable property, or any right or interest in immovable property, is situated where the immovable property is physically located;

(*b*) any tangible movable property, or any right or interest in such property, that is not the subject of any other paragraph in this subsection, is situated where the tangible movable property is physically located;

(*c*) a ship or aircraft, or any right or interest in a ship or aircraft, is situated where the owner, or the person entitled to the right or interest, is resident;

(*d*) a secured or unsecured debt (other than a judgment debt or securities), or any right or interest in such secured or unsecured debt, is situated where the creditor is resident;

(*e*) a judgment debt, or any right or interest in a judgment debt, is situated where the judgment is recorded;

(*f*) any shares, equity interests or securities issued by any municipal or governmental authority, or by any body created by such authority, or any right or interest in such shares, equity interests or securities, are situated where that authority is established;

(*g*) subject to paragraph (*f*), any shares in or securities issued by a company, or any right or interest in such shares or securities, are situated where the company is incorporated;

(*h*) subject to paragraph (*f*), any equity interests in any entity which is not a company, or any right or interest in such equity interests, are situated where the operations of the entity are principally carried out;

(*i*) subject to paragraph (*f*) (and despite paragraphs (*g*) and (*h*)), any registered shares, equity interests or securities, or any right or interest in any registered shares, equity interests or securities, are situated where the shares, equity interests or securities are registered or, if registered in more than one register, where the principal register is situated;

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

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

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

(16) In this section —

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

"controlling interest", in relation to an entity, means an equity interest in the entity such that the holder of the interest is required by the law or a regulatory body of the jurisdiction it is resident in, to consolidate in its financial statements the assets, liabilities, income, expenses and cash flows of the

entity on a line-by-line basis in accordance with generally accepted accounting standards;

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

"entity" means —

(*a*) any legal person (including a limited liability partnership) but not an individual;

(*b*) a general partnership or limited partnership; or

(*c*) a trust;

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

"excluded entity", in relation to a basis period, means —

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

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

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

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

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

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

(ii) the entity has adequate economic substance in Singapore, taking into account the following considerations:

(A) the number of full-time employees of the entity (or other persons managing or performing the entity's operations) in Singapore;

(B) the qualifications and experience of such employees or other persons;

(C) the amount of business expenditure incurred by the entity in respect of its operations in Singapore;

(D) whether the key business decisions of the entity are made by persons in Singapore;

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

"prescribed financial institution" means —

(*a*) a bank licensed under the Banking Act 1970;

(*b*) a merchant bank licensed under the Banking Act 1970;

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

(*d*) an insurer licensed or regulated under the Insurance Act 1966; or

(*e*) a holder of a capital markets services licence under the Securities and Futures Act 2001;

"pure equity-holding entity" means an entity —

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

(*b*) that has no income other than —

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

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

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

"securities" means debentures and debt securities;

"shares" includes stocks.

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

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

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

[Act 30 of 2023 wef 01/01/2024]

Ascertainment of income of clubs, trade associations, etc.

11.—(1) A body of persons, whether corporate or unincorporate, that 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) is not 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) is deemed to be receipts from a business, and the body of persons is 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 is 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) is deemed to be receipts from a business; and

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

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

(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.

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 are 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 the non-resident person calls at a port, an aerodrome or an airport in Singapore, the non-resident person's full profits arising from the carriage of passengers, mail, livestock or goods shipped, or loaded into an aircraft, in Singapore are deemed to accrue in Singapore.

(2A) Subsection (2) does 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 meaning given by section 2(1) of the Merchant Shipping Act 1995.

[2/2016]

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, the non-resident person's full profits arising from the transmission in Singapore of any such messages, whether originating in Singapore or elsewhere, to places outside Singapore are deemed to accrue in Singapore.

Employment exercised in Singapore

(4) The gains or profits from any employment exercised in Singapore are 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 are deemed to be derived from Singapore except where such individual is not a citizen or a resident of Singapore.

Interest, etc.

(6) There is 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.

(6AA) To avoid doubt, the reference to interest in subsection (6) is, in the case of an arrangement that is a finance lease of any machinery or plant that is treated as sold by the lessor to the lessee pursuant to regulations made under section 10C(1), a reference to the part of any payment by the lessee that is income of the lessor under section 10C(2A).

[45/2018]

(6A) Subsection (6) does 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, herself or itself 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, herself or itself 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, herself or itself 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, herself or itself 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.

Royalties, etc.

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

(*a*) royalty or other payment 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 payment under any agreement or arrangement for the use of any movable property,

which is 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 is deductible against any income accruing in or derived from Singapore.

(7AA) Any payment by the lessee to the lessor under a finance lease of any machinery or plant that is not treated as sold by the lessor to the lessee pursuant to regulations made under section 10C(1), is treated as a payment under an agreement or arrangement for the use of movable property under subsection (7)(*d*).

[45/2018]

(7AB) Subsection (7)(*d*) excludes any rent or other payments under any agreement or arrangement for the use outside Singapore of any tangible movable property, where —

(*a*) such use is for or incidental to the purpose of a trip to a country outside Singapore that is made for the purpose of a trade, business, profession or vocation carried on —

(i) in Singapore by a person resident in Singapore; or

(ii) through a permanent establishment in Singapore; or

(*b*) such use is for or incidental to the purpose of maintaining a representative office outside Singapore that is maintained for the purpose of a trade, business, profession or vocation carried on in Singapore.

[32/2019]

(7A) Subsection (7) does 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, herself or itself 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, herself or itself 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;

(*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, herself or itself 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, herself or itself 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

(*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.

[37/2014]

(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.

[37/2014]

Commission or other payment of licensed international market agent

(8) There is 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.

(9) In this section, "casino marketing arrangement", "casino operator" and "international market agent" have the meanings given by the Casino Control Act 2006.

(10) In this section, "finance lease" has the meaning given by section 10C.

[45/2018]

PART 4

EXEMPTION FROM INCOME TAX

Exempt income

13.—(1) There is 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 28 February 1998 to 31 December 2028 (both dates inclusive) by any person who is not

resident in Singapore and who does not have any permanent establishment in Singapore; and

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(ii) any qualifying debt securities issued during the period from 27 February 1999 to 31 December 2028 (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;

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(*aa*) subject to subsection (2A) and such conditions as may be prescribed by regulations, the discount from any qualifying debt securities issued during the period from 17 February 2006 to 31 December 2028 (both dates inclusive), by —

(i) any person who is not resident in Singapore and who does not have any permanent establishment in Singapore; or

(ii) 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;

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(*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 1 January 2005 to 31 December 2028 (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;

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(*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 1 November 2006 to 31 December 2025 (both dates inclusive);

[Act 33 of 2022 wef 04/11/2022]

(ii) the discount, early redemption fee and redemption premium derived by any person from any qualifying project debt securities issued during the period from 15 February 2007 to 31 December 2025 (both dates inclusive); and

[Act 33 of 2022 wef 04/11/2022]

[Act 30 of 2023 wef 15/02/2023]

(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 early redemption fee and redemption premium from any qualifying debt securities issued during the period from 15 February 2007 to 31 December 2028 (both dates inclusive) that are 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 30 of 2023 wef 15/02/2023]

[Act 30 of 2023 wef 30/10/2023]

(*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, early redemption fee and redemption premium derived by any person from any qualifying debt securities (excluding Singapore Government Securities) which —

(A) are issued during the period from 16 February 2008 to 31 December 2018 (both dates inclusive);

(B) have an original maturity of not less than 10 years;

(C) either —

(CA) if they are issued before 28 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 28 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

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(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 16 February 2008 to 31 December 2018 (both dates inclusive); and

(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 10G(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 1979;

(*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 1 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 or her account as at 31 December 1992 and of such interest on that sum as the Comptroller may determine for the period 1 January 1993 to the date of his or her retirement (both dates inclusive) and which are withdrawn only upon or after his or her

retirement in accordance with the rules or constitution of the fund;

(*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 1 January 1993;

(*jc*) [*Deleted by Act 32 of 2019*]

(*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 1953 of a self-employed individual, up to —

(i) $1,500 per year (for contributions made before 2018); or

(ii) $2,730 per year (for contributions made in 2018 and in each subsequent year),

less any previous contribution that is made to the same medisave account in the same year by the person of the prescribed description in the person's capacity as an employer (if applicable), and that is not treated as income under section 10B(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 1904 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 1940 insofar 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;

(*o*) [*Deleted by Act 32 of 2019*]

(*oa*) payments liable to be made on or after 17 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 1995) under any agreement or arrangement;

(*p*) [*Deleted by Act 34 of 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 2023 (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 2001 or the International Arbitration Act 1994 or would have been governed by either of those Acts had the place of arbitration been Singapore;

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(*ra*) the income derived during the period from 1 April 2015 to 31 March 2023 (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;

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(*rb*) the income derived during the period from 1 April 2015 to 31 March 2023 (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;

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(*s*) [*Deleted by Act 39 of 2017*]

(*t*) the income derived on or after 20 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 itself 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*]

(*ua*) [*Deleted by Act 34 of 2016*]

(*v*) the interest received from such Asian Dollar Bonds issued on or before 31 December 2018 as may be approved in writing by the Minister or such person as the Minister 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 itself 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 1995, 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 1 January 1993;

(*y*) such income as may be prescribed by regulations under section 43A, 43C, 43D or 43H;

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

(*za*) any dividends paid on or after 1 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 an early childhood development centre licensed under the Early Childhood Development Centres Act 2017;

(*zc*) [*Deleted by Act 34 of 2016*]

(*zd*) the interest derived on or after 1 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 1967;

(*ze*) the following income derived from Singapore on or after 1 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 the individual's employment or upon the individual's 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 and

approved REIT exchange-traded fund) authorised under section 286 of the Securities and Futures Act 2001 and the units of which are offered to the public for subscription, that is income or deemed to be income of the individual;

(v*a*) any distribution made by the trustee of a collective investment scheme constituted as a unit trust and authorised under section 286 of the Securities and Futures Act 2001, that is an approved REIT exchange-traded fund and the units of which are offered to the public for subscription, where the distribution —

(A) is not made out of a distribution that is in turn made out of income of the kinds mentioned in section 43(2A)(*a*)(i), (ii), (iii), (iv) and (v); and

(B) is income or treated as income of the individual;

(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 1 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 mentioned 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;

(*zi*) the following income derived from Singapore on or after 17 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 17 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 1 January 2007 to 31 December 2026 (both dates inclusive) and —

(BA) if such contract is renewed or extended, the period for which the contract is renewed or extended commences before 1 January 2027; or

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(BB) if such contract is varied, the effective date of the variation is before 1 January 2027; or

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(iii) by a non-resident person (not being an individual) 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 1 January 2007 to 31 December 2026 (both dates inclusive) and —

(BA) if such contract is renewed or extended, the period for which the contract is renewed or extended commences before 1 January 2027; or

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(BB) if such contract is varied, the effective date of the variation is before 1 January 2027;

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(*zk*) any early redemption fee or redemption premium from debt securities derived from Singapore on or after 15 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;

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(*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 1994;

(*zn*) [*Deleted by Act 32 of 2019*]

(*zo*) any sum accrued to a woman on or after 1 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 6A of the Central Provident Fund Act 1953;

(*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;

(*zs*) any distribution made to an individual by a trustee of an approved REIT exchange-traded fund, out of a distribution from a real estate investment trust that is in turn made out of income of the kinds mentioned in section 43(2A)(*a*)(i), (ii), (iii), (iv) and (v), but not where the firstmentioned distribution is derived by the individual as a partner in a partnership which is in Singapore or is derived from the carrying on of a trade, business or profession;

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(*zt*) subject to subsection (2J), income of an entity (called in this section a sovereign risk pooling entity) that is established and operated for the sole object of insuring against risks faced by one or more governments (called in

this section the insured governments) that arise directly or indirectly from a disaster (whether natural or man-made), subject to the following conditions:

(i) the sovereign risk pooling entity is not established or operated for the object of deriving a profit and its income and capital may only be applied towards its sole object;

(ii) its capital is provided only by governments, entities wholly-owned by governments, and organisations that are not established or operated for the object of deriving a profit;

(iii) a government (not being an insured government) or an entity or organisation mentioned in sub-paragraph (ii) does not enjoy any risk coverage or receive any benefit in any form (including dividends) from the sovereign risk pooling entity;

(iv) benefits of any insurance provided by the sovereign risk pooling entity, as well as any distribution of the entity's property if it ceases operation, accrue only to the insured governments; and

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(*zu*) any gains from the sale or disposal of an asset that are treated as income under section 10L and are assessable as the income of an individual under the provisions of this Act.

[37/2014; 2/2016; 34/2016; 19/2017; 39/2017; 45/2018; 32/2019; 41/2020; 27/2021]

[Act 30 of 2023 wef 01/01/2024]

(1A) To avoid doubt, the reference to a charter of a ship in subsection (1)(*oa*) excludes a finance lease of the ship.

[41/2020]

(2) Subsection (1)(*a*) does not, unless otherwise approved by the Minister or an authorised body, apply to any interest derived from any qualifying debt securities issued during the period from 10 May 1999 to 31 December 2028 (both dates inclusive) where 50% or more of those securities which are outstanding at any time during the life of

the issue are 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.

[37/2014; 45/2018]

[Act 41 of 2020 wef 06/12/2022]

[Act 30 of 2023 wef 30/10/2023]

(2A) Subsection (1)(*aa*) does not, unless otherwise approved by the Minister or an authorised body, 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 are 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.

[37/2014]

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(2B) Subsection (1)(*ab*) does not, unless otherwise approved by the Minister or an authorised body, 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 are 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.

[37/2014]

[Act 41 of 2020 wef 06/12/2022]

(2C) Subsection (1)(*b*) does not, unless otherwise approved by the Minister or an authorised body, apply to —

(*a*) any interest derived from any qualifying project debt securities issued during the period from 1 November 2006 to 31 December 2025 (both dates inclusive);

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(*b*) any discount, early redemption fee or redemption premium derived from any qualifying project debt securities issued during the period from 15 February 2007 to 31 December 2025 (both dates inclusive); or

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(*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 are beneficially held or funded, directly or indirectly, by related parties of the issuer of those securities.

[37/2014; 39/2017]

[Act 41 of 2020 wef 06/12/2022]

(2D) Subsection (1)(*b*) does not apply to —

(*a*) any interest derived from any qualifying project debt securities issued during the period from 1 November 2006 to 31 December 2025 (both dates inclusive);

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(*b*) any discount, early redemption fee or redemption premium derived from any qualifying project debt securities issued during the period from 15 February 2007 to 31 December 2025 (both dates inclusive); or

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(*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 —

(*d*) approval has been granted by the Minister or an authorised body to such application;

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(*e*) each person holding the securities is either —

(i) a company resident in Singapore; or

(ii) a trustee of a real estate investment trust (REIT), being a trustee that is resident in Singapore and that holds the securities for the benefit of the unitholders of the REIT;

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(*f*) the company or REIT is listed on the Singapore Exchange either on the date of issue of the securities or within 6 months from that date; and

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(*g*) the income from the securities received by the company or trustee is declared to be distributable to the shareholders of the company or unitholders of the REIT (as the case may be) within 6 months from the end of the basis period in which it is received.

[37/2014; 39/2017]

[Act 33 of 2022 wef 04/11/2022]

(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.

(2F) Subsection (1)(*ba*) does not, unless otherwise approved by the Minister or an authorised body, apply to any early redemption fee or redemption premium 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 are beneficially held or funded, directly or indirectly, by related parties of the issuer of those securities; and

(*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.

[37/2014]

[Act 41 of 2020 wef 06/12/2022]

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(2G) Subsection (1)(*bb*) does not, unless otherwise approved by the Minister or an authorised body, 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 are beneficially held or funded, directly or indirectly, by related parties of the issuer of those securities; and

(*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.

[37/2014]

[Act 41 of 2020 wef 06/12/2022]

(2H) Subsection (1)(*bc*) does not, unless otherwise approved by the Minister or an authorised body, apply to any interest, discount, early redemption fee or redemption premium 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 are beneficially held or funded, directly or indirectly, by related parties of the issuer of those securities; and

(*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.

[37/2014]

[Act 41 of 2020 wef 06/12/2022]

[Act 30 of 2023 wef 15/02/2023]

(2HA) Subsection (1)(*bc*) does not apply to —

(*a*) any interest, discount, early redemption fee or redemption premium from qualifying debt securities issued on or after 28 June 2013; or

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(*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.

(2I) Subsection (1)(*bd*) does not, unless otherwise approved by the Minister or an authorised body, 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 are 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.

[37/2014]

[Act 41 of 2020 wef 06/12/2022]

(2J) Despite any other provisions of this Act, in determining for any year of assessment the income of a sovereign risk pooling entity whose income is exempt under subsection (1)(*zt*) —

(*a*) any outgoings and expenses incurred by the entity in the production of its income for any year of assessment, and allowable under this Act, may only be deducted against its income for that year of assessment, and any excess of such outgoings and expenses over the income must be disregarded; and

(*b*) the allowances under sections 19, 19A, 20, 21 and 22 relating to the production of its income for a year of assessment may only be deducted against that income, and any excess of such allowances over the income must be disregarded.

[45/2018]

(3) Nothing in subsection (1) is to 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.

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, the Minister may, by notification in the *Gazette*, provide that the income is, subject to such conditions as the Minister may impose, exempt from tax wholly or in part and either generally or in respect of certain classes of persons; and such income is as from the date and to the extent specified by the notification exempt from tax.

(5) [*Deleted by Act 49 of 2004*]

Income derived by short-term visiting employees

(6) There is 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.

(7) Subsection (6) does 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 is 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 1 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 the individual through a partnership in Singapore.

(8) Where the conditions specified in subsection (9) are satisfied, there is 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 —

(*d*) on or after 1 June 2003 by any person, not being an individual, resident in Singapore;

(*e*) during 1 June 2003 to 31 December 2003 (both dates inclusive) by any individual resident in Singapore; and

(*f*) on or after 1 January 2004 by any individual resident in Singapore through a partnership in Singapore.

[37/2014]

(8A) [*Deleted by Act 39 of 2017*]

(8B) [*Deleted by Act 39 of 2017*]

(8C) [*Deleted by Act 39 of 2017*]

(8D) [*Deleted by Act 39 of 2017*]

(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.

(9A) To avoid 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.

(9B) The Minister or such person as the Minister may appoint may in any particular case waive the condition referred to in subsection (9)(*a*), subject to such conditions as the Minister or appointed person may impose.

(10) Where the income referred to in subsection (8) consists of dividends paid by a company, the tax referred to in subsection (9)(*a*) is —

(*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.

(11) The Minister may make regulations generally to give full effect to or for carrying out the purposes of subsection (8).

(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.

(12A) Every order made under subsection (12) still in force on 1 January 2026, that exempts from tax any of the following, applies on or after that date (and despite anything in the order) only to income described in subsection (12B):

(*a*) any income received in Singapore by the trustee of a real estate investment trust;

(*b*) any income received in Singapore by the trustee of a sub-trust of a real estate investment trust where all rights or interests in the property of the sub-trust are held for the benefit of the beneficiaries of the real estate investment trust;

(*c*) any income received in Singapore by a company incorporated in Singapore the share capital of which is 100% owned (whether directly or indirectly) by the trustee of a real estate investment trust.

[34/2016; 32/2019]

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(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 January 2026; and

(*b*) derived, either at a time the trustee or the company owns (directly or indirectly) the property, or from the disposal by the trustee or the company of its interest in that property.

[34/2016; 32/2019]

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(12C) To avoid doubt, any exemption on or after 1 January 2026 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.

[37/2014; 2/2016; 32/2019]

(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 Comptroller's satisfaction;

(*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.

(13A) The conditions referred to in subsection (13) need not be included in the order for the purpose of publication in the *Gazette*.

(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*).

(16) In this section —

"approved bank" means a bank or merchant bank licensed under the Banking Act 1970;

"approved bond intermediary" means a financial institution approved as such by the Minister or such person as the Minister may appoint;

"approved REIT exchange-traded fund" has the meaning given by section 43(10);

[*Deleted by Act 30 of 2023 wef 15/02/2023*]

"child", in relation to an employee, means any legitimate child, illegitimate child, stepchild, 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 meaning given by section 43H;

"deposit", in relation to any deposit of moneys referred to in subsection (1)(*t*), (*ta*) or (*zd*) which is made on or after 7 October 2004 and which matures on or after 2 June 2005, means a deposit which falls within the meaning of deposit in section 4B of the Banking Act 1970 and is treated as such by the Monetary Authority of Singapore for the purposes of that section;

"early redemption fee", in relation to debt securities, qualifying debt securities or qualifying project debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities;

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"finance lease", in relation to a ship, means a lease of the ship (including any arrangement or agreement made in connection with the lease) that has the effect of transferring substantially the obsolescence, risks or rewards incidental to ownership of the ship to the lessee;

"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 a Finance and Treasury Centre under section 43E;

"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 an authorised body;

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"financial sector incentive (project finance) company" means a company approved as such by the Minister or such person as the Minister may appoint;

"financial sector incentive (standard tier) company" has the meaning given by section 43H(4);

"Islamic debt securities" has the meaning given by section 43H(4);

"medisave contribution ceiling" has the meaning given by section 39(13);

"national serviceman" has the meaning given by the Enlistment Act 1970;

[*Deleted by Act 30 of 2023 wef 15/02/2023*]

"PSE account" has the meaning given by the Education Endowment and Savings Schemes Act 1992;

"qualifying debt securities" means —

(*a*) Singapore Government securities issued during the period from 28 February 1998 to 31 December 2028 (both dates inclusive);

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(*b*) bonds, notes, commercial papers, certificates of deposits and AT1 instruments within the meaning of section 10I(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 28 February 1998 to 31 December 2013 (both dates inclusive);

(ii) by any approved bond intermediary and issued —

(A) during the period from 27 February 1999 to 31 December 2028 (both dates inclusive) under any prescribed programme the arrangement of which is completed on or before 31 December 2003; or

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(B) during the period from 27 February 1999 to 31 December 2003 (both dates inclusive) in any other case;

(iii) by any financial sector incentive (bond market) company and issued during the period from 1 January 2004 to 31 December 2018 (both dates inclusive);

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(iv) by any financial sector incentive (standard tier) company or financial sector incentive (capital market) company and issued during the period from 1 January 2014 to 31 December 2023 (both dates inclusive); or

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

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

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

(C) a person who holds a capital markets services licence under the Securities and

Futures Act 2001 to carry on a business in any of the following regulated activities:

(CA) advising on corporate finance;

(CB) dealing in capital markets products;

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

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(*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 1 January 2005 to 31 December 2013 (both dates inclusive);

(ii) by any financial sector incentive (bond market) company and issued during the period from 1 January 2005 to 31 December 2018 (both dates inclusive);

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(iii) by any financial sector incentive (standard tier) company or financial sector incentive (capital market) company and issued during the period from 1 January 2014 to 31 December 2023 (both dates inclusive); or

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

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

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

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

(CA) advising on corporate finance;

(CB) dealing in capital markets products;

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

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(*d*) debt securities whose values are derived from insured loss events underlying them, that are issued by a Special Purpose Reinsurance Vehicle during the period between 20 December 2018 and 31 December 2028 (both dates inclusive), where —

(i) if the date of issue is between 20 December 2018 and 31 December 2023 (both dates inclusive) — at least 20% of the issue costs for the issue are required to be paid to persons or partnerships carrying on any trade, business or profession in Singapore; or

(ii) if the date of issue is between 1 January 2024 and 31 December 2028 (both dates inclusive) — at least 30% of the issue costs for the issue are required to be paid to persons or partnerships carrying on any trade, business or profession in Singapore,

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but, unless otherwise approved by the Minister or an authorised body, excludes any debt securities issued on or after 10 May 1999 and any Islamic debt securities issued on or after 1 January 2005 which, during its primary launch —

(*e*) are issued to less than 4 persons; and

(*f*) 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;

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"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;

"qualifying mediator" means an individual who is certified or accredited under a mediator certification or accreditation scheme prescribed under section 7;

"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 1 November 2006 to 31 December 2013 (both dates inclusive);

(ii) by any financial sector incentive (bond market) company or financial sector incentive (project finance) company and issued during the period from 1 November 2006 to 31 December 2023 (both dates inclusive);

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(iii) by any financial sector incentive (standard tier) company or financial sector incentive (capital market) company and issued during the period from 1 January 2014 to 31 December 2023 (both dates inclusive); or

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

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

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

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

(CA) advising on corporate finance;

(CB) dealing in capital markets products;

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

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(*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 (called in this definition 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 an authorised body in a case where the debt securities are issued by a person in Singapore or the prescribed asset or project is in Singapore,

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but does not include, except with the approval of the Minister or an authorised body (which approval may be subject to such conditions as the Minister may impose), any debt securities —

(*d*) which are issued to less than 4 persons; or

(*e*) 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;

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"real estate investment trust" has the meaning given by 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 or on the early redemption of the securities;

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"registered business trust" and "trustee-manager" have the meanings given by the Business Trusts Act 2004;

[*Deleted by Act 33 of 2022 wef 04/11/2022*]

"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 2001 for the purpose of section 305 of that Act;

"securities lending or repurchase arrangement" has the meaning given by section 10H(12);

"Singapore Government securities" has the meaning given by section 43H;

"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 meaning given by section 10A.

[37/2014; 2/2016; 39/2017; 45/2018; 32/2019; 1/2020; 41/2020; 27/2021]

(16A) In paragraph (*d*) of the definition of "qualifying debt securities" in subsection (16) —

"issue costs", in relation to an issue of debt securities, means legal fees, modelling fees, arranger or underwriting fees, rating agency fees, audit fees, claim review fees, indenture trustee fees, listing or trustee fees, loss reserve specialist and administrator fees, and other fees that are connected with or incidental to the issue;

"Special Purpose Reinsurance Vehicle" has the meaning given by regulation 2 of the Insurance (General Provisions and Exemptions for Special Purpose Reinsurance Vehicles) Regulations 2018.

[32/2019]

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

[Act 30 of 2023 wef 15/02/2023]

(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.

[2/2016]

(18) In subsection (2D) —

(*a*) an umbrella VCC that holds securities for one sub-fund is treated as a different person from the same umbrella VCC that holds securities for another sub-fund;

(*b*) an umbrella VCC that holds securities for one sub-fund is considered a company that satisfies subsection (2D)(*e*) and (*f*) if —

(i) the umbrella VCC is resident in Singapore; and

(ii) the sub-fund is listed on the Singapore Exchange on the date of issue of the securities or within 6 months from that date;

(*c*) income that is received by an umbrella VCC from securities held by it for one sub-fund satisfies subsection (2D)(*g*) if the income is declared to be distributable to holders of its shares in respect of that sub-fund within 6 months from the end of the basis period in which the income is received.

[28/2019]

(19) In paragraph (*e*) of the definition of "qualifying debt securities" and paragraph (*d*) of the definition of "qualifying project debt securities" in subsection (16), an umbrella VCC to which securities are issued during their primary launch for the purpose of one sub-fund, is treated as a different person from the same umbrella VCC to which securities are issued during their primary launch for the purpose of another sub-fund.

[28/2019]

(20) A reference in this section to a related party of the issuer of qualifying debt securities or qualifying project debt securities is, if the securities are issued by or to an umbrella VCC in relation to any of its sub-funds, a reference to a person that is related to the sub-fund in such manner as may be prescribed by rules made under section 7, and rules made for this purpose may make different provisions for different circumstances.

[28/2019]

Exemption of shipping profits

13A.—(1) There is 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.

(1A) For income derived before 19 February 2020, such exemption in respect of Singapore ships is backdated to the date of provisional registration if the owner has subsequently obtained a permanent certificate of registry in respect of the ship.

[41/2020]

(1B) For the year of assessment 2009 and subsequent years of assessment, the income of a shipping enterprise mentioned in this section includes 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.

(1C) The income of a shipping enterprise mentioned in this section includes 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.

[2/2016]

(1CA) The income of a shipping enterprise mentioned in this section includes income derived on or after 1 June 2011 by the shipping enterprise from —

(*a*) the sale of a Singapore ship or a provisionally registered ship;

(*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 1995; 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 provisionally registered ship; 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 1995,

and the special purpose company does not at that time own any foreign ship.

[2/2016; 41/2020]

(1CB) The income referred to in subsection (1CA) does not include —

(*a*) income of the shipping enterprise derived before 12 December 2018 as a lessor of a ship under a finance lease that is treated as a sale under section 10C; or

(*b*) income of the shipping enterprise that is derived as part of a business of trading in ships or of constructing ships for sale.

[41/2020]

(1CC) [*Deleted by Act 41 of 2020*]

(1CD) The income of a shipping enterprise mentioned 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.

[2/2016]

(1CE) The income of a shipping enterprise mentioned 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.

[2/2016]

(1CF) The income of a shipping enterprise mentioned 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.

[2/2016]

(1CG) The income of a shipping enterprise mentioned 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.

[2/2016]

(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.

[34/2016]

(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.

[34/2016]

(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).

[34/2016]

(1CK) The income of a shipping enterprise mentioned in this section includes income derived on or after 29 December 2016, 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).

[34/2016]

(1CL) The income of a shipping enterprise mentioned in this section includes income derived on or after 12 December 2018 by the shipping enterprise from foreign exchange and risk management activities that are carried out in connection with or incidental to the finance leasing of a Singapore ship for use outside the limits of the port of Singapore.

[32/2019]

(1CM) A reference to a Singapore ship in subsection (1), (1B), (1CD), (1CE), (1CF), (1CG), (1CH), (1CI) or (1CL) includes a provisionally registered ship.

[41/2020]

(1CN) Subsection (1CM) only applies to income derived in relation to the provisionally registered ship on or after 19 February 2020.

[41/2020]

(1D) This section does not apply to income of a shipping enterprise, being an international shipping enterprise approved under section 13E, derived in the basis period for the year of assessment 2012 or any subsequent year of assessment from the operation of foreign ships.

(2) A shipping enterprise must maintain separate accounts for the income derived or deemed to be derived from the operation of each ship.

[41/2020]

(2A) Where expenses have been incurred by a shipping enterprise which are not directly attributable to a 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.

[41/2020]

(3) In determining the income of a shipping enterprise from the operation of ships —

(*a*) the capital allowances provided under sections 16, 17, 18, 18B, 18C, 19, 19A, 20, 21 and 22 may only be made against the income exempt under this section, and the balance of such allowances is not 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 may only be deducted against the income from any activity referred to in any of those subsections, and the balance of such loss is not available as a deduction against any other income.

[2/2016; 34/2016; 41/2020]

(3A) Where a shipping enterprise incurs a loss on any sale or assignment mentioned in subsection (1CA) in any basis period, that loss may only be deducted against the gains derived from another sale or assignment mentioned in subsection (1CA) in that same basis period, and the balance of the loss is not available as a deduction against any other income.

(4) The Comptroller must 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 ships by the shipping enterprise; and Parts 17 and 18 (relating to assessments, objections and appeals) and any rules made under this Act apply, with the necessary modifications, as if such statement were a notice of assessment.

[41/2020]

(5) Subject to subsection (8) where any statement issued under subsection (4) has become final and conclusive, the amount of income shown in the statement does not form part of the statutory

income of a shipping enterprise for the year of assessment to which the statement relates and is exempt from tax.

(5A) [*Deleted by Act 19 of 2013*]

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

(7) A shipping enterprise must deliver to the Comptroller a copy of the accounts mentioned in subsection (2) made up to any date specified by the Comptroller whenever called upon to do so by written notice.

(8) Despite 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 expiry 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.

(9) Parts 17 and 18 (relating to assessments, objections and appeals) and any rules made under this Act apply, with the necessary modifications, as if an assessment under subsection (8) were a notice of assessment.

(10) This section does not affect the operation of section 27 in ascertaining the income of a non-resident person owning or operating ships.

[41/2020]

(11) Where —

(*a*) income derived in the basis period for a year of assessment from the operation of a ship is exempt from tax under this section; and

(*b*) in that or a subsequent basis period, the registry of the ship under the Merchant Shipping Act 1995 is closed, deemed closed or suspended,

then the capital allowances in respect of that ship for the year of assessment of the basis period mentioned in paragraph (*b*) and subsequent years of assessment are to 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 under this section, even if no claim for such allowances was made.

[41/2020]

(12) Subsections (3) and (11) have effect despite any other provisions of this Act.

(13) Despite 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 and provisionally registered ships be taxed at the rate prescribed by section 43(1)(*a*).

[41/2020]

(14) An election under subsection (13) must be made by a shipping enterprise by written notice to the Comptroller and is irrevocable.

(15) Where a shipping enterprise has made an election under subsection (13) —

(*a*) subsections (1) to (10) do not apply to the income derived or deemed to be derived from the operation of Singapore ships and provisionally registered 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 are not 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 or a provisionally registered 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 is not 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 a Singapore ship or a provisionally registered ship 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, are to be calculated in accordance with subsection (11) as if the registry of the ship under the Merchant Shipping Act 1995 is closed, deemed closed or suspended.

[41/2020]

(16) In this section —

"container" has the meaning given by section 43P(7);

"demobilisation", in relation to a ship, means the standing down and restoration of the ship to the state it was in before mobilisation;

"finance leasing" means —

(*a*) in relation to a container, a lease of the container (including any arrangement or agreement made in connection with the lease) that has the effect of transferring substantially the obsolescence, risks or rewards incidental to ownership of the container to the lessee; and

(*b*) in relation to a ship, a lease of the ship (including any arrangement or agreement made in connection with the lease) that has the effect of transferring substantially the obsolescence, risks or rewards incidental to ownership of the ship to the lessee;

"foreign ship" means a seagoing ship other than a Singapore ship or provisionally registered ship;

"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;

"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;

"operation" means —

(*a*) in relation to a Singapore ship or provisionally registered 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;

(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;

(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; or

(vi) the finance leasing of the ship for use outside the limits of the port of Singapore, but only where the income in question —

(A) is derived from the finance leasing on or after 12 December 2018; and

(B) is not derived by the shipping enterprise as part of a business of trading in ships or constructing ships for sale; and

(*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;

"provisionally registered ship" means a ship that is provisionally registered under the Merchant Shipping Act 1995, but excludes one whose registry is closed, deemed closed or suspended;

"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 meaning given by section 2(1) of the Merchant Shipping Act 1995;

"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;

(*e*) securing its employment or its cargo;

(*f*) planning its route and tonnage, including the issuance of voyage instructions;

(*g*) appointing a ship manager, ship agent or stevedore for it;

(*h*) collecting or arranging for the collection of freight, charter hire, or other payment in exchange for its use;

(*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;

(*k*) arranging or supervising dry-docking, repair, overhaul, alteration, maintenance or lay-up of it;

(*l*) ensuring that it is adequately equipped with supplies, provisions, spares, stores and lubricating oil;

(*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;

"shipping enterprise" means any company owning or operating Singapore ships, provisionally registered 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 1995 and its registry is not closed or deemed to be closed or suspended;

"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.

[2/2016; 34/2016; 39/2017; 32/2019; 41/2020]

Assessment of income not entitled to exemption under section 43A, 43C, 43D or 43H

13B.—(1) Despite 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, 43D or 43H, ought not to have been so exempted for any year of assessment, the Comptroller may, at any time within 4 years after the expiry 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.

(2) Parts 17 and 18 (relating to assessments, objections and appeals) and any rules made under this Act apply, with the necessary modifications, as if an assessment under subsection (1) were a notice of assessment.

Exemption of income of trustee of trust fund arising from funds managed by fund manager in Singapore

13C.—(1) There is 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.

(2) The Minister may by regulations —

(*a*) make such transitional and saving provisions as the Minister may consider necessary or expedient in relation to the repeal of section 13C in force immediately before 1 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.

(3) This section does not apply to —

(*a*) a trustee of a trust fund that is constituted on or after 1 April 2014; or

(*b*) a trustee of a trust fund that —

(i) is constituted before 1 April 2014; and

(ii) is not a prescribed trust fund at any time before that date.

(4) This section does not apply to any income derived on or after 1 April 2014 except to the extent allowed by subsection (5).

[37/2014]

(5) This section continues to apply to income mentioned in subsection (1) of a trustee of a trust fund that is derived on or after 1 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 31 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.

[37/2014]

Exemption of income of prescribed persons arising from funds managed by fund manager in Singapore

13D.—(1) There is 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.

(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 13U.

[2/2016]

(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 (called in this section the relevant owner), either alone or together with the relevant owner's 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 is 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

$$A \times B \times C,$$

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.

(3) Subsection (2) does 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 the relevant owner or the relevant owner's 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 the relevant owner's associates is no more than the prescribed percentage of the total value of all issued securities of the prescribed person on the relevant day.

(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 (called in this section the relevant beneficiary), either alone or together with the relevant beneficiary's 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 is 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

$$A \times B \times C,$$

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.

(5) Subsection (4) does 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 the relevant beneficiary or the relevant beneficiary's 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 the relevant beneficiary's associates is no more than the prescribed percentage of the total value of the trust fund on the relevant day.

(6) Despite 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 the person's 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*) is not liable to pay the penalty mentioned in subsection (2) or (4); but a person (called in this section the liable person) who —

(*d*) beneficially owns on the relevant day equity interests of the person mentioned in paragraph (*b*); and

(*e*) is not himself, herself or itself a non-bona fide entity,

is 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 —

(*f*) 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

(*g*) 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.

(6A) The formula for the penalty referred to in subsection (6) is 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).

(6B) Subsection (3) or (5) (whichever is applicable) applies, 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).

(7) For the purposes of subsections (6)(*d*), (*f*) and (*g*) and (6A), if —

(*a*) a person beneficially owns (including by virtue of one or more applications of this subsection) equity interests of a person (called in this subsection a first level entity); and

(*b*) the first level entity beneficially owns equity interests of another person (called in this subsection a second level entity),

then the firstmentioned 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 is computed in accordance with the formula

$$A \times B,$$

where A is the percentage which the value of equity interests of the first level entity beneficially owned by the firstmentioned 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.

(7A) Subsection (7) also has effect for the purpose of determining, under subsections (6)(*f*) and (*g*) 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) is to 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) is to 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) is to be read as the total value of the trust fund.

(7B) The Minister or an authorised body may at any time, in the discretion of the Minister or authorised body and subject to such conditions as the Minister or authorised body 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) applies, with the necessary modifications, to any non-compliance with any such condition as it applies to the non-compliance with a condition imposed under section 92(2).

[37/2014]

[Act 41 of 2020 wef 06/12/2022]

(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.

(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;

(*ba*) any other instrument that confers or represents a legal or beneficial ownership interest in the company; 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 13U(1)(*a*) the day immediately before the firstmentioned 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 13U(1)(*b*);

(ii) an approved master-feeder fund-SPV structure under section 13U(1)(*c*); or

(iii) an approved master fund-SPV structure under section 13U(1)(*d*),

the day immediately before the firstmentioned day;

"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 1 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 1 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 1 April 2014, the value of those securities at the prescribed time; and

(ii) where the relevant day falls on or after 1 April 2014, the net asset value of those securities as at the relevant day.

[37/2014; 2/2016; 45/2018]

(10) This section does 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 1 January 2025; or

(*b*) a company or trustee of a trust fund (as the case may be) that —

(i) is incorporated or constituted before 1 January 2025; and

(ii) is not a prescribed person at any time before that date.

[13CA
[37/2014; 32/2019]

Exemption of international shipping profits

13E.—(1) Subject to subsections (1A) and (2), there is exempt from tax the income of an approved international shipping enterprise derived —

(*a*) on or after 1 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

(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 the person's operation outside the limits of the port of Singapore;

(*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 provide;

(*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 1 June 2011 from —

(i) the sale of a foreign ship used for a prescribed purpose;

(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

(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 or a provisionally registered ship within the meaning of section 13A(16); or

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(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 1995;

(*h*) at any time during the period from 24 February 2015 to 18 February 2020 (both dates inclusive) 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 provide;

(*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;

(*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;

(*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;

(*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;

(*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;

(*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;

(*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;

(*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*);

(*q*) on or after 29 December 2016 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*);

(*r*) on or after 12 December 2018 from —

(i) the finance leasing of any foreign ship to any person where the ship is used by the person for the carriage

of passengers, mail, livestock or goods outside the limits of the port of Singapore;

(ii) the finance leasing of any foreign dredger, foreign seismic ship, or any foreign ship used for offshore oil or gas activity to any person where the dredger, seismic ship or ship is used by the person for the person's operation outside the limits of the port of Singapore;

(iii) the finance leasing of any foreign ship to any person where the ship is used by the person for towage and salvage operations carried out outside the limits of the port of Singapore; and

(iv) the finance leasing of any foreign ship for offshore renewable energy activity or offshore mineral activity to any person, where the ship is used by the person for the person's operation outside the limits of the port of Singapore;

(*s*) on or after 12 December 2018 from foreign exchange and risk management activities which are carried out in connection with and incidental to an activity mentioned in paragraph (*r*); and

(*t*) on or after 19 February 2020 from providing prescribed ship management services to —

(i) any qualifying special purpose vehicle of the approved international shipping enterprise or another approved international shipping enterprise; or

(ii) any qualifying shareholder of the approved international shipping enterprise,

in respect of ships owned or operated by the qualifying special purpose vehicle or qualifying shareholder (as the case may be), unless the conditions of its approval otherwise provide.

[2/2016; 34/2016; 32/2019; 41/2020]

(1A) Unless the Minister or such person as the Minister 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.

(1AA) Subsection (1)(*g*) does not apply to —

(*a*) any income of an approved international shipping enterprise derived before 12 December 2018 as a lessor of a foreign ship used for a prescribed purpose, under a finance lease that is treated as a sale under section 10C; or

(*b*) any income of an approved international shipping enterprise that is derived as part of a business of trading in foreign ships used for a prescribed purpose, or of constructing for sale foreign ships for a prescribed purpose.

[2/2016; 41/2020]

(1AB) Unless the Minister or such person as the Minister 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.

[2/2016]

(1AC) Subsection (1)(*m*) does not apply to —

(*a*) any income of an approved international shipping enterprise derived before 12 December 2018 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 10C; or

(*b*) any income of an approved international shipping enterprise that is derived as part of 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.

[34/2016; 41/2020]

(1AD) Subsection (1)(*r*) does not apply to any income derived by an approved international shipping enterprise as part of a business of trading in foreign ships or constructing for sale foreign ships for any operation or activity mentioned in that provision.

[41/2020]

(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.

(2) The exemption for each approved international shipping enterprise —

(*a*) is for such period not exceeding 10 years from the date of its approval as the Minister or such person as the Minister may appoint may specify, except that the Minister or such person as the Minister may appoint may extend the period so specified for such further periods, not exceeding 10 years at a time, as the Minister or appointed person 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*), is for such period not exceeding 5 years from the date of its approval as the Minister or person may specify.

(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 1 June 2011 and 31 December 2026 (both dates inclusive).

[2/2016; 41/2020]

(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*) must be taken into account even if no claim for those allowances has been made; and

(*b*) may only be deducted against the income referred to in subsection (1), and the balance of those allowances is not available as a deduction against any other income, except that any balance remaining unabsorbed at the end of the tax exempt period is 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.

(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 (*s*) of subsection (1), that loss —

(*a*) must be deducted in accordance with section 37; and

(*b*) may only be deducted against the income referred to in any of those paragraphs, and the balance of such loss is not available as a deduction against any other income, except that any balance remaining unabsorbed at the end of the tax exempt period is 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.

[2/2016; 34/2016; 32/2019]

(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 may 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 is not available as a deduction against any other income.

[34/2016]

(5) Section 13A(2), (2A), (4), (5), (7), (8) and (9) applies to an approved international shipping enterprise, except that any reference to a shipping enterprise is a reference to an approved international shipping enterprise.

(6) In this section —

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

"container" has the meaning given by section 43P(7);

"demobilisation", "finance leasing", "holding", "mobilisation" and "prescribed ship management services" have the meanings given by section 13A(16);

"foreign ship" means a seagoing ship other than a Singapore ship, or (on or after the date on which the Income Tax (Amendment) Act 2022 is published in the *Gazette*) a provisionally registered ship, within the meaning of section 13A(16);

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"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;

"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;

"ship" has the meaning given by section 2(1) of the Merchant Shipping Act 1995;

"ship management services" has the meaning given by 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, or (on or after the date on which the Income Tax (Amendment) Act 2022 is published in the *Gazette*) a provisionally registered ship, as defined in section 13A(16);

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(*c*) any operation or activity mentioned in subsection (1)(*l*), (*n*) or (*o*) that takes place on or after 25 March 2016; or

(*d*) any operation or activity mentioned in subsection (1)(*r*) that takes place on or after 12 December 2018.

[2/2016; 34/2016; 41/2020]

(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

(*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.

[2/2016]

(7A) In subsection (1)(*t*), "qualifying shareholder", in relation to an approved international shipping enterprise, means an approved company —

(*a*) that is incorporated and resident in Singapore; and

(*b*) that beneficially owns (whether directly or indirectly) at least 50% of the total number of issued ordinary shares of the approved international shipping enterprise.

[41/2020]

(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.

[13F

[2/2016]

Exemption of income of foreign trust

13F.—(1) There is 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, or as approved by the Minister or authorised body, and administered by a trustee company in Singapore.

[Act 33 of 2022 wef 04/11/2022]

(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 is also 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).

(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 is also exempt from tax.

(4) Despite 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.

(5) In this section —

"foreign account" and "philanthropic purpose trust" have the meanings given by section 13L;

"trustee company" has the meaning given by section 43G(2).

(6) This section does not apply to —

(*a*) a trust that is constituted on or after 1 January 2025;

(*b*) a company that is incorporated on or after 1 January 2025;

(*c*) a trust that —

(i) is constituted before 1 January 2025; and

(ii) in the basis period in which 31 December 2024 falls, is not a foreign trust specified in the regulations under subsection (1) (called in this subsection and subsection (8) 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 1 January 2025; and

(ii) in the basis period in which 31 December 2024 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.

[37/2014; 32/2019]

(7) Where, in any basis period beginning on or after 1 January 2025 —

(*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 does 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.

[37/2014; 32/2019]

(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.

[13G

[37/2014]

Exemption of income of venture company

13G.—(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 authorised investments is exempt from tax.

[34/2016; 41/2020]

(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.

[34/2016]

(2A) For a venture company that is approved before 1 April 2020, the exemption from tax of the income of the company under regulations made under subsection (1) —

(*a*) is for such period, not exceeding 10 years, as the Minister, or such person as the Minister may appoint, may specify; and

(*b*) in any particular case after the period referred to in paragraph (*a*), is 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.

[34/2016; 41/2020]

(2B) The total period under subsection (2A)(*a*) and the further period or periods under subsection (2A)(*b*) must not in the aggregate exceed 15 years.

(2BA) For a venture company that is approved on or after 1 April 2020, the exemption from tax of the income of the company under regulations made under subsection (1) is for —

(*a*) a period not exceeding 15 years as specified to the venture company by the Minister or a person appointed by the Minister; and

(*b*) where the period mentioned in paragraph (*a*) is less than 15 years — any additional period or periods specified to the venture company by the Minister or a person appointed by the Minister.

[41/2020]

(2BB) The total period of exemption from tax of income of an approved venture company mentioned in subsection (2BA) must not exceed 15 years.

[41/2020]

(2C) The Minister or such person as the Minister may appoint may, subject to such conditions as the Minister or person may impose, approve a venture company as an approved venture company for the purposes of this section.

[32/2019]

(2D) No approval may be granted to a venture company on or after 1 January 2026.

[32/2019; 41/2020]

(3) The Comptroller must 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 are to be deducted therefrom —

(*a*) expenses allowable under this Act for that year of assessment which are attributable to that income;

(*aa*) [*Deleted by Act 34 of 2016*]

(*b*) any loss for that year of assessment arising from the disposal of any authorised 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 even if 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.

[34/2016; 41/2020]

(5) Any expenses, losses or allowances referred to in subsection (4) may only be deducted against the income of an approved venture company exempt from tax under regulations made under subsection (1) and are not 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 is 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.

(5A) [*Deleted by Act 34 of 2016*]

(6) The Comptroller must, 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 17 and 18 (relating to assessments,

objections and appeals) and any rules made under this Act apply, with the necessary modifications, as if such statement were a notice of assessment.

(7) Where any statement issued to an approved venture company under subsection (6) has become final and conclusive, the amount of income shown in the statement does not form part of the statutory income of the company for the year of assessment to which the statement relates and is exempt from tax.

(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 must deliver to the Comptroller a copy of the account made up to any date specified by the Comptroller whenever called upon to do so by written notice.

(16) Despite 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 expiry 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.

[34/2016]

(17) Parts 17 and 18 (relating to assessments, objections and appeals) and any rules made under this Act apply, with the necessary modifications, as if an assessment under subsection (16) were a notice of assessment.

(18) In this section —

"authorised investments" —

(*a*) in relation to income derived by an approved venture company before 1 April 2020, means —

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

(ii) any right or option in respect of any debentures, stocks, shares, bonds, notes or warrants; or

(iii) units in any unit trust within the meaning of section 10A; or

(*b*) in relation to income derived by an approved venture company on or after 1 April 2020, means investments prescribed by the Minister for the purpose of subsection (1);

"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 authorised investments and the principal part of whose income is derived therefrom.

[13H
[32/2019; 41/2020]

Exemption of tax on gains or profits from equity remuneration incentive scheme (SMEs)

13H.—(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 1 June 2000 to 31 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 1 January 2002 to 31 December 2013 (both dates inclusive), to acquire shares in any qualifying company or in its holding company, there is, subject to this

section, exempt from tax 50% of an amount of such gains or profits as determined under subsection (2).

(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.

(3) The exemption under this section does 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 the qualifying employee and which qualifies for exemption under this section, exceeds $10 million;

(*b*) which is derived by the qualifying employee on or after 1 January of the 10th year following the year in which he or she first derived such gains or profits which qualified for exemption under this section; or

(*c*) which is derived by the qualifying employee for the release of his or her right or benefit to acquire shares in any qualifying company or in its holding company by reason of his or her resignation or termination of his or her employment with the qualifying company due to his or her misconduct.

(4) The exemption under this section applies 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 the employee 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.

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

(6) For the purposes of this section and section 13I, where a company grants —

(*a*) any stock option during the period from 1 April 2001 to 31 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 1 January 2002 to 31 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 13I, the company must opt for the tax exemption under this section or section 13I to apply in respect of the gains or profits relating to that tranche but not under both sections.

(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 13I —

(*a*) is, subject to paragraph (*b*), not 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*) is 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.

(8) Where a company has opted under subsection (6) for tax exemption under section 13I to apply to the gains or profits in respect of a tranche of a share acquisition scheme, tax exemption under this section is not 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.

(9) Any option by a company under subsection (6) is irrevocable.

(9A) Despite anything in this section, the exemption under this section does not apply to any gains or profits derived by a qualifying employee on or after 1 January 2024.

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

[*Deleted by Act 33 of 2022 wef 04/11/2022*]

"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; and

(*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 or her 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 1 January 2010 —

(A) at least 30 hours per week for the company; or

(B) where the employee is committed to work less than that number of hours, at least 75% of his or her total working time per week for the company; and

(ii) where the time of the grant is on or after 1 January 2010 —

(A) at least the number of hours per week referred to in section 66A(1) of the Employment Act 1968 for the company; or

(B) where the employee is committed to work less than that number of hours, at least 75% of his or her 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 or her as an employee for all his or her employers plus, if applicable, the total period of time, which is deemed to be 10 hours per week, spent by him or her on remunerative work as a self-employed person.

[13J

Exemption of tax on gains or profits from equity remuneration incentive scheme

13I.—(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 1 April 2001 to 31 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 1 January 2002 to 31 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 is, subject to this section and section 13H(6) to (9), 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).

(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.

(3) The exemption under this section does 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 the qualifying employee and which qualifies for exemption under this section, exceeds $1 million;

(*b*) which is derived by the qualifying employee on or after 1 January of the 10th year following the year in which he or she first derived such gains or profits which qualified for exemption under this section; or

(*c*) which is derived by the qualifying employee for the release of his or her right or benefit to acquire shares in any qualifying company or in its holding company by reason of his or her resignation or termination of his or her employment with the qualifying company due to his or her misconduct.

(3A) Despite anything in this section, the exemption under this section does not apply to any gains or profits derived by a qualifying employee on or after 1 January 2024.

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

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

[*Deleted by Act 33 of 2022 wef 04/11/2022*]

"minimum holding period" has the meaning given by section 13H;

"part-time employee" means an employee of a company who is committed to work —

(*a*) where the time of grant is before 1 January 2010, for not more than 30 hours per week (including any time the employee 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 1 January 2010, for not more than the number of hours per week referred to in section 66A(1) of the Employment Act 1968 (including any time the employee 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 1967 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 or her 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 16 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 16 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 meaning given by section 13H;

"shares" includes stocks but does not include redeemable or convertible shares or shares of a preferential nature;

"specified formula" means the 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 13H(6) for tax exemption under this section instead of section 13H 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.

[13L

Exemption of tax on gains or profits from equity remuneration incentive scheme (start-ups)

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 right or benefit under any share acquisition scheme granted during the period from 16 February 2008 to 15 February 2013 (both dates inclusive) to acquire shares in any qualifying company, there is, subject to this section, exempt from tax 75% of an amount of such gains or profits in that year of assessment as determined under subsection (2).

(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.

(3) The exemption under this section does 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 the qualifying employee and which qualifies for exemption under this section, exceeds $10 million;

(*b*) which is derived by the qualifying employee on or after 16 February of the 10th year following the year in which he or she first derived such gains or profits which qualified for exemption under this section; or

(*c*) which is derived by the qualifying employee for the release of his or her right or benefit to acquire shares in any qualifying company by reason of his or her resignation or the termination of his or her employment with the qualifying company due to his or her misconduct.

(4) For the purposes of this section and section 13H, where —

(*a*) a company grants any right or benefit under any share acquisition scheme during the period from 16 February 2008 to 15 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 13H,

the company must opt for the tax exemption under this section or section 13H to apply in respect of the gains or profits relating to that tranche but not under both sections.

(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 13H or 13I —

(*a*) is, subject to paragraph (*b*), not 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*) is 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.

(5A) Despite anything in this section, the exemption under this section does not apply to any gains or profits derived by a qualifying employee on or after 1 January 2024.

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

(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; and

(*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 or her 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 1 January 2010 —

(A) at least 30 hours per week for the company; or

(B) where the employee is committed to work less than that number of hours, at least 75% of his or her total working time per week for the company; and

(ii) where the time of the grant is on or after 1 January 2010 —

(A) at least the number of hours per week referred to in section 66A(1) of the Employment Act 1968 for the company; or

(B) where the employee is committed to work less than that number of hours, at least 75% of his or her 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 or her as an employee for all his or her employers plus, if applicable, the total period of time, which is deemed to be 10 hours per week, spent by him or her on remunerative work as a self-employed person.

[13M

Exemption of tax on income derived by non-ordinarily resident individual

13K.—(1) Where an NOR individual is resident in Singapore in any year of assessment within the period he or she is an NOR individual, he or she 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 the following income of the NOR individual to be exempt from tax for that year of assessment:

(*a*) any relevant employment income for the year preceding that year of assessment, if the NOR individual —

(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*) despite section 10B(11), any contribution up to the relevant amount made by the NOR individual's employer to any non-obligatory pension or provident fund constituted outside Singapore in the year preceding that year of assessment, if —

(i) the NOR individual is neither a citizen nor a permanent resident of Singapore at the time such contribution is made;

(ii) the NOR individual 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 the NOR individual's employer under section 14(1)(*e*).

(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 or her —

(*a*) the apportioned employment income is readjusted such that the notional tax payable on the readjusted apportioned employment income is 10% of the gains or profits from the exercise of any employment in Singapore by the NOR individual; and

(*b*) the relevant employment income is reduced by the difference between the readjusted apportioned employment income and the apportioned employment income.

(3) Any individual who satisfies any of the following criteria may apply to the Comptroller in such manner as the Comptroller may determine to be approved as an NOR individual for the specified period:

(*a*) if the individual is not resident in Singapore for any year of assessment before 1 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 or she is resident in Singapore;

(*b*) if the individual 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 the individual 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;

(*d*) if the individual is resident in Singapore in any year of assessment between the years of assessment 2006 and 2020 (both years inclusive), 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 or she is resident in Singapore.

[32/2019]

(4) The Comptroller may, subject to subsection (4A) and such terms and conditions as the Comptroller may impose, approve the application of an individual to be an NOR individual.

[32/2019]

(4A) No approval under subsection (4) may be granted for any application made on or after 1 January 2025.

[32/2019]

(5) Where an individual has been approved as an NOR individual, approval must not be given under subsection (4) before the expiry of the period he or she is an NOR individual.

(5A) Where —

(*a*) an individual has been approved as an NOR individual before the year of assessment 2009;

(*b*) the period of the individual's approval has not expired at the beginning of that year of assessment; and

(*c*) the individual has had income exempted from tax under this section in force immediately before 16 December 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 or her income for the year of assessment 2009, elect to continue to be subject to subsections (1)

and (7) in force immediately before 16 December 2008; and in that event subsections (1) and (7) in force immediately before that date continue to apply to the individual for so long as he or she remains an NOR individual.

(6) Any election made under subsections (1) and (5A) and any approval granted under subsection (4) are irrevocable.

(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 10B(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 1953 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 or her employer, the amount of tax that is so borne.

[13N

Exemption of income of foreign account of philanthropic purpose trust

13L.—(1) There is 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

18 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.

(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.

(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 in the basis period —

(A) in the case of any year of assessment before 2021, carry on a business in Singapore; or

(B) in the case of the year of assessment 2021 or a subsequent year of assessment, carry on a business in Singapore or outside 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 in the basis period —

(BA) in the case of any year of assessment before 2021, a business in Singapore; or

(BB) in the case of the year of assessment 2021 or a subsequent year of assessment, a business in Singapore or outside 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 meaning given by section 13F;

"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 meaning given by section 43G(2).

[32/2019]

(4) The Minister or an authorised body 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).

[Act 41 of 2020 wef 06/12/2022]

(5) This section does not apply to —

(*a*) a trust that is constituted on or after 1 January 2025;

(*b*) a company that is incorporated on or after 1 January 2025;

(*c*) a trust that —

(i) is constituted before 1 January 2025; and

(ii) in the basis period in which 31 December 2024 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 1 January 2025; and

(ii) in the basis period in which 31 December 2024 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).

[37/2014; 32/2019]

(6) Where, in any basis period beginning on or after 1 January 2025, a trust or company does not satisfy the applicable requirement referred to in subsection (7), then this section does 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.

[37/2014; 32/2019]

(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*).

[37/2014]

(8) Where, in any basis period beginning on or after 1 January 2025, the trustee company which administers a philanthropic purpose trust fails to comply with any of the regulations under subsection (1), then this section does 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.

[13O

[37/2014; 32/2019]

Exemption of income derived from asset securitisation transaction

13M.—(1) There is 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 27 February 2004 to 31 December 2028 (both dates inclusive).

[45/2018]

[Act 30 of 2023 wef 30/10/2023]

(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.

(3) Despite 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 expiry 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.

(3A) Parts 17 and 18 (relating to assessments, objections and appeals) and any rules made under this Act apply, with the necessary modifications, as if an assessment under subsection (3) were a notice of assessment.

(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 an authorised body;

[Act 41 of 2020 wef 06/12/2022]

"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.

[13P

Exemption of relevant income of prescribed locally-administered trust

13N.—(1) There is 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.

(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 is also exempt from tax.

(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 17 February 2006; or

(*b*) any income of the kinds referred to in section 13(7A) received in Singapore on or after 17 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 meaning given by section 43G(2).

(4) This section does not apply to —

(*a*) a trust that is constituted on or after 1 January 2025;

(*b*) a company that is incorporated on or after 1 January 2025;

(*c*) a trust that —

(i) is constituted before 1 January 2025; and

(ii) in the basis period in which 31 December 2024 falls, is not a locally-administered trust prescribed under subsection (1) (called in this subsection and subsection (6) a prescribed trust); or

(*d*) a company that —

(i) is incorporated before 1 January 2025; and

(ii) in the basis period in which 31 December 2024 falls, is not a holding company established for the purposes of a prescribed trust, and prescribed under subsection (1).

[37/2014; 32/2019]

(5) Where, in any basis period beginning on or after 1 January 2025, a trust or company does not satisfy the requirement referred to in subsection (6), then this section does 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.

[37/2014; 32/2019]

(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).

[37/2014]

(7) Where, in any basis period beginning on or after 1 January 2025, the trustee company which administers a locally-administered trust fails to comply with any of the regulations made under subsection (1), then this section does 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.

[13Q

[37/2014; 32/2019]

Exemption of income of company incorporated and resident in Singapore arising from funds managed by fund manager in Singapore

13O.—(1) Subject to such conditions as may be prescribed by regulations or specified in the letter of approval of the company, there is 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 an authorised body (called in this section an approved company) arising from funds managed —

(*a*) in Singapore by a fund manager; or

(*b*) by a person approved by the Minister or authorised body.

[Act 41 of 2020 wef 06/12/2022]

(1A) The approval of a person under subsection (1) is subject to such conditions as the Minister may impose.

(2) No approval may be granted under subsection (1) after 31 December 2024.

[37/2014; 32/2019]

(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 (called in this section the relevant owner), either alone or together with the relevant owner's 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 is 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

$$A \times B \times C,$$

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.

(4) Subsection (3) does 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 the relevant owner or the relevant owner's 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 the relevant owner's associates is no more than the prescribed percentage of the total value of all issued securities of the approved company on the relevant day.

(5) Despite 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 the person's 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*) is not liable to pay the penalty referred to in subsection (3); but a person (called in this section the liable person) who —

(*d*) beneficially owns on the relevant day equity interests of the person mentioned in paragraph (*b*); and

(*e*) is not himself, herself or itself a non-bona fide entity,

is 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 —

(*f*) the value of the equity interests of the approved company beneficially owned by the liable person on the relevant day; and

(*g*) 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.

(5A) The formula for the penalty referred to in subsection (5) is 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*).

(5B) Subsection (4) applies, 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).

(6) For the purposes of subsections (5)(*d*), (*f*) and (*g*) and (5A), if —

(*a*) a person beneficially owns (including by virtue of one or more applications of this subsection) equity interests of a person (called in this subsection a first level entity); and

(*b*) the first level entity beneficially owns equity interests of another person (called in this subsection a second level entity),

then the firstmentioned 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 is computed in accordance with the formula

$$A \times B,$$

where A is the percentage which the value of equity interests of the first level entity beneficially owned by the firstmentioned 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.

(6A) The Minister an authorised body may at any time, in the discretion of the Minister or authorised body and subject to such conditions as the Minister or authorised body 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) applies, with the necessary modifications, to any non-compliance with any such condition as it applies to the non-compliance with a condition imposed under section 92(2).

[37/2014]

[Act 41 of 2020 wef 06/12/2022]

(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.

(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;

"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 1 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 1 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 1 April 2014, the value of those securities at the prescribed time; and

(ii) where the relevant day falls on or after 1 April 2014, the net asset value of those securities as at the relevant day.

[37/2014; 2/2016]

(9) The Minister may by regulations make such transitional and saving provisions as the Minister may consider necessary or expedient in relation to the repeal of section 13R of this Act as in force immediately before 1 September 2007.

[13R

Exemption of income of shipping investment enterprise

13P.—(1) Subject to subsections (1G) and (4), there is 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 seagoing 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;

(*b*) before 25 March 2016 from the chartering or finance leasing of any seagoing 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;

(*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*);

(*ca*) on or after 25 March 2016 from the chartering or finance leasing of any seagoing 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;

(*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*);

(*cc*) on or after 12 December 2018 from the chartering or finance leasing by the approved shipping investment enterprise of any seagoing ship, for use by the lessee outside the limits of the port of Singapore, if the ship was —

(i) acquired by an approved related party before or during the period of its approval under subsection (3); and

(ii) chartered, or leased under a finance lease, by the approved related party to the approved shipping investment enterprise;

(*cd*) on or after 12 December 2018 from foreign exchange and risk management activities that are carried out in connection with and incidental to an activity mentioned in paragraph (*cc*); and

(*d*) on or after 1 June 2011 from —

(i) the sale of a seagoing ship;

(ii) the assignment to another of all its rights as the buyer under a contract for the construction of a seagoing 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 seagoing ship or is the buyer under a contract for the construction of any seagoing ship.

[34/2016; 32/2019]

(1A) Subsection (1), in relation to income referred to in paragraph (*a*), (*b*), (*c*), (*ca*) or (*cb*) of that subsection, continues 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 seagoing 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 is to be construed accordingly.

[34/2016]

(1B) In relation to income mentioned in subsection (1)(*cc*) or (*cd*), subsection (1) continues to apply to a shipping investment enterprise the approval of which has expired or been withdrawn, but that continues to derive such income, if both the shipping investment enterprise and the related party mentioned in subsection (1)(*cc*) have, by the date of the expiry or before the withdrawal, fulfilled all the conditions of their respective approvals under subsection (3).

[32/2019]

(1C) For the purpose of subsection (1B), the shipping investment enterprise is treated under this section as an approved shipping investment enterprise.

[32/2019]

(1D) Subsection (1)(*ca*) and (*cc*) does not apply to income derived on or after 12 December 2018 from the chartering or finance leasing of a seagoing ship that is acquired by the approved shipping investment enterprise or the approved related party by way of a finance lease entered into with an entity that was not an approved related party.

[32/2019]

(1DA) Subsection (1)(*ca*) and (*cc*) also does not apply to any income derived by an approved shipping investment enterprise as part of a business of trading in seagoing ships or constructing seagoing ships for sale.

[41/2020]

(1E) Subsections (1)(*cc*) and (*cd*) and (1B) apply to income derived by an approved shipping investment enterprise in relation to a ship acquired by the related party before the period of the approval of the related party, if and only if the approved shipping investment enterprise is approved on or after 1 April 2008.

[32/2019]

(1F) Subsection (1)(*d*) does not apply to —

(*a*) any income of an approved shipping investment enterprise derived before 12 December 2018 as a lessor of a seagoing ship under a finance lease that is treated as a sale under section 10C; or

(*b*) any income of an approved shipping investment enterprise that is derived as part of a business of trading in seagoing ships or of constructing seagoing ships for sale.

[32/2019; 41/2020]

(1G) Subsections (1) and (1A) apply to income derived by an approved shipping investment enterprise in relation to a seagoing ship acquired before the period of its approval, if and only if the enterprise is approved on or after 1 April 2008.

[32/2019]

(2) The Minister or such person as he may appoint may, at any time between 1 March 2006 and 31 December 2026 (both dates inclusive), approve a shipping investment enterprise or a related party of an approved shipping investment enterprise for the purposes of subsection (1).

[37/2014; 2/2016; 32/2019; 41/2020]

(3) The approval under subsection (2) is subject to such conditions as the Minister may specify, and is —

(*a*) where the approval is granted during the period between 1 March 2006 and 28 February 2011 (both dates inclusive), for such period not exceeding 10 years, as the Minister may specify; and

(*b*) where the approval is granted during the period between 1 March 2011 and 31 December 2026 (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 the Minister thinks fit.

[37/2014; 2/2016; 41/2020]

(4) The Minister or such person as he may appoint may, in respect of any seagoing ship or class of seagoing ships, specify the period during which the income of the seagoing ship or class of seagoing

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.
[34/2016]

(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 seagoing ship under regulations made under section 10C —

(*a*) must be taken into account even if no claim for those allowances has been made; and

(*b*) may only be deducted against the income referred to in subsection (1), and the balance of those allowances is not 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 is 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.

(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*), (*cb*), (*cc*) and (*cd*) of subsection (1), that loss —

(*a*) must be deducted in accordance with section 37; and

(*b*) may only be deducted against the income referred to in any of those paragraphs, and the balance of such loss is not available as a deduction against any other income, except that any balance remaining unabsorbed at the end of the tax exempt period is 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.

[34/2016; 32/2019]

(6A) Where an approved shipping investment enterprise incurs a loss on any sale or assignment mentioned in subsection (1)(*d*) in any basis period falling, in whole or in part, within the tax exempt period, that loss may only be deducted against the gains derived from another sale or assignment mentioned in subsection (1)(*d*) in that same basis period, and the balance of the loss is not available as a deduction against any other income.

(7) The Comptroller must 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 17 and 18 (relating to assessments, objections and appeals) and any rules made under this Act apply, with the necessary modifications, as if such statement were a notice of assessment.

(8) Where any statement issued to an approved shipping investment enterprise under subsection (7) has become final and conclusive, the amount of income shown in the statement does not form part of the statutory income of the enterprise for the year of assessment to which the statement relates and is exempt from tax.

(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 must deliver to the Comptroller a statement of the account made up to any date specified by the Comptroller whenever called upon to do so by written notice.

(18) Despite 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 expiry 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) Parts 17 and 18 (relating to assessments, objections and appeals) and any rules made under this Act apply, with the necessary modifications, as if an assessment under subsection (18) were a notice of assessment.

(19A) [*Deleted by Act 2 of 2016*]

(20) In this section —

"approved international shipping enterprise" means an international shipping enterprise approved by the Minister or such person as the Minister may appoint, subject to such conditions as he or she may impose;

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

"international shipping enterprise" has the meaning given by section 13E(6);

"registered business trust" has the meaning given by the Business Trusts Act 2004;

"related party", in relation to an approved shipping investment enterprise, means —

(*a*) any entity that is related to the approved shipping investment enterprise in such manner as may be prescribed by rules made under section 7; or

(*b*) any other entity that is approved by the Minister in any particular case to be a related party of the approved shipping investment enterprise;

"ship" has the meaning given by section 2(1) of the Merchant Shipping Act 1995;

"shipping investment enterprise" means —

(*a*) a company incorporated and resident in Singapore; or

(*b*) a registered business trust;

"Singapore ship" has the meaning given by 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 seagoing 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 1 April 2008 and —

(i) acquired; or

(ii) chartered, or leased under a finance lease, from a related party,

a seagoing ship for use outside the limits of the port of Singapore before the date of approval of the enterprise — the period from the date of that approval to the date where no income of any seagoing ship of that enterprise is eligible for exemption from tax under subsection (1) (both dates inclusive); or

(*b*) in any other case — the period from the date the enterprise —

(i) first acquired; or

(ii) first chartered, or leased under a finance lease, from a related party,

during the period of approval of the enterprise, a seagoing ship for use outside the limits of the port of Singapore, to the date where no income of any seagoing ship of that enterprise is eligible for exemption from tax under subsection (1) (both dates inclusive).

[2/2016; 32/2019; 27/2021]

(21) Rules made for the purpose of the definition of "related party" in subsection (20) may be made to take effect from (and including) 12 December 2018.

[13S
[32/2019]

Exemption of trust income to which beneficiary is entitled

13Q.—(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 is exempt from tax in the beneficiary's 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.

(2) This section does 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);

(*c*) [*Deleted by Act 37 of 2014*]

(*d*) any income of a trust fund prescribed under section 13C;

(*e*) any income of a foreign trust specified under section 13F;

(*f*) any income of a locally-administered trust prescribed under section 13N;

(*g*) any income of a trust the trustee of which is a prescribed person under section 13D; or

(*h*) any income of an approved trust fund referred to in the definition of "approved person" under section 13U(5), or of a trust fund that is a feeder fund or master fund approved under section 13U.

[13T
[37/2014]

Exemption of estate income received by beneficiary, etc.

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

[Act 30 of 2023 wef 30/10/2023]

Exemption of income of not-for-profit organisation

13R.—(1) There is exempt from tax any income of an approved not-for-profit organisation.

(2) The Minister or such person as he may appoint may, during the period from 15 February 2007 to 31 December 2027 (both dates inclusive), approve any not-for-profit organisation for the purposes of subsection (1).

[37/2014; 34/2016; 27/2021]

(3) The approval under subsection (2) is subject to such conditions as the Minister or such person as he may appoint may impose and is for such period not exceeding 10 years as he may specify.

(4) Despite 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.

(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.

(6) Despite 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.

(6A) Any expenses, losses or allowances incurred or claimed by an approved not-for-profit organisation during the period of its approval under subsection (3) or (4) that remain unabsorbed at the end of that period, are not available as a deduction against any of its income for the year of assessment which relates to the basis period in which the approval of the approved not-for-profit organisation expires or is withdrawn, or any subsequent year of assessment.

[27/2021]

(7) In this section, "not-for-profit organisation" means any person, not being a person registered or exempt from registration under the Charities Act 1994 —

(*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.

[13U

Exemption of income derived by law practice from international arbitration held in Singapore

13S.—(1) Any law practice intending to provide legal services in connection with any international arbitration may, from 1 July 2007

to 30 June 2017 (both dates inclusive), apply to the Minister, or such person as the Minister may appoint, for approval as an approved law practice.

(2) Where the Minister, or such person as the Minister may appoint, considers it expedient in the public interest to do so, the Minister or appointed person may approve the application and issue a letter to the law practice subject to such conditions as the Minister or appointed person thinks fit.

(2A) No approval under this section may be granted to any law practice which is approved on or after 1 April 2010 as a development and expansion company under Part 4 of the Economic Expansion Incentives (Relief from Income Tax) Act 1967 in respect of international services that qualify for zero-rating under section 21(3) of the Goods and Services Tax Act 1993, and such approval remains in force.

(3) Every letter issued under subsection (2) must specify a date as the commencement day from which the approved law practice is entitled to tax relief under this section.

(4) The tax relief period of an approved law practice commences on its commencement day and continues for such period, not exceeding 5 years, as is specified in the letter issued to it under subsection (2).

(5) The amount of the income of an approved law practice which will qualify for the relief for any year of assessment is 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.

(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) does not form part of the statutory income of the approved law practice for that year of assessment and is exempt from tax.

(6A) For the purpose of satisfying the Comptroller that its income qualifies for relief under this section, the approved law practice must

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.

(7) Where an approved law practice is a law corporation, the exemption under section 43(6) or (6C) (as the case may be) does 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).

[45/2018]

(8) The base income mentioned 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.

(9) The Comptroller must 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.

(10) In determining the qualifying income of an approved law practice for the basis period for any year of assessment, there are to 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 even if no claim for those allowances has been made.

(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.

(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, is to be deducted as provided for in section 23 or 37 (as the case may be) and the balance is disregarded.

(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 meanings given by the International Arbitration Act 1994;

"client", "foreign law practice", "Formal Law Alliance", "Joint Law Venture", "law corporation" and "Singapore law practice" have the meanings given by the Legal Profession Act 1966;

"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;

"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 1 July 2007 and 30 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 1 July 2012 and 30 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.

[37/2014]

(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 1 July 2007 and 30 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 1 July 2012 and 30 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.

[13V

Exemption of relevant income of eligible family-owned investment holding company

13T.—(1) There is exempt from tax all relevant income of an eligible family-owned investment holding company.

(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.

(3) In this section —

"eligible family-owned investment holding company" means any company incorporated before 1 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 1 April 2008; or

(*b*) any income of the kinds referred to in section 13(7A) received in Singapore on or after 1 April 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 1 April 2013, then this section does not apply to the company in any subsequent basis period, even if it satisfies the definition in that subsequent basis period.

(5) Subsection (1) ceases to apply with effect from the year of assessment 2024.

[13W
[39/2017]

Exemption of income arising from funds managed by fund manager in Singapore

13U.—(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, SPV, master-feeder fund structure, master-feeder fund-SPV structure or master fund-SPV structure, there is 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;

(*b*) in relation to an approved master-feeder fund structure —

(i) a person (not being an individual, a body of persons or a Hindu joint family) that is an approved master fund or an approved feeder fund of the structure;

(ii) a partner of a partnership (including a limited partnership and a limited liability partnership), where the partnership is the approved master fund or an approved feeder fund of the structure;

(iii) a trustee of a trust fund where the trust fund is the approved master fund or an approved feeder fund of the structure; and

(iv) a taxable entity in relation to the approved master fund or an approved feeder fund of the structure, where the master fund or feeder fund is not a legal entity,

arising from funds of the master fund or any feeder fund of that structure, that are managed in Singapore by a fund manager;

(*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;

(i*a*) a person (not being a company, an individual or a Hindu joint family) that is an approved feeder fund of the structure;

(i*b*) a partner of a partnership (excluding a limited partnership but including a limited liability partnership), where the partnership is an approved feeder fund of the structure;

(i*c*) a taxable entity in relation to an approved feeder fund of the structure, where the feeder fund is not a legal entity;

(ii) an approved 1st tier SPV of the structure;

(iii) an approved 2nd tier SPV of the structure;

(iv) an approved eligible SPV of the structure, where the eligible SPV is not one mentioned in sub-paragraphs (v), (vi) and (vii);

(v) a partner of an approved eligible SPV of the structure, where the eligible SPV is a partnership (including a limited partnership and a limited liability partnership);

(vi) the trustee of an approved eligible SPV of the structure, where the eligible SPV is a trust fund; and

(vii) the taxable entity of an approved eligible SPV of the structure, where the eligible SPV is not a legal entity,

arising from funds of —

(viii) the master fund;

(ix) any feeder fund; or

(x) any approved eligible SPV,

of that structure, that are managed in Singapore by a fund manager; or

[Act 33 of 2022 wef 19/02/2019]

(*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;

(iii) an approved 2nd tier SPV of the structure;

(iv) an approved eligible SPV of the structure, where the eligible SPV is not one mentioned in sub-paragraphs (v), (vi) and (vii);

(v) a partner of an approved eligible SPV of the structure, where the eligible SPV is a partnership (including a limited partnership and a limited liability partnership);

(vi) the trustee of an approved eligible SPV of the structure, where the eligible SPV is a trust fund; and

(vii) the taxable entity of an approved eligible SPV of the structure, where the eligible SPV is not a legal entity,

arising from funds of the master fund or of any approved eligible SPV of that structure, that are managed in Singapore by a fund manager.

[2/2016; 45/2018; 32/2019]

[Act 33 of 2022 wef 19/02/2019]

(2) Approval under subsection (1)(*a*) may be granted during the period from 1 April 2009 to 31 December 2024 (both dates inclusive).

[37/2014; 32/2019]

(2A) Approval under subsection (1)(*b*) may be granted during the period from 7 July 2010 to 31 December 2024 (both dates inclusive).

[37/2014; 32/2019]

(2B) Approval under subsection (1)(*c*)(i) and (*d*)(i) may be granted during the period from 1 April 2015 to 31 December 2024 (both dates inclusive).

[32/2019]

(2C) Approval under subsection (1)(*c*)(i*a*), (i*b*) and (i*c*) may be granted during the period from 20 February 2018 to 31 December 2024 (both dates inclusive).

[32/2019]

(2D) Approval under subsection (1)(*c*)(ii) and (iii) and (*d*)(ii) and (iii) may be granted during the period from 1 April 2015 to 18 February 2019 (both dates inclusive).

[32/2019]

(2E) Approval under subsection (1)(*c*)(iv), (v), (vi) and (vii) and (*d*)(iv), (v), (vi) and (vii) may be granted during the period from 19 February 2019 to 31 December 2024 (both dates inclusive).

[32/2019]

(3) Where the income of any approved person or person (including a company), trustee, partner, taxable entity, 1st tier SPV, 2nd tier SPV or eligible SPV referred to in subsection (1)(*b*), (*c*) or (*d*) is not exempt from tax under this section, sections 13C, 13D and 13O do not apply to that income despite anything in those provisions.

[2/2016; 45/2018; 32/2019]

(4) Regulations made under subsection (1) may —

(*a*) provide for the determination of the amount of income of any approved person or person (including a company), trustee, partner, taxable entity, 1st tier SPV, 2nd tier SPV or eligible SPV referred to in subsection (1)(*b*), (*c*) or (*d*) to be exempt from tax;

(*b*) provide for the deduction of expenses, allowances and losses of any approved person or person (including a company), trustee, partner, taxable entity, 1st tier SPV, 2nd tier SPV or eligible SPV referred to in subsection (1)(*b*), (*c*) or (*d*) otherwise than in accordance with this Act;

(*c*) where the approved person is a partner of an approved partnership (including a limited partnership and a limited liability partnership), provide for the recovery of tax from the partner in a case where the exemption ought not to have been allowed to the partner due to non-compliance with any condition imposed on the 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 person (including a company), trustee, taxable entity, 1st tier SPV, 2nd tier SPV or eligible 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;

(*cb*) provide for the recovery of tax from a partner of a partnership (including a limited partnership and a limited liability 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

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

[2/2016; 45/2018; 32/2019]

(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;

"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;

"approved" means approved by the Minister or an authorised body;

[Act 41 of 2020 wef 06/12/2022]

"approved person" means —

(*a*) any approved person (not being an individual, a body of persons or a Hindu joint family);

(*b*) any partner of an approved partnership (including a limited partnership and a limited liability partnership);

(*c*) any trustee of an approved trust fund; or

(*d*) the taxable entity of an approved investment vehicle that is not a legal entity;

"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);

"eligible SPV", in relation to a master-feeder fund-SPV structure or a master fund-SPV structure, means a special purpose vehicle where the net gains, profits or other benefits of all investments held by the vehicle are to go (whether directly or indirectly) to the master fund of the structure, or the master fund and one or more of the following:

(*a*) a prescribed person under section 13D;

(*b*) an approved company under section 13O;

(*c*) an approved person, or an approved master fund, an approved feeder fund, an approved 1st tier SPV, an approved 2nd tier SPV or an approved eligible SPV of any structure mentioned in subsection (1);

(*d*) a prescribed sovereign fund entity or an approved foreign government-owned entity under section 13V;

(*e*) a person (excluding an individual and a Hindu joint family) —

(i) that is not resident in Singapore;

(ii) that does not have a permanent establishment in Singapore (other than a fund manager);

(iii) that does not carry on a business in Singapore;

(iv) that is not set up solely for the purpose of avoiding or reducing the payment of any tax or penalty under this Act; and

(v) that carries on outside Singapore substantial business activity for a genuine commercial reason;

(*f*) a trust fund —

(i) the trustee of which is not resident in Singapore or a citizen of Singapore;

(ii) the trustee of which does not (in its capacity as such trustee) have a permanent establishment in Singapore other than a fund manager for that trust fund;

(iii) the trustee of which does not carry on any business in Singapore other than acting as such trustee;

(iv) the trustee of which (in its capacity as such trustee) carries on outside Singapore substantial business activity for a genuine commercial reason; and

(v) that is not set up solely for the purpose of avoiding or reducing the payment of any tax or penalty under this Act;

(*g*) a partnership (including a limited partnership and a limited liability partnership) —

(i) none of the partners of which is resident in Singapore;

(ii) that does not have a permanent establishment in Singapore (other than a fund manager);

(iii) that does not carry on a business in Singapore;

(iv) that is not set up solely for the purpose of avoiding or reducing the payment of any tax or penalty under this Act; and

(v) that carries on outside Singapore substantial business activity for a genuine commercial reason;

(*h*) an investment vehicle that is not a legal person —

(i) the taxable entity of which is the custodian of investments held by it;

(ii) the taxable entity of which is not a resident in Singapore or a citizen of Singapore;

(iii) the taxable entity of which (in its capacity as custodian of investments held by the investment vehicle) does not have a permanent establishment in Singapore other than a fund manager for that investment vehicle;

(iv) the taxable entity of which does not carry on any business in Singapore other than acting as such custodian;

(v) the taxable entity of which carries on outside Singapore substantial business activity for a genuine commercial reason; and

(vi) that is not set up solely for the purpose of avoiding or reducing the payment of any tax or penalty under this Act;

"feeder fund" means an investment vehicle (whether or not a legal entity) that invests its funds, or whose funds are invested, substantially and directly through a single 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;

"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;

"master fund-SPV structure" means an arrangement comprising —

(*a*) a master fund; and

(*b*) one or more SPVs;

"master fund" —

(*a*) in relation to a master fund-SPV structure or master-feeder fund-SPV structure, means a company, a trust fund or a limited partnership; or

(*b*) in relation to a master-feeder fund structure, means an investment vehicle (whether or not a legal entity),

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 meaning given by section 43(10);

"special purpose vehicle" or "SPV" —

(*a*) in relation to a master-feeder fund-SPV structure, means an investment vehicle whose only activity is the holding of investments for other investment vehicles or persons which must include the master and feeder funds of the structure; or

(*b*) in relation to a master fund-SPV structure, means an investment vehicle whose only activity is the holding of investments for other investment vehicles or persons which must include the master fund of the structure;

"taxable entity", in relation to an investment vehicle (including a master fund, a feeder fund and an SPV) that is not a legal entity, means the person to whom income from the investment vehicle accrues;

"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.

[37/2014; 2/2016; 45/2018; 32/2019]

(6) The following approvals may only be granted on or after 20 February 2018:

(*a*) the approval, for the purposes of the definition of "approved person" in subsection (5), of —

(i) a person other than a company;

(ii) a partnership, including a limited liability partnership but excluding a limited partnership; or

(iii) an investment vehicle that is not a legal entity (other than a trust fund);

(*b*) the approval, for the purpose of subsection (1)(*b*), of any of the following as a master fund or feeder fund:

(i) a person that is not a company;

(ii) a partnership, including a limited liability partnership but excluding a limited partnership;

(iii) an investment vehicle that is not a legal entity (other than a trust fund).

[13X

[45/2018; 32/2019]

Exemption of certain income of prescribed sovereign fund entity and approved foreign government-owned entity

13V.—(1) There is 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.

(2) The Minister or an authorised body may, at any time between 1 April 2010 and 31 December 2024 (both dates inclusive), approve a foreign government-owned entity for the purpose of subsection (1).

[37/2014; 32/2019]

[Act 41 of 2020 wef 06/12/2022]

(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;

(*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.

[37/2014]

(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;

"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.

[13Y
[41/2020]

Exemption of gains or profits from disposal of ordinary shares

13W.—(1) There is exempt from tax any gains or profits derived by a company (called in this section the divesting company) from the disposal of ordinary shares in another company (called in this section 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 December 2027 (both dates inclusive); and

(*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.

[34/2016; 41/2020]

(2) Subsection (1) only applies 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 allow, such information and supporting documents as may be specified by the Comptroller.

(3) In determining the amount of gains or profits which are exempt from tax under subsection (1) for any year of assessment, there are to 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.

(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 is 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.

(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*) are regarded as income of the divesting company that is chargeable to tax for the second-mentioned year of assessment.

(6) Subsection (5) applies 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, SFRS for Small Entities, FRS 109 or SFRS(I) 9 (as the case may be), in determining the profit or loss or expense in respect of the shares.

[39/2017; 32/2019]

(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, SFRS for Small Entities, FRS 109 or SFRS(I) 9 (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*) is regarded as an expense allowable under this Act to the divesting company for the second-mentioned year of assessment.

[39/2017; 32/2019]

(8) This section does 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 before 1 June 2022 in a company that —

(i) is in the business of trading Singapore immovable properties; or

(ii) principally carries on the activity of holding Singapore immovable properties,

other than property development, where the shares are not listed on a stock exchange in Singapore or elsewhere;

(*ba*) the disposal of shares on or after 1 June 2022 not listed on a stock exchange in Singapore or elsewhere, being shares in a company that the Comptroller is satisfied —

(i) is in the business of trading immovable properties situated whether in Singapore or elsewhere;

(ii) principally carries on the activity of holding immovable properties situated whether in Singapore or elsewhere; or

(iii) has undertaken property development in Singapore or elsewhere, except where —

(A) the immovable property developed is used by the company to carry on its trade or business (including the business of letting immovable properties), not being a business mentioned in sub-paragraph (i); and

(B) the company did not undertake any property development in Singapore or elsewhere for a period of at least 60 consecutive months before the disposal of shares; 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.

[41/2020]

(9) In this section —

"activity of holding immovable properties" excludes the holding of immovable properties where such properties are used to carry on a trade or business, including the business of letting immovable properties;

"borrowing period" and "securities lending or repurchase arrangement" have the meanings given by section 10H(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 by section 34A(10);

"FRS 109" and "SFRS(I) 9" have the meanings given by section 34AA(15);

"property development" means construction or causing the construction of any building or part of a building, and

acquisition of land or building for such construction, and for this purpose "construction" means —

(*a*) any building operations, or demolition and rebuilding operations, in, on, over or under any land for the purpose of erecting a building or part of a building; and

(*b*) any alteration or addition to, or partial demolition and rebuilding of, any building or part of a building,

that requires the approval of the Commissioner of Building Control under the Building Control Act 1989 or (if carried out in a country outside of Singapore) would have required such approval if it had been carried out in Singapore.

[13Z

[39/2017; 32/2019; 41/2020]

Exemption of certain payments received in connection with COVID-19 events

13X.—(1) The following are exempt from tax:

(*a*) a cash payment made on behalf of the Government to a person under the public scheme known as the Self-Employed Person Income Relief Scheme (SIRS), that is part of the Budget Statements of the Government dated 26 March 2020 and 6 April 2020;

(*b*) a cash payment made on behalf of the Government to a person under the public scheme known as the Jobs Support Scheme (JSS);

(*c*) a cash payment made by the Government to a person under any of the following public schemes:

(i) Quarantine Order Allowance (QOA) Scheme;

(ii) Leave-of-Absence (LOA) Programme;

(iii) the Stay-Home Notice (SHN) Support Programme;

(*d*) a cash payment made on behalf of the Government to an individual under the public scheme known as the COVID-19 Support Grant (CSG), that is part of the

Budget Statement of the Government dated 26 March 2020, and the ministerial statement of the Minister dated 17 August 2020;

(*e*) a cash payment made by the Singapore Tourism Board between (and including) the months of April and July 2020 to the holder of a tourist guide licence as defined in section 20(1) of the Singapore Tourism Board Act 1963, to mitigate any loss of income from a COVID-19 event;

(*f*) a cash payment made by the Maritime and Port Authority of Singapore under the public scheme known as the Seafarers Relief Package in the year 2020 to a seafarer as defined in section 2(1) of the Merchant Shipping (Maritime Labour Convention) Act 2014, that is funded by the Maritime and Port Authority of Singapore;

(*g*) a benefit received by a self-employed individual who drives a chauffeured private hire car or taxi, from —

(i) the Land Transport Authority of Singapore (called in this paragraph and paragraph (*ga*) LTA); or

(ii) an entity in the Tenth Schedule,

that is given in connection with an amount received by LTA or the entity out of a payment made by the Government to the Special Relief Fund under the public scheme known as the Point-to-Point Support Package;

(*ga*) a benefit received by an individual who drives a chauffeured private hire car or taxi, from —

(i) the LTA; or

(ii) an entity in the Tenth Schedule,

that is given on or after 1 January 2021 in connection with an amount received by the LTA or the entity out of a payment made by the Government from a fund established by the Government known as the COVID-19 Driver Relief Fund;

(*h*) any other prescribed benefit given in connection with a prescribed public scheme, up to such amount or value as may be prescribed.

[41/2020; 27/2021]

(2) Where a public authority makes a payment under a public scheme on behalf of the Government to a person that is then paid to another person, the firstmentioned person does not, for the purposes of subsection (1), make the second-mentioned payment on behalf of the Government.

Example

The Inland Revenue Authority of Singapore makes a cash payment under the Jobs Support Scheme on behalf of the Government to a central hirer of a central hiring arrangement of a group of related parties, which the central hirer disburses to the related parties. The central hirer does not make the disbursement on behalf of the Government under subsection (1)(*b*).

[41/2020]

[Act 33 of 2022 wef 04/11/2022]

(3) The following are also exempt from tax, but only if the Comptroller is satisfied that conditions prescribed for the exemption are satisfied:

(*a*) the rent or value of any place of residence in Singapore (including any furniture or fittings in that place), or an allowance for accommodation in Singapore, for the use by an individual in the year 2020, that is provided to the individual in the year 2020 by the individual's employer, up to the prescribed amount per day;

(*b*) the value of any food, transport and other necessities (called in this paragraph basic necessities), or an allowance for basic necessities, for consumption or use by an individual in Singapore in the year 2020, that is provided to the individual in the year 2020 by the individual's employer, up to the prescribed amount per day for all basic necessities.

[41/2020]

(4) An amount described in subsection (5) received or receivable in the year 2020 by a person who is a lessee or licensee of any

immovable property in relation to which a remission of property tax is given by the Property Tax (Non-Residential Properties) (Remission) Order 2020, is exempt from tax.

[41/2020]

(5) The amount mentioned in subsection (4) is any of the following, as applicable:

(*a*) the amount in the form of monetary payments of any benefit (as defined in the COVID-19 (Temporary Measures) (Transfer of Benefit of Property Tax Remission) Regulations 2020) of the reduction in property tax as a result of the remission that the owner of the immovable property is required under section 29(2) of the COVID-19 (Temporary Measures) Act 2020 to pass on to the person in the year 2020;

(*b*) the amount in the form of monetary payments that the owner of the immovable property has passed on or has agreed to pass on to the person in the year 2020, and by reason of which the owner is exempt from section 29(2) of the COVID-19 (Temporary Measures) Act 2020 under regulation 13(2) of the COVID-19 (Temporary Measures) (Transfer of Benefit of Property Tax Remission) Regulations 2020;

(*c*) the amount of any other monetary payments received or receivable by the person from the person's lessor or licensor in the year 2020, but only if the Comptroller is satisfied that the payments are intended by the lessor or licensor to provide relief to the person from any economic hardship arising from a COVID-19 event;

(*d*) the total of the amounts in paragraphs (*a*), (*b*) and (*c*).

[41/2020]

(5A) The amount of any monetary payment received or receivable by a person who is a lessee or licensee of any prescribed property from the person's lessor or licensor in the year 2021 is exempt from tax, if —

(*a*) the payment is made pursuant to an undertaking given by the lessor or licensor to his, her or its lessor or licensor, to

provide relief to the person from any economic hardship arising from a COVID-19 event; or

(*b*) the Comptroller is satisfied that the monetary payment is intended by the lessor or licensor to provide relief to the person from any economic hardship arising from a COVID-19 event.

[27/2021]

(5B) Rules made for the purposes of subsection (5A) may be made to take effect from (and including) 16 November 2021.

[27/2021]

(6) In this section —

"chauffeured private hire car" has the meaning given to that term by section 14ZA(8);

"COVID-19" means the infectious disease known as Coronavirus Disease 2019;

"COVID-19 event" means —

(*a*) the COVID-19 epidemic or pandemic; or

(*b*) the operation of or compliance with any law of Singapore, or an order or direction of the Government or any statutory body, being any law, order or direction that is made by reason of or in connection with COVID-19;

"monetary payment" includes payment by e-money as defined in section 2(1) of the Payment Services Act 2019;

"owner", in relation to immovable property, has the meaning given by section 2(1) of the Property Tax Act 1960 and includes a person that is deemed to be an owner of the property under any provision of that Act;

"prescribed" means prescribed by rules made under section 7;

"prescribed property" means any non-residential property, or any property belonging to a class of non-residential properties, that is prescribed as a prescribed property for

the purposes of subsection (5A), and includes any part of such property.

[13ZA
[41/2020; 27/2021]

PART 5

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 (called in this Part the income), there are to 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 the person 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 may 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 Comptroller's satisfaction, to have become bad during that period, even if 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, are for the purposes of this Act 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 the employer's 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 1 September 2010 must not exceed 15%;

(B) commencing on or after 1 March 2011 must not exceed 15½%;

(C) commencing on or after 1 September 2011 must not exceed 16%;

(D) commencing on or after 1 January 2015 must 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 or her employer's contributions are calculated;

(ii) where any such fund or society is first established and a special contribution is made thereto by the employer whereby persons in the employer's 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 the Comptroller thinks fit;

(iii) no deduction is allowed in respect of any sum contributed by an employer for the period on or after 1 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 the employee were to work in Singapore:

And provided that no deduction is 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 13K;

(*f*) [*Deleted by Act 32 of 2019*]

(*fa*) [*Deleted by Act 32 of 2019*]

(*fb*) any sum contributed by an employer in 2013 or any subsequent year to the medisave account maintained under the Central Provident Fund Act 1953 in respect of any of the employer's employees engaged in activities relating to the production of the income of the employer, up to a maximum deduction for each employee's medisave account, of —

(i) $1,500 per year (for contributions made before 2018); or

(ii) $2,730 per year (for contributions made in 2018 and in each subsequent year),

less any previous contribution that is made to the same medisave account in the same year by the employer in the employer's capacity as a person of a prescribed description under paragraph (*fc*) (if applicable), and that is deductible under that provision:

Provided that no deduction is allowed in respect of any sum contributed by an employer to the medisave account maintained under the Central Provident Fund Act 1953 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 the employee 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 1953, up to a maximum deduction for each individual's medisave account, of —

(i) $1,500 per year (for contributions made before 2018); or

(ii) $2,730 per year (for contributions made in 2018 and in each subsequent year),

less any previous contribution that is made to the same medisave account in the same year by the person of the prescribed description in the person's 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.

[37/2014; 39/2017; 32/2019]

(1A) [*Deleted by Act 32 of 2019*]

(2) Despite 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 or her 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 herself or with his or her 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,

are allowed as deductions only to the extent to which, in the Comptroller's opinion, they are reasonable in amount having regard to the services performed by that employee.

(3) Despite 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 is 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.

(3A) Any deduction for the cost of renewal of a motor car to which subsection (3) applies must not exceed $35,000.

(4) Subsections (3) and (3A) 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 was registered before 1 April 1998 as a business service passenger vehicle for the purposes of the Road Traffic Act 1961, but excludes such a motor car which is —

(*a*) used principally for instructional purposes; and

(*b*) 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.

(5) Despite 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 1967) 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 is not allowed as deductions.

(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 1967 and incurs medical

expenses in excess of the maximum allowable amount in that basis period, an amount equal to the excess medical expenses is 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.

(6A) For the purpose of subsections (5) and (6), the maximum allowable amount in the basis period for any year of assessment is —

(*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 the employer 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 or her employment with the employer during the basis period for that year of assessment, for the calendar month the employee commences his or her employment and every subsequent calendar month in that basis period he or she 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 the employer 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).

(6B) For the purpose of subsection (6A)(*b*), the maximum allowable amount in any basis period is to 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 the employer's employees in that basis period (excluding the total amount of general contributions made by the employer); and

(ii) 1% of the total remuneration of the employer's 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 the employer's 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 the employer's employees in that basis period; and

(ii) 1% of the total remuneration of the employer's employees in that basis period; and

D is the lower of —

(i) the total amount of medical expenses incurred by the employer for the employer's employees in that basis period (excluding the total amount of expenses incurred by the employer in providing riders for the employer's employees); and

(ii) the difference between 2% of the total remuneration of the employer's employees in that basis period and C.

(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.

(7) The references to medical expenses in subsections (5), (6) and (6B) are references to medical expenses which would, but for subsection (5), be allowable as deductions under this Act.

(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;

"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;

"general contribution" means any contribution falling within subsection (1)(*fb*) 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 1953 in respect of any of the employer's employees as reimbursement of the employee for premiums paid or payable by the employee on a qualifying insurance;

"gross rate of pay" has the meaning given by section 2 of the Employment Act 1968;

"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 1953;

"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)(*fb*);

"medical treatment" includes all forms of treatment for, and procedures for diagnosing, any physical or mental ailment, infirmity or defect;

"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 1953 as in force immediately before 1 November 2015;

"part-time employee" has the meaning given by section 66A of the Employment Act 1968;

"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 or her 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;

"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;

"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 or her employment for any reason; and

(*b*) treats the employee as being continuously insured when he or she is employed by another employer who provides him or her with an insurance plan that confers the hospitalisation benefits described in paragraph (*a*).

[4/2015; 34/2016; 32/2019]

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 1 June 2003 to the last day of the basis period for the year of assessment 2010 (both dates inclusive); or

(*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 2028 (both years inclusive),

for the purposes of that trade or business, there is allowed to the person a deduction of the amount of such costs.

[37/2014; 45/2018]

[Act 30 of 2023 wef 30/10/2023]

(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 is allowed in respect of all of the person's trades and businesses, in addition to the deduction allowed under subsection (1), a deduction for qualifying intellectual property registration costs incurred for the purposes of those trades and businesses, computed in accordance with the 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).

(1B) Subject to this section and section 37J, 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 is allowed in respect of all of the person's trades and businesses, in addition to the deduction allowed under subsection (1), a deduction for qualifying intellectual property registration costs incurred for the purposes of those trades and businesses, computed in accordance with the 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).

[37/2014]

(1BA) Subject to this section and section 37J, 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 is allowed in respect of all of the person's trades and businesses, in addition to the deduction allowed under subsection (1), a deduction for qualifying intellectual property registration costs incurred for the purposes of those trades and businesses, computed in accordance with the 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).

[37/2014]

(1BB) Subject to this section, for the purpose of ascertaining the income of a person carrying on a trade or business during the basis period for any year of assessment between the years of assessment 2019 and 2023 (both years inclusive), there is to be allowed in respect of all of the person's trades and businesses, in addition to the deduction allowed under subsection (1), a deduction of the amount of qualifying intellectual property registration costs incurred during the basis period for the purposes of those trades and businesses, up to $100,000.

[45/2018]

[Act 30 of 2023 wef 30/10/2023]

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

$$A \times 300\%,$$

where A is the lower of the following:

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

(*b*) $400,000.

[Act 30 of 2023 wef 30/10/2023]

(1C) In subsection (1A), the amount under paragraph (*a*)(ii) is 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) is 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.

(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 are each 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 is substituted with "$400,000"; and

(*c*) to avoid doubt, no deduction may 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 may 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.

(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 are each 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 is substituted with "$400,000"; and

(*c*) to avoid doubt, no deduction may 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 may 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.

[37/2014]

(1E) For the purposes of subsections (1A), (1B), (1BA), (1BB) and (1BC), 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 2011 and 2028 (both years inclusive), incurred qualifying intellectual property registration costs in respect of such firms for the purposes of the individual's trade or business, the deduction that may be allowed to the individual for those costs in respect of all of the individual's trades and businesses must not exceed the amount computed in accordance with subsection (1A), (1B), (1BA), (1BB) or (1BC) (as the case may be) for that year of assessment.

[45/2018]

[Act 30 of 2023 wef 30/10/2023]

(1F) For the purposes of subsections (1A), (1B), (1BA), (1BB) and (1BC), where a partnership carrying on a trade or business has, during the basis period for any year of assessment between the years of assessment 2011 and 2028 (both years inclusive), incurred qualifying

intellectual property registration costs for the purposes of the partnership's trade or business, the aggregate of the deductions that may be allowed to all the partners of the partnership for those costs in respect of all of the trades and businesses of the partnership must not exceed the amount computed in accordance with subsection (1A), (1B), (1BA), (1BB) or (1BC) (as the case may be) for that year of assessment.

[45/2018]

[Act 30 of 2023 wef 30/10/2023]

(2) The claim for deduction under subsection (1), (1A), (1B), (1BA), (1BB) or (1BC) is allowed to a person only if —

(*a*) there is an undertaking by the person that the person 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.

[37/2014; 45/2018]

[Act 30 of 2023 wef 30/10/2023]

(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 that person's trade or business are deemed to have been incurred by that person on the first day that person carries on that trade or business but a deduction for these is subject to section 14X.

[34/2016]

(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 is 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.

(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 must not exceed the total amount of deduction previously allowed under subsection (1).

(5A) Where —

(*a*) a deduction has been made to any person under subsection (1A), (1B), (1BA), (1BB) or (1BC) in respect of any qualifying intellectual property registration costs; and

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(*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), (1BA), (1BB) or (1BC) (as the case may be) is deemed as income of the person for the year of assessment relating to the basis period in which the sale, transfer or assignment occurs.

[37/2014; 45/2018]

[Act 30 of 2023 wef 30/10/2023]

(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 1994 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 1994, the Trade Marks Act 1998, the Registered Designs Act 2000, the Plant Varieties Protection Act 2004 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 meaning given by the Patents Act 1994.

(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.

Further deduction for expenses relating to approved trade fairs, exhibitions or trade missions, maintenance of overseas trade office, or electronic commerce

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 is allowed a further deduction of the amount of such expenses in addition to the amount allowed under section 14.

(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;

(*aa*) any of the following expenses incurred on or after 1 April 2020 that are approved for the firm or company:

(i) expenses to secure a spot to speak at a trade mission or trade promotion activity mentioned in paragraph (*a*)(i);

(ii) expenses for the transportation of any sample for use at a trade mission or trade promotion activity mentioned in paragraph (*a*)(i);

(iii) expenses to engage a consultant (not being a related party of the approved firm or company or an officer or employee of such related party) to organise a business networking event during a trade mission or trade promotion activity mentioned in paragraph (*a*)(i);

(*ab*) expenses incurred on or after 17 February 2021 —

(i) in establishing, maintaining or otherwise participating in an approved trade fair or trade exhibition held or conducted (whether wholly or partly) by means of teleconference, videoconferencing or any other electronic means of communications; or

(ii) for the transportation of any sample to any potential client outside of Singapore, following the potential client's attendance at or participation in the approved trade fair or trade exhibition;

(*ac*) any of the following expenses incurred on or after 15 February 2023 that are approved for the firm or company for the purposes of enabling the firm or company

to trade goods, or provide services to persons, in a foreign country using an electronic marketplace:

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

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

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

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

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(*b*) expenses in maintaining an approved overseas trade office; or

(*c*) market development expenditure for the carrying out of any approved marketing project.

[41/2020; 27/2021]

(2A) For the purposes of subsection (1) and subject to subsection (2B), the firm or company need not be an approved firm or approved company to be allowed a deduction under subsection (1) in respect of expenses mentioned in subsection (2)(*a*) that are incurred at any time between 1 April 2012 and 16 February 2021 (both dates inclusive) for the primary purpose of promoting the trading of goods or the provision of services.

[45/2018; 41/2020; 27/2021]

(2AA) For the purposes of subsection (1) and subject to subsection (2B), the firm or company need not be an approved firm or approved company to be allowed a deduction under subsection (1) in respect of any of the following expenses incurred

during the period between 17 February 2021 and 31 December 2025 (both dates inclusive) for the primary purpose of promoting the trading of goods or the provision of services:

(*a*) such expenses in subsection (2)(*a*) as are prescribed by rules made under section 7;

(*b*) such expenses in subsection (2)(*ab*) as are prescribed by rules made under section 7.

[27/2021]

(2AB) Despite subsection (1) but subject to subsection (2B), where the Comptroller is satisfied that any expenses mentioned in subsection (2AC) have been incurred by a firm or company resident in or having a permanent establishment in Singapore during the period between 17 February 2021 and 31 December 2025 (both dates inclusive) for the primary purpose of promoting the trading of goods or the provision of services, there is to be allowed a further deduction of the amount of such expenses in addition to the amount allowed under section 14.

[27/2021]

(2AC) The expenses mentioned in subsection (2AB) are the following types of expenses that fall within descriptions prescribed by rules made under section 7, to the extent that such expenses do not fall within subsection (1):

(*a*) expenses incurred in the design of packaging;

(*b*) expenses incurred in obtaining any approved certification of goods and services;

(*c*) expenses incurred in any advertisement placed in any media or on any promotion campaign carried out overseas.

[27/2021]

(2AD) Rules made for the purposes of subsections (2AA) and (2AC) may be made to take effect from (and including) 17 February 2021.

[27/2021]

(2B) The amount of the expenses for which the deduction may be allowed under subsections (2A), (2AA) and (2AB) (whichever is applicable), after adding the expenditure for which a deduction is

allowed to the firm or company under section 14H(1A), must not exceed —

(*a*) for a year of assessment before the year of assessment 2019 — $100,000; or

(*b*) for the year of assessment 2019 or a subsequent year of assessment — $150,000.

[45/2018; 27/2021]

(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 subsections (2A), (2AA) and (2AB) (whichever is applicable).

[27/2021]

(4) No deduction is 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, 13E, 13P or 13S;

(ii) any part of its income for that year of assessment is subject to tax at a concessionary rate of tax under section 43C, 43D, 43E, 43G, 43I, 43J, 43L, 43P, 43Q, 43R, 43U, 43V or 43X, or the regulations made under any of those sections; or

(iii) it is given tax relief under Part 2, 3 or 4 of the Economic Expansion Incentives (Relief from Income Tax) Act 1967 for that year of assessment, or is given an investment allowance under Part 8 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.

[2/2016; 45/2018]

(4A) Despite 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).

[2/2016]

(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*).

[2/2016]

(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.

[2/2016]

(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.

[2/2016]

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

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

(10) Despite 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 ought not to have been so 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 in order to make good any loss of tax.

[41/2020]

(11) In this section —

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

"electronic marketplace" means a medium that —

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

(*b*) is operated by electronic means,

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

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"foreign country" means any country outside Singapore;

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"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;

(*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; or

(*e*) approved expenses incurred on or after 1 April 2020 for the engagement of a consultant (not being a related party of the approved firm or company or an officer or employee of such related party) —

(i) to identify a suitable person to promote the trading of any goods, or the provision of any services, in a country outside Singapore; or

(ii) to build up a business network in a country outside Singapore;

"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.

[Act 33 of 2022 wef 04/11/2022]

[*Deleted by Act 33 of 2022 wef 04/11/2022*]

[41/2020]

(12) No approval may be granted under this section after 31 December 2025.

[34/2016; 41/2020]

[Act 30 of 2023 wef 15/02/2023]

Expenditure on research and development

14C.—(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 is allowed as a deduction:

(*a*) expenditure incurred on research and development undertaken directly by that person 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 2028 (both years inclusive) on research and development undertaken in Singapore directly by that person 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 that

person's 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 that person's 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 2028 (both years inclusive) by that person to a research and development organisation for undertaking on that person's 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 that person's 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 a year of assessment between the years of assessment 2012 and 2017 (both years inclusive), in respect of research and development that is related to that trade or business, regardless of who undertakes the research and development so long as it is undertaken wholly or partly for that person or on that person's behalf;

(*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 2017 (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, regardless of who undertakes the research and development so long as it is undertaken wholly or partly for that person or on that person's behalf;

(*g*) payments made by that person under any cost-sharing agreement during the basis period for the year of assessment 2018 or a subsequent year of assessment in respect of any research and development, regardless of who undertakes the research and development so long as it is undertaken wholly or partly for the person or on the person's behalf.

[37/2014; 39/2017]

(1A) The expenditure or payment referred to in subsection (1) does 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.

(2) For the purposes of this section, any expenditure incurred by a person prior to the commencement of that person's trade or business is deemed to have been incurred by that person on the first day on which that person carries on that trade or business but a deduction for this is subject to section 14X.

[34/2016]

(2A) Subsection (2) does not apply to any expenditure if a deduction has already been allowed for that expenditure under subsection (1) in a previous year of assessment.

[45/2018]

(3) For the purposes of subsection (1)(*ba*) or (*d*), a claim for deduction is 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 must 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.

(3A) For the purposes of subsection (1)(*e*) or (*g*) in respect of research and development that is undertaken wholly or partly outside Singapore, a claim for deduction is 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 must 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.

[39/2017]

(4) The deduction of the expenditure and payments referred to in subsection (1)(*aa*), (*c*) and (*f*) must be made in accordance with the following provisions:

(*a*) if the person derives from the trade or business carried on by the person 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 37G or 37R) must so far as possible be deducted against the normal income, and any remaining balance of the amount is treated as part of the unabsorbed losses in respect of the normal income to be deducted against the concessionary income in accordance with section 37A;

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(*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 37A of the remaining balance referred to in that paragraph must 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 37A of any remaining balance must 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 must 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 must 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 is 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 37A 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*) applies, with the necessary modifications, to the last mentioned deduction in paragraph (*d*).

(4A) Where a person to whom deductions have been allowed for payments referred to in subsection (1)(*e*), (*f*) or (*g*) 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 are 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 that person becomes entitled to the royalty or payments.

[39/2017]

(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, 43D, 43E, 43F, 43G, 43H, 43I, 43J, 43K, 43L, 43M, 43N, 43O, 43P, 43Q, 43R, 43S, 43T, 43U, 43V, 43W or 43X, or the regulations made under any of those sections, as the case may be; or

(*c*) section 21(9) or (13) or 23(1)(*b*) (as the case may be) of the Economic Expansion Incentives (Relief from Income Tax) Act 1967;

"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 37G or 37R);

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 the person 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 the person is subject to tax at 2 or more concessionary rates of tax, the higher or highest of those rates.

[34/2016; 39/2017; 45/2018; 27/2021]

[Act 30 of 2023 wef 30/10/2023]

(6) In this section —

(*a*) a reference to a payment made by a person under a cost-sharing agreement is a reference to the expenditure that is allocated to the person for the person to bear under the cost-sharing agreement, and the time the payment for

any part of the expenditure becomes payable by the person or (if no such payment is needed) the time of the allocation, is treated as the time the payment is made; and

(*b*) a reference to a payment made by a person under a cost-sharing agreement excludes any payment for the right to be a party to the cost-sharing agreement.

[39/2017]

(7) Subsection (6) is deemed to have effect for the year of assessment 2012 and every subsequent year of assessment.

[14D

[39/2017]

Enhanced deduction for qualifying expenditure on research and development

14D.—(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 2028 (both years inclusive), there is allowed in respect of all of the person's trades and businesses, in addition to the deductions allowed under section 14C, a deduction for expenditure or payments for research and development undertaken by the person, of an amount computed in accordance with the formula

$$(U + V) \times A\%,$$

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;

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 the person's behalf, including for that part undertaken in Singapore of any mixed research and development that is undertaken by a research and development organisation on the person's behalf;

(*b*) the amount in one of the following sub-paragraphs, whichever is applicable:

(i) in the case of a year of assessment between the years of assessment 2012 and 2017 (both years inclusive), the amount in subsection (2A) of payments made during the basis period by the person under a cost-sharing agreement —

(A) for any local research and development; or

(B) for such 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 the person or on the person's behalf;

(ii) in the case of a year of assessment between the years of assessment 2018 and 2028 (both years inclusive), if the person makes any payment during the basis period under a cost-sharing agreement, the sum of certain expenditure and payments (up to the amount in subsection (2AA)) that a party to the agreement (whether or not that person) has agreed to bear, and for which a deduction has not previously been allowed to the

firstmentioned person under this sub-paragraph, namely —

(A) qualifying expenditure incurred by that person in undertaking a local research and development, or such part of a mixed research and development that is undertaken in Singapore; and

(B) the amount mentioned in subsection (2AB) of payments made by that person to a research and development organisation for undertaking a local research and development, or a part of a mixed research and development in Singapore, on that person's behalf; and

A is —

(*a*) for a year of assessment between the years of assessment 2009 and 2018 (both years inclusive) — 50%; or

(*b*) for a year of assessment between the years of assessment 2019 and 2028 (both years inclusive) — 150%.

[37/2014; 39/2017; 45/2018]

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(1A) Subject to this section and section 37R, for the purpose of ascertaining the income of a person carrying on any trade or business during the basis period for any year of assessment between the years of assessment 2024 and 2028 (both years inclusive), there is allowed in respect of all of the person's trades and businesses, in addition to the deductions allowed under subsection (1) and section 14C, a deduction for expenditure or payments for research and development undertaken by the person, of an amount computed in accordance with the formula

$$T \times 150\%,$$

where —

(*a*) T is the lower of the following:

(i) the aggregate of U and V;

(ii) $400,000; and

(*b*) U and V have the meanings given by subsection (1).

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(2) Subject to this section and section 37J, 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 is allowed in respect of all of the person's trades and businesses, in addition to the deductions allowed under subsection (1) and section 14C, a deduction for expenditure or payments for research and development undertaken by the person, of —

(*a*) an amount computed in accordance with the formula

$$[(U + V) \times 250\%] + [(W + X) \times 300\%]; \text{ or}$$

(*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 meanings given by 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 the person's behalf, including for that part undertaken outside Singapore of any mixed research and development that is undertaken by a research and development organisation on the person's behalf;

(*b*) subject to subsection (2AD), 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 —

(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 the person or on the person's 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.

[37/2014; 39/2017]

(2A) The amount of any of the payments in paragraphs (*a*) and (*b*)(i) of the definition of V in subsection (1), and paragraphs (*a*) and (*b*) of the definition of X in subsection (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.

[39/2017]

(2AA) The amount mentioned in paragraph (*b*)(ii) of the definition of V in subsection (1) is the amount of the payments made during the basis period by the person under the cost-sharing agreement.

[39/2017]

(2AB) In paragraph (*b*)(ii)(B) of the definition of V in subsection (1), the amount is the higher of the following:

(*a*) the part of those payments made to the research and development organisation that are qualifying expenditure;

(*b*) 60% (or such other percentage as may be prescribed by rules made under section 7) of the sum of all of the payments made to the research and development organisation.

[39/2017]

(2AC) For the purposes of paragraph (*b*)(ii) of the definition of V in subsection (1) (read with subsections (2AA) and (2AB)), where there is more than one cost-sharing agreement or research and development organisation —

(*a*) first, calculate each amount in those provisions relating to a cost-sharing agreement or research and development organisation for every agreement or organisation; and

(*b*) then, add up all amounts calculated under paragraph (*a*).

[39/2017]

(2AD) The amount mentioned in paragraph (*b*) of the definition of X in subsection (2)(*b*) is, in the case of the year of assessment 2018, subject to a maximum amount computed in accordance with the formula A – B, where —

(*a*) A is the amount of the payments made during the basis period by the person under the cost-sharing agreement; and

(*b*) B is the amount computed under paragraph (*b*)(ii) of the definition of V in subsection (1) in relation to the same cost-sharing agreement that qualifies for the deduction under subsection (1).

[39/2017]

(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 firstmentioned 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 firstmentioned person in subsection (1), (1A) or (2), as the case may be.

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(3) The election under subsection (2)(*b*) must 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 allow.

(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;

(*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;

(*f*) for the year of assessment 2016, $1,200,000;

(*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

(*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.

[37/2014]

(5) In subsection (4) —

(*a*) the amount under paragraph (*a*) of that subsection is 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 is 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 are each 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 is substituted with "$400,000";

(*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 are each substituted with "$800,000";

(*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 is substituted with "$400,000";

(*e*) to avoid doubt, no deduction may 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 may 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

(*f*) to avoid doubt, no deduction may 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 may 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.

[37/2014]

(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.

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

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(6B) For the purpose of subsection (1A), where a partnership carrying on a trade or business has, during the basis period for any year of assessment between the years of assessment 2024 and 2028 (both years inclusive), incurred qualifying expenditure or made payments entitling the partners of the partnership to a deduction

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

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(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 or her to a deduction under subsection (2), the deduction that may be allowed to him or her for those expenditure or payments in respect of all of his or her trades and businesses must not exceed the amount computed in accordance with subsection (2)(*b*) for that year of assessment.

[37/2014]

(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 of the trades and businesses of the partnership must not exceed the amount computed in accordance with subsection (2)(*b*) for that year of assessment.

[37/2014]

(9) Section 14C(4) and (5) applies in relation to the deduction for expenditure and payments for which a deduction is allowed under subsection (1), (1A) or (2) for research and development that is not related to the trade or business carried on by the person, as it applies in relation to the deduction for the expenditure and payments referred to in section 14C(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 37G or 37R) in section 14C(4) is a reference to the remaining amount of the deduction under subsection (1), (1A) 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 37G or 37R;

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(*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), (1A) 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 37G or 37R;

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 the person 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 the person is subject to

tax at 2 or more concessionary rates of tax, the higher or highest of those rates.

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(10) No deduction is allowed to a company under subsection (2) for any year of assessment if a deduction for any expenditure has been allowed under section 37F for that year of assessment.

(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.

(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 the person's behalf; and

(ii) for any year of assessment between the year of assessment 2012 and the year of assessment 2028 (both years inclusive), a reference to any person undertaking research and development under a cost-sharing agreement of which the firstmentioned person is a party, so long as the research and development is undertaken wholly or partly for the firstmentioned person or on the firstmentioned person's 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.

[37/2014]

(13) In this section —

(*a*) a reference to a payment made by a person under a cost-sharing agreement is a reference to the expenditure that is allocated to the person for the person to bear under the cost-sharing agreement, and the time the payment for any part of the expenditure becomes payable or (if no such payment is needed) the time of the allocation, is treated as the time the payment is made; and

(*b*) a reference to a payment made by a person under a cost-sharing agreement excludes any payment for the right to be a party to the cost-sharing agreement.

[39/2017]

(14) Subsection (13) is deemed to have effect for every year of assessment to which each provision of this section containing the reference mentioned in subsection (13) applies.

[14DA
[39/2017]

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 the person, or in paying a research and development organisation to undertake on the person's 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 the person, or in paying a research and development organisation to undertake on the person's behalf, an approved research and development project in Singapore which is not related to that trade or business; or

(*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 is 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, 14C or 14D, as the case may be.

[37/2014]

(2) The Minister or such person as the Minister 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 the Minister or appointed person 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.

(3) No deduction is allowed under this section in respect of any expenditure which is not allowed under section 14 or 14C.

(3A) The total amount of deduction allowed under this section for any expenditure incurred by a person for an approved research and development project in Singapore must not, after adding the total amount of deductions allowed under sections 14, 14C and 14D for the same expenditure, result in the total amount of deductions for that expenditure exceeding 200% of that expenditure; and if it so exceeds then no deduction is allowed under this section for that expenditure. *[45/2018]*

(3AA) No deduction is allowed to any person under this section in respect of any expenditure for which a deduction has been allowed under section 14D(2).

(3B) Section 14C(4) and (5) applies in relation to the deduction of the expenditure and payments referred to in subsection (1)(*aa*), as it applies in relation to the deduction of the expenditure and payments referred to in section 14C(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 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 14C(5)) derived by the person from the trade or business carried on by the person 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 the person is subject to tax at 2 or more concessionary rates of tax, the higher or highest of those rates.

(3C) No research and development project may be approved under this section after 31 March 2020.

[37/2014]

(4) In this section, "approved" means approved by the Minister or such person as the Minister may appoint.

Deduction for expenditure incurred on qualifying innovation projects

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

$$A \times 400\%,$$

where A is the lower of the following:

(*a*) the qualifying expenditure incurred during the basis period for that year of assessment;

(*b*) $50,000.

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

(*a*) a trade or business of the person involves the carrying out of one or more relevant activities on behalf of another person; and

(*b*) the qualifying innovation project is undertaken in the course of carrying on that trade or business.

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

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

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

(*a*) there is an undertaking by the person that the expenditure is not incurred in the circumstances mentioned in subsection (2)(*a*) and (*b*); and

(*b*) the claim is made in such manner and subject to such conditions as the Comptroller may require.

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

exceed the amount computed in accordance with subsection (1) for that year of assessment.

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

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

(9) In this section —

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

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

"qualifying innovation project" means a project that —

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

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

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

"relevant activity" means an activity falling within any of the following categories of activities, being categories specified in the document "Oslo Manual 2018 — Guidelines for Collecting, Reporting and Using Data on Innovation" published by the Organisation for Economic Co-operation and Development on 22 October 2018:

(*a*) research and experimental development activities;

(*b*) engineering, design and other creative work activities;

(*c*) intellectual property-related activities;

(*d*) software development and database activities.

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

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Expenditure on building modifications for benefit of disabled employees

14F.—(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 is, in ascertaining the income of that person for the basis period during which the expenditure was incurred, allowed as a deduction an amount equal to that expenditure.

(2) Where any person has been allowed a deduction under subsection (1), no deduction is 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 is allowed to that person under this section.

(4) In this section, "approved" means approved by the Minister or such person as the Minister may appoint.

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

[Act 30 of 2023 wef 15/02/2023]

[14H

Provisions by banks and qualifying finance companies for doubtful debts and diminution in value of investments

14G.—(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 is 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) Where in the basis period for any year of assessment —

(*a*) any amount of the provisions is written back, that amount is treated as having been allowed as a deduction under this section and is deemed to be a trading receipt of the bank or qualifying finance company for that basis period except as provided in subsection (2CA);

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(*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 are deemed to be a trading receipt of the bank or qualifying finance company for that basis period.

(2A) If, for a basis period beginning on or after 1 January 2018, the relevant amount for the bank or qualifying finance company is a negative amount, then, for the purpose of subsection (1), the bank or qualifying finance company is treated as having made in that basis period provisions for doubtful debts arising from its loans and for the diminution in the value of its investments in securities, of an amount equal to that amount expressed as a positive amount.

[45/2018]

(2B) If, for a basis period beginning on or after 1 January 2018, the relevant amount for the bank or qualifying finance company is a positive amount, then, for the purpose of subsection (2)(*a*), the bank or qualifying finance company is treated as having written back in that basis period an amount of its provisions that is equal to that amount.

[45/2018]

(2C) The relevant amount for the bank or qualifying finance company in subsections (2A) and (2B) is an amount computed using the formula A + B + C, where —

(*a*) A is —

(i) if a loss is recognised, in accordance with FRS 109 or SFRS(I) 9 (as the case may be), in the profit and loss account of the bank or qualifying finance company for that basis period in respect of its loans that are not credit-impaired, owing to any provisions made for expected credit losses arising from those loans, the amount of that loss expressed as a negative amount; or

(ii) if a gain is recognised, in accordance with FRS 109 or SFRS(I) 9 (as the case may be), in the profit and loss account of the bank or qualifying finance company for that basis period in respect of its loans that are not credit-impaired, owing to a write-back of any provisions made for expected credit losses arising from those loans, the amount of that gain expressed as a positive amount;

(*b*) B is —

(i) if a loss is recognised, in accordance with FRS 109 or SFRS(I) 9 (as the case may be), in the profit and loss account of the bank or qualifying finance company for that basis period in respect of its investments in securities that are not credit-impaired, owing to any provisions made for expected credit losses arising from those securities, the amount of that loss expressed as a negative amount; or

(ii) if a gain is recognised, in accordance with FRS 109 or SFRS(I) 9 (as the case may be), in the profit and loss account of the bank or qualifying finance company for that basis period in respect of its investments in securities that are not credit-impaired, owing to a write-back of any provisions made for expected credit losses arising from those securities, the amount of that gain expressed as a positive amount; and

(*c*) C is —

(i) if an MAS notice mentioned in subsection (6A) requires the bank or qualifying finance company to make for that basis period an amount of allowance for loans or investments in securities that are not credit-impaired, and that amount is recognised in the retained earnings account of the bank or qualifying finance company as required by that MAS notice, that amount expressed as a negative amount; or

(ii) if an MAS notice mentioned in subsection (6A) requires the bank or qualifying finance company to reverse an amount of any allowance mentioned in sub-paragraph (i) for a basis period, and that amount is recognised in the retained earnings account of the bank or qualifying finance company as required by that MAS notice, that amount expressed as a positive amount.

[45/2018]

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

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

year of assessment 2021 or any preceding year of assessment:

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

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

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

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

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

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

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

[Act 30 of 2023 wef 30/10/2023]

(2CB) Subsection (2CA) applies only if the bank or qualifying finance company is able to directly identify, to the satisfaction of the Comptroller, the amount of the provision or allowance mentioned in

paragraph (*a*), (*b*) or (*c*) of that subsection that was written back in the basis period for the year of assessment concerned.

[Act 30 of 2023 wef 30/10/2023]

(2D) For the purpose of subsection (2)(*b*), if the bank or qualifying finance company permanently ceases to carry on business in Singapore in a basis period beginning on or after 1 January 2018, then the amount that is deemed as its trading receipts for that basis period is the sum of —

(*a*) any provisions in its expected credit loss allowance account in respect of loans and securities that are not credit-impaired at the date of the cessation; and

(*b*) any provisions at that date in the reserve account that it is required to maintain by an MAS notice.

[45/2018]

(2E) Where, in any basis period that begins on a day before 1 January 2018 —

(*a*) the bank or qualifying finance company prepares or maintains financial accounts in accordance with FRS 109 or SFRS(I) 9 (as the case may be), even though it is only required to do so in a later basis period; and

(*b*) the relevant amount for it is a negative amount,

then, for the purpose of subsection (1), the bank or qualifying finance company is treated as having made in that basis period provisions for doubtful debts arising from its loans and for the diminution in the value of its investments in securities, of an amount equal to that amount expressed as a positive amount.

[45/2018]

(2F) Where, in any basis period that begins on a day before 1 January 2018 —

(*a*) the bank or qualifying finance company prepares or maintains financial accounts in accordance with FRS 109 or SFRS(I) 9 (as the case may be), even though it is only required to do so in a later basis period; and

(*b*) the relevant amount for it is a positive amount,

then, for the purpose of subsection (2)(*a*), the bank or qualifying finance company is treated as having written back in that basis period an amount of its provisions that is equal to that amount.

[45/2018]

(2G) The relevant amount for the bank or qualifying finance company in subsections (2E) and (2F) is an amount computed using the formula A + B, where A and B have the meanings given by subsection (2C).

[45/2018]

(2H) The Minister may make regulations to provide for any transitional matter in connection with the application of subsections (2A) to (2G) to a bank or qualifying finance company for the year in which it first becomes a qualifying person within the meaning of section 34AA, including substituting a provision in place of subsection (5).

[45/2018]

(3) The total amount deemed as trading receipts under subsection (2), (2B), (2D), (2F) or (4A)(*f*) must not exceed the total amount of all deductions previously allowed under this section.

[45/2018]

(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 or she thinks fit and on such conditions as he or she 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 are not deemed under subsection (2)(*b*) to be a trading receipt of the transferor bank or transferor finance company; and the provisions so declared are for the purposes of this section treated as having been allowed to the transferee bank or transferee finance company as a deduction under this section.

(4A) Where —

(*a*) loans or securities are transferred by a bank or qualifying finance company (called in this subsection the transferor) to another person (called in this subsection the transferee);

(*b*) the transfer is not pursuant to a scheme of amalgamation;

(*c*) provision for doubtful debts arising from those loans, or provision for diminution in the value of investments in those securities, is also transferred by the transferor to the transferee; and

(*d*) a deduction of an amount in respect of that provision was previously allowed under this section to the transferor,

then —

(*e*) in a case where both the transferor and the transferee are in the business of lending money on the date of the transfer, the deduction previously allowed to the transferor is treated, for the purposes of this section, as having been allowed to the transferee under this section; and

(*f*) in any other case, the provision is treated as a trading receipt of the transferor for the basis period in which the date of transfer falls.

[39/2017; 45/2018]

(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 must 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), (2B), (2D), (2F) and (4A)(*f*).

[45/2018]

(6) No deduction is 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), (2B), (2D), (2F) and (4A)(*f*), 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.

[45/2018]

(6AA) Subsections (5) and (6) do not apply to any bank or qualifying finance company for the years of assessment 2021 and 2022.

[41/2020]

(6AB) For the purposes of subsections (5) and (6) —

(*a*) a reference to a loan is to a loan that has been disbursed by the bank or qualifying finance company, but does not include —

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

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

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

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

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

(*b*) a reference to securities does not include securities issued or guaranteed by the Government or the government of any other country.

[27/2021]

(6A) The provisions in this section apply to any allowance made by a bank or qualifying finance company for loans or securities as required by an MAS notice, as they apply in relation to a provision for doubtful debts arising from loans, or for diminution in the value of investments in securities, of the bank or qualifying finance company.

[45/2018]

(6B) No deduction is allowed under subsection (1) starting from the year of assessment for a basis period that begins on or after 1 January 2029.

[45/2018]

[Act 30 of 2023 wef 30/10/2023]

(7) In this section —

"bank" means a bank or merchant bank licensed under the Banking Act 1970;

[*Deleted by Act 30 of 2023 wef 30/10/2023*]

"credit-impaired" and "expected credit loss" have the same meanings as in FRS 109 or SFRS(I) 9, as the case may be;

"FRS 109" and "SFRS(I) 9" have the meanings given by section 34AA(15);

"loan" means any loan, advance or credit facility made or granted by a bank or qualifying finance company, including an overdraft;

"MAS notice" means a notice or direction of the Monetary Authority of Singapore given under —

(*a*) section 55 of the Banking Act 1970;

(*b*) section 55 of the Banking Act 1970 as applied by section 55ZJ of that Act; or

(*c*) section 30 of the Finance Companies Act 1967;

"Monetary Authority of Singapore" means the Monetary Authority of Singapore established under section 3 of the Monetary Authority of Singapore Act 1970;

"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 1967 to carry on financing business;

"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 debentures, bonds or notes.

[14I

[39/2017; 45/2018; 1/2020; 27/2021]

Further or double deduction for overseas investment development expenditure

14H.—(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 is to 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; or

(*b*) where such expenditure is not allowable as a deduction under section 14, a deduction equal to twice the amount of such expenditure.

(1A) For the purposes of subsection (1) and subject to subsection (1B), the firm or company —

(*a*) need not be an approved firm or approved company to be allowed a deduction under subsection (1) in respect of the following expenditure that is directly attributable to the carrying out of any study to identify investment overseas:

(i) where the expenditure is incurred during the period between 1 April 2012 and 16 February 2021 (both dates inclusive) — any investment development expenditure;

(ii) where the expenditure is incurred during the period between 17 February 2021 and 31 December 2025 (both dates inclusive) — such investment development expenditure as is prescribed by rules made under section 7; and

(*b*) need not seek approval for the investment project to which the expenditure relates.

[45/2018; 41/2020; 27/2021]

(1AA) Rules made for the purposes of subsection (1A)(*a*)(ii) may be made to take effect from (and including) 17 February 2021.

[27/2021]

(1B) The amount of the expenditure for which the deduction may be allowed under subsection (1A), after adding the expenditure for which a deduction is allowed to the firm or company under section 14B(2A), must not exceed —

(*a*) for a year of assessment before the year of assessment 2019 — $100,000; or

(*b*) for the year of assessment 2019 or a subsequent year of assessment — $150,000.

[45/2018]

(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.

(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 14I(1),

must not exceed $1 million for each year of assessment.

[2/2016]

(3) No deduction is 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, 13E, 13P or 13S;

(ii) any part of its income for that year of assessment is subject to tax at a concessionary rate of tax under

section 43C, 43D, 43E, 43G, 43I, 43J, 43L, 43P, 43Q, 43R, 43U, 43V or 43X, or the regulations made under any of those sections; or

(iii) it is given tax relief under Part 2, 3 or 4 of the Economic Expansion Incentives (Relief from Income Tax) Act 1967 for that year of assessment, or is given an investment allowance under Part 8 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.

[2/2016; 45/2018]

(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*).

[2/2016]

(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.

[2/2016]

(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.

[2/2016]

(6) Section 14B(10) applies, with the necessary modifications, to any firm or company to which a deduction is allowed under subsection (1).

(7) In this section —

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

"investment development expenditure" means —

(*a*) expenses directly attributable to the carrying out of —

(i) any study to identify investment overseas; and

(ii) any feasibility or due diligence study on any approved investment overseas; and

(*b*) expenses incurred on or after 17 February 2021 for the transportation of any sample for use in any study carried out overseas to identify investment overseas.

[27/2021]

(8) No approval may be granted under this section after 31 December 2025.

[14K

[34/2016; 41/2020]

Further or double deduction for salary expenditure for employees posted overseas

14I.—(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 December 2025 (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 —

(*c*) 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

(*d*) where such expenditure is not allowable as a deduction under section 14, a deduction equal to twice the amount of such expenditure.

[2/2016; 41/2020]

(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.

[2/2016]

(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).

[2/2016]

(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 14H(1),

must not exceed $1 million for each year of assessment.

[2/2016]

(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).

[2/2016]

(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.

[2/2016]

(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.

[2/2016]

(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.

[2/2016]

(9) No approval may be granted under subsection (5) after 31 December 2025.

[2/2016; 41/2020]

(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, 13E, 13P or 13S;

(ii) any part of its income for that year of assessment is subject to tax at a concessionary rate of tax under section 43C, 43D, 43E, 43G, 43I, 43J, 43L, 43P, 43Q, 43R, 43U, 43V or 43X, or the regulations made under any of those sections; or

(iii) it is given tax relief under Part 2, 3 or 4 of the Economic Expansion Incentives (Relief from

Income Tax) Act 1967 for that year of assessment, or is given an investment allowance under Part 8 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.

[2/2016; 45/2018]

(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*).

[2/2016]

(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.

[2/2016]

(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.

[2/2016]

(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.

[2/2016]

(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.

[2/2016]

(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.

[2/2016]

(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.

[2/2016]

(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.

[2/2016]

(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 December 2025 (both dates inclusive).

[2/2016; 41/2020]

(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.

[2/2016]

(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.

[14KA

[2/2016]

Deduction for upfront land premium

14J.—(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 is, subject to this section, 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.

(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 is, subject to this section, 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.

(3) Subsection (2) applies, with the necessary modifications, to any subsequent assignment of the remaining term of the designated lease.

(4) The total amount of deductions to be allowed —

(*a*) to a lessee under subsection (1), must not exceed the amount of the upfront land premium paid by the lessee 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) must not exceed the amount of C as ascertained in the formula in subsection (2).

(5) Where more than one-tenth 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) is allowed in respect of such part of the building or structure which is not in use for any qualifying activity.

(6) No deduction is 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.

(7) The following provisions 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 is allowed as a deduction to the assignor for the year of assessment in the basis period in which the assignor 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 is deemed to be income subject to tax under section 10(1)(*g*) and is included as income of the assignor for the year of assessment in the basis period in which the

assignor assigns the remaining term of the designated lease.

(8) The amount deemed to be income of an assignor for the purposes of subsection (7)(*b*) must 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 1 January 1998 to the last day of the basis period for the year of assessment 2003 of the lessee (both dates inclusive); or

(*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 28 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 1998;

"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 1961 and the rules made under that Act;

"relevant body" means —

(*a*) the Housing and Development Board constituted under the Housing and Development Act 1959; or

(*b*) the Jurong Town Corporation constituted under the Jurong Town Corporation Act 1968;

"residual expenditure", in relation to an assignment of a designated lease, is 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.

[14N
[37/2014]

Deduction for special reserve of approved general insurer

14K.—(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 the Minister may appoint from carrying on the business of insuring and reinsuring offshore risks, there is to 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.

(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.

(3) In this section —

"insurer" has the meaning given by section 43C;

"offshore risk" has the meaning given by section 26.

[14O

Deduction for treasury shares transferred under employee equity-based remuneration scheme

14L.—(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 is allowed a deduction to that company for that year of assessment.

(2) Subject to subsection (8), the amount of deduction to be allowed to a company under subsection (1) is 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.

(3) For the purpose of subsection (2), the cost to the company of acquiring the treasury shares is 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.

(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.

(5) Where any amount payable by a person for any treasury shares transferred to the person exceeds the cost to the company of acquiring the treasury shares transferred as determined under subsection (3), the amount of the excess must be credited to an account to be kept by the company for the purpose of this section.

(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) is 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 must be debited to the account.

(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.

(8) Where a holding company transfers treasury shares held by it to any person employed at any time by a subsidiary of the holding company under a stock option scheme or a share award scheme —

(*a*) no deduction is allowed to the holding company under subsection (1);

(*b*) if any amount is paid or payable by the subsidiary to the holding company for the transfer of the treasury shares, there is allowed to the subsidiary 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 firstmentioned 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

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(*c*) subsections (5) and (6) do not apply to a company to which this subsection applies.

[Act 33 of 2022 wef 04/11/2022]

(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 is 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.

(9) In this section —

[*Deleted by Act 33 of 2022 wef 04/11/2022*]

"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.

[14P

Deduction for shares transferred by special purpose vehicle under employee equity-based remuneration scheme

14M.—(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 is allowed a deduction for the relevant year of assessment of an amount referred to in subsection (2).

(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 firstmentioned 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 firstmentioned 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.

(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 is 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.

(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.

(5) For the purpose of subsection (2)(*b*)(i)(C) and (ii), the cost to the company of acquiring the transferred shares is determined by any of the methods referred to in section 14L(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.

(6) The methods referred to in section 14L(4) apply for the purposes of subsection (5) as if a reference to the transfer under section 14L were a reference to the transfer of the treasury shares by the company to the special purpose vehicle.

(7) Where —

(*a*) a special purpose vehicle has acquired treasury shares or previously issued shares in the holding company of another company (called in this section 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 is allowed a deduction for the relevant year of assessment of an amount referred to in subsection (8).

(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 firstmentioned 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 firstmentioned 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 14L(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).

(9) For the purpose of subsection (8), the cost to the special purpose vehicle of acquiring the transferred shares is 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.

(10) The methods referred to in subsection (4) 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).

(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.

(12) No deduction is 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.

(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;

[*Deleted by Act 33 of 2022 wef 04/11/2022*]

"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.

[14PA

Deduction for renovation or refurbishment expenditure

14N.—(1) Subject to this section, where any person carrying on a trade, profession or business has incurred on or after 16 February 2008 expenditure on any renovation or refurbishment works for the purposes of that trade, profession or business (called in this section renovation or refurbishment expenditure), the person may claim a deduction in respect of the renovation or refurbishment expenditure in accordance with this section.

(2) Any claim for renovation or refurbishment expenditure under this section must 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 allow.

(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.

(3A) Despite 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 2021, 2022 or 2024, a deduction is allowed for that year of assessment 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).

[41/2020; 27/2021]

[Act 30 of 2023 wef 30/10/2023]

(3B) An election made by a person under subsection (3A) is irrevocable.

(4) For the purposes of this section, any renovation or refurbishment expenditure incurred by any person prior to the commencement of that person's trade, profession or business is deemed to have been incurred by that person on the first day that person carries on that trade, profession or business but the deduction for this is subject to section 14X.

[34/2016]

(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 is 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.

(6) [*Deleted by Act 32 of 2019*]

(7) A person is not 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; or

(*c*) [*Deleted by Act 32 of 2019*]

(*d*) [*Deleted by Act 32 of 2019*]

(*e*) [*Deleted by Act 32 of 2019*]

(*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.

[32/2019]

(8) In subsection (7)(*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.

[32/2019]

(8A) Subsection (7)(*f*) applies 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.

[32/2019]

(9) No deduction is 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 the Minister 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 1989;

(*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 the person's employees, where the expenditure is incurred on or after 18 December 2012; or

(*e*) such other item as may be prescribed by the Minister by regulations.

[14Q

Deduction for qualifying training expenditure for years of assessment 2011 to 2018

14O.—(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 is allowed in respect of all of the person's trades and businesses, in addition to the deduction under section 14, a deduction for qualifying training expenditure incurred for the purposes of those trades and businesses computed in accordance with the formula

$$A \times 300\%,$$

where A is —

(*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).

(2) Subject to this section and section 37J, 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 is allowed in respect of all of the person's 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 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).

[37/2014]

(2A) Subject to this section and section 37J, 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 is allowed in respect of all of the person's 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 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).

[37/2014]

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

(4) In subsection (1), the amount under paragraph (*a*)(ii) is 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) is 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.

(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 are each 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 is substituted with "$400,000"; and

(*c*) to avoid doubt, no deduction may 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 may 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.

(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 are each 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 is substituted with "$400,000"; and

(*c*) to avoid doubt, no deduction may 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 may 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.

[37/2014]

(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 or her trade or business, the deduction that may be allowed to him or her for that expenditure in respect of all of his or her trades and businesses must not exceed the amount computed in accordance with subsection (1), (2) or (2A) (as the case may be) for that year of assessment.

[37/2014]

(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 of the trades and businesses of the partnership must not exceed the amount computed in accordance with subsection (1), (2) or (2A) (as the case may be) for that year of assessment.

[37/2014]

(6) In this section —

"accredited", in relation to a course, means accredited —

(*a*) by the Singapore Workforce Development Agency before 4 October 2016; or

(*b*) by the SkillsFuture Singapore Agency on or after that date;

"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", 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 (called in this definition 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 (called in this definition the first person), includes —

(*a*) an individual —

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

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

(*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;

"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;

(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.

[Act 33 of 2022 wef 04/11/2022]

[*Deleted by Act 33 of 2022 wef 04/11/2022*]

[37/2014; 24/2016]

(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 must be disregarded for the purposes of the computation of a deduction under subsection (1), (2) or (2A).

[37/2014]

(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.

[14R

[Act 30 of 2023 wef 30/10/2023]

Deduction for qualifying design expenditure

14P.—(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 are allowed, in respect of all of the person's 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 —

(*c*) 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

(*d*) 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 (*c*)(i) and (ii).

(2) Subject to this section and section 37J, 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 are allowed, in respect of all of the person's 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 —

(*c*) 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;

(*d*) 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 (*c*)(i) and (ii); and

(*e*) 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 (*c*)(i) and (ii), and the lower of the amounts specified in paragraph (*d*)(i) and (ii).

[37/2014]

(2AA) Subject to this section and section 37J, 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 are allowed, in respect of all of the person's 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 —

(*c*) 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;

(*d*) 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 (*c*)(i) and (ii); and

(*e*) 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 (*c*)(i) and (ii), and the lower of the amounts specified in paragraph (*d*)(i) and (ii).

[37/2014]

(2A) In subsection (1), the amount under paragraph (*c*)(ii) is 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 (*d*)(ii) is 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.

(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 are each 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 is substituted with "$400,000"; and

(*c*) to avoid doubt, no deduction may be made from the substituted amount in subsection (2)(*d*)(ii) or (*e*)(ii) of the lower of the amounts specified in subsection (2)(*c*)(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 may be made from the substituted amount in subsection (2)(*e*)(ii) of the lower of the amounts specified in subsection (2)(*d*)(i) and (ii) if the person does not carry on any trade or business during the basis period for the year of assessment 2014.

(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 are each 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 is substituted with "$400,000"; and

(*c*) to avoid doubt, no deduction may be made from the substituted amount in subsection (2AA)(*d*)(ii) and (*e*)(ii) of the lower of the amounts specified in subsection (2AA)(*c*)(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 may be made from the substituted amount in subsection (2AA)(*e*)(ii) of the lower of the amounts specified in subsection (2AA)(*d*)(i) and (ii) if the person does not carry on any trade or business during the basis period for the year of assessment 2017.

[37/2014]

(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 or her trade or business, the deduction that may be allowed to him or her for that expenditure in respect of all of his or her trades and businesses must not exceed the amount computed in accordance with subsection (1), (2) or (2AA) (as the case may be) for that year of assessment.

[37/2014]

(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 of the trades and businesses of the partnership must not exceed the amount computed in accordance with subsection (1), (2) or (2AA) (as the case may be) for that year of assessment.

[37/2014]

(5) For the purpose of this section, any expenditure incurred by a person prior to the commencement of that person's trade or business is deemed to have been incurred by that person on the first day on which that person carries on that trade or business but a deduction for this is subject to section 14X.

[34/2016]

(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 the Minister 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.

(7) The Minister or such person as the Minister 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 the Minister or appointed person thinks fit.

(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.

(8) Where a person fails to comply with any condition imposed under subsection (7), the aggregate of deductions allowed to the person under this section is deemed to be the person's income for the year of assessment in which the Comptroller discovers such non-compliance.

[14S

Deduction for expenditure on leasing of PIC automation equipment under qualifying lease

14Q.—(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 is allowed in respect of all of the person's 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 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).

(2) Subject to this section and section 37J, 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 is allowed in respect of all of the person's 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 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).

[37/2014]

(2A) Subject to this section and section 37J, 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 is allowed in respect of all of the person's 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 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).

[37/2014]

(3) No deduction is 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.

(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 must 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).

(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 must 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).

[37/2014]

(5) In subsections (1) and (4), the amounts under subsections (1)(*a*)(ii) and (4)(*a*)(ii) are each 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) are each 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.

(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 are each 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 references to "$1,200,000" in the paragraphs of those subsections applicable to the remaining year of assessment are each 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 2013, no deduction may 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 may 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).

(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 are each 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 are each 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 may 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 may 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).

[37/2014]

(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 or her trade or business, the deductions and allowances that may be allowed to him or her for that expenditure in respect of all of his or her trades and businesses must 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.

[37/2014]

(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 of the trades and businesses of the partnership must 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.

[37/2014]

(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.

(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 meaning given by section 10C;

"operating lease" means a lease of any machinery or plant, other than a finance lease;

"PIC automation equipment" has the meaning given by section 19A(15);

"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 10C(1).

[37/2014]

(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.

[14T

Deduction for expenses incurred before first dollar of income from trade, business, profession or vocation

14R.—(1) Subject to section 14X, 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 the person would have been allowed a deduction or further deduction under a provision of this Part if the person had commenced the trade, business, profession or vocation by the time it is incurred,

is allowed the deduction or further deduction for the previous expense under and in accordance with that provision.

[34/2016]

(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 (called in this section the first day);

(*b*) the person is deemed to have commenced the person's 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 is deemed to have been incurred by the person on that day.

(3) To avoid 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.

(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 10D applies.

(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.

(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.

[14U

Deduction for amortisation of intangible asset created under public-private partnership arrangement

14S.—(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 or SFRS(I) INT 12 applies;

(*b*) section 10E(1A) or (1C) applies to the person in respect of those services;

(*c*) the person recognises in the person's financial statements, prepared in accordance with INT FRS 112 or SFRS(I) INT 12 (as the case may be), an intangible asset as having been created in the course of providing the services; and

(*d*) in accordance with FRS 38 or SFRS(I) 1-38 (as the case may be), 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 or SFRS(I) 1-38 (as the case may be), is 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 10E(1A) or (1C).

[32/2019]

(2) In this section —

"FRS 38" and "SFRS(I) 1-38" mean the financial reporting standards known respectively as —

(*a*) Financial Reporting Standard 38 (Intangible Assets); and

(*b*) Singapore Financial Reporting Standard (International) 1-38 (Intangible Assets),

that are made by the Accounting Standards Committee under Part 3 of the Accounting Standards Act 2007, as amended from time to time;

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"INT FRS 112" and "SFRS(I) INT 12" have the meanings given by section 10E(2).

[14V

[32/2019]

Deduction for expenditure on licensing intellectual property rights

14T.—(1) Subject to this section and section 37J, 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 is allowed, in respect of all of the person's trades and businesses and in addition to the deduction allowed under section 14 or 14C (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 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).

[37/2014]

(2) Despite 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) must 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).

(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 are each 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 are each 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 2013, no deduction may 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 may 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).

(4) Subject to this section and section 37J, 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 is allowed in respect of all of the person's trades and businesses, in addition to the deduction allowed under section 14 or 14C (as the case may be), 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 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).

[37/2014]

(4A) Despite 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) must 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).

[37/2014]

(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 are each 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 are each 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 may 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 may 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).

[37/2014]

(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 or her trade or business, the deductions that may be allowed to him or her for that expenditure in respect of all of his or her trades and businesses must not exceed the amount computed in accordance with subsection (1) or (4) (as the case may be) for that year of assessment.

[37/2014]

(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 of the trades and businesses of the partnership must not exceed the amount computed in accordance with subsection (1), (2), (4) or (4A) (as the case may be) for that year of assessment.

[37/2014]

(6) No deduction is allowed under this section in respect of —

(*a*) any expenditure which is not allowed as a deduction under section 14 or 14C, 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.

(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.

(8) In this section —

"intellectual property rights" has the meaning given by 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.

[Act 33 of 2022 wef 04/11/2022]

[*Deleted by Act 33 of 2022 wef 04/11/2022*]

(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.

(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.

[14W

Enhanced deduction for expenditure on licensing intellectual property rights

14U.—(1) Subject to this section, for the purpose of ascertaining the income of a person carrying on a trade or business during the basis period for any year of assessment between the years of assessment 2019 and 2028 (both years inclusive), there is to be allowed in respect of all of the person's trades and businesses, in addition to the deduction allowed under section 14 or 14C (as the case may be), a deduction of the amount of the 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, up to $100,000.

[45/2018]

[Act 30 of 2023 wef 30/10/2023]

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

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

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

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

$$A \times 300\%,$$

where A is the lower of the following:

(*a*) the expenditure incurred during that basis period;

(*b*) $400,000.

[Act 30 of 2023 wef 30/10/2023]

(1B) Despite subsection (1A) and section 19B, where the qualifying person has, during the basis period for any year of

assessment between the years of assessment 2024 and 2028 (both years inclusive), incurred both —

(*a*) expenditure on the licensing from another person of any qualifying intellectual property rights; and

(*b*) expenditure on the acquisition of any intellectual property rights,

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

[Act 30 of 2023 wef 30/10/2023]

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

(*a*) where the person is a company that is not part of a group — the person derives less than $500 million in gross revenue from all of its trades and businesses in the basis period for that year of assessment;

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

(*c*) where the person is an individual proprietor — the person derives less than $500 million in gross revenue in that basis period from all of the person's trades and businesses that are carried on through one or more individual proprietorships;

(*d*) where the person is a partner of a partnership, and either the partnership is under the control of a single partner who is an individual or no single partner has control over the partnership — the partnership derives less than $500 million in gross revenue from all of the partnership's trades and businesses in that basis period; or

(*e*) where the person is a partner of a partnership, and the partnership is under the control of a single partner that is a company — the partnership, the company and all other

entities in the group of which the partnership and the company are parts derive a total of less than $500 million in gross revenue from all of their trades and businesses in that basis period.

[Act 30 of 2023 wef 30/10/2023]

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

[Act 30 of 2023 wef 30/10/2023]

(1E) In subsections (1C) and (1D) —

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

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

[Act 30 of 2023 wef 30/10/2023]

(2) For the purposes of subsections (1) and (1A), where an individual carrying on a trade or business through 2 or more firms (excluding partnerships) has, during the basis period for any year of assessment between the years of assessment 2019 and 2028 (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 the individual's trade or business, the deductions that may be allowed to the individual for that expenditure in respect of all of the individual's trades and businesses must not exceed the maximum amount mentioned in subsection (1), or the amount computed in accordance with subsection (1A) as qualified by subsection (1B), as the case may be.

[45/2018]

[Act 30 of 2023 wef 30/10/2023]

(3) For the purposes of subsections (1) and (1A), where a partnership carrying on a trade or business has, during the basis period for any year of assessment between the years of

assessment 2019 and 2028 (both years inclusive), incurred expenditure on the licensing from another person of any qualifying intellectual property rights for the purposes of the partnership's trade or business, the deductions that may be allowed to all the partners of the partnership for that expenditure in respect of all of the trades and businesses of the partnership must not exceed the maximum amount mentioned in subsection (1), or the amount computed in accordance with subsection (1A) as qualified by subsection (1B), as the case may be.

[45/2018]

[Act 30 of 2023 wef 30/10/2023]

(4) No deduction may be allowed to a person under this section in respect of —

(*a*) any expenditure that is not allowed as a deduction under section 14 or 14C, as the case may be;

(*b*) any expenditure incurred by that person on licensing from its related party, of any qualifying intellectual property rights, where such rights were acquired or developed (in whole or in part) by the related party; or

(*c*) any qualifying intellectual property rights for which a writing-down allowance has been previously made to that person under section 19B.

[45/2018]

(5) The Minister may by order exempt a person from subsection (4)(*b*) in respect of such transaction as may be specified in the order.

[45/2018]

(6) In this section, "qualifying intellectual property rights" has the meaning given by section 14T(8).

[45/2018]

[Act 33 of 2022 wef 04/11/2022]

(7) In this section, a reference to expenditure incurred on the licensing from another person of qualifying 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.

[45/2018]

(8) In this section —

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

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

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

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

[Act 30 of 2023 wef 30/10/2023]

[14WA
[45/2018]

Deduction for expenditure incurred to comply with statutory and regulatory requirements

14V.—(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 is 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.

[37/2014]

(2) No deduction is 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.

[14X

[37/2014]

Deduction for expenditure incurred by individual in deriving passive rental income in Singapore

14W.—(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).

[2/2016]

(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 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.

[2/2016]

(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.

[2/2016]

(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.

[2/2016]

(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.

[2/2016]

(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 1998 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 1960, and is permitted under the Planning Act 1998 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.

[2/2016]

(7) In this section, a property or part of a property is permitted under the Planning Act 1998 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.

[14Y
[2/2016]

Attribution of deductible expenses incurred before commencement of trade, etc.

14X.—(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 14R.

[34/2016]

(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, 14C, 14EA, 14N or 14P by reason of section 14A(3), 14C(2), 14EA(8), 14N(4) or 14P(5), as the case may be.

[34/2016]

[Act 30 of 2023 wef 30/10/2023]

(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:

(*d*) where the Comptroller is of the opinion that —

(i) where the expense is one mentioned in subsection (1) — it is incurred in the production of the normal income only; or

(ii) 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;

(*e*) where the Comptroller is of the opinion that —

(i) where the expense is one mentioned in subsection (1) — it is incurred in the production of the concessionary income only; or

(ii) 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;

(*f*) where the Comptroller is of the opinion that —

(i) where the expense is one mentioned in subsection (1) — it is incurred in the production of the exempt income only; or

(ii) 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;

(*g*) 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.

[34/2016]

(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.

[34/2016]

(5) In this section —

"concessionary income" means income that is subject to a concessionary rate of tax as defined in section 14C(5);

"exempt income" means income that is exempt from tax under this Act or the Economic Expansion Incentives (Relief from Income Tax) Act 1967;

"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.

[14Z
[34/2016]

Further or double deduction for qualifying expenditure on issue of debentures and making available debentures for secondary trading

14Y.—(1) Where the Comptroller is satisfied that qualifying expenditure in connection with —

(*a*) an issue of post-seasoning debentures offered in reliance on an exemption under the Post-seasoning Debentures Regulations 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);

(*aa*) an issue of qualifying debentures (other than post-seasoning debentures mentioned in paragraph (*a*)) during the period between 19 May 2016 and 18 May 2021 (both dates inclusive); or

(*b*) making available potential seasoned debentures for secondary trading within 5 years starting from the date of their issue (being a date falling within the period between 19 May 2016 and 18 May 2021 (both dates inclusive)),

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 —

(*c*) where the expenditure is allowable as a deduction under section 14, a further deduction of the amount of such expenditure; or

(*d*) where the expenditure is not allowable as a deduction under section 14, a deduction equal to twice the amount of such expenditure.

[34/2016; 27/2021]

(1A) Where the Comptroller is satisfied that qualifying expenditure has been incurred on or after 19 May 2021 by a person carrying on a trade or business in Singapore in connection with —

(*a*) an issue of post-seasoning debentures offered in reliance on an exemption under the Post-seasoning Debentures Regulations within 5 years starting from the date of issue of the corresponding seasoned debentures that is a date falling within the period between 19 May 2021 and 31 December 2026 (both dates inclusive), being post-seasoning debentures that are credit-rated as at the date they are issued;

(*b*) an issue of qualifying debentures (other than post-seasoning debentures mentioned in paragraph (*a*)) during the period between 19 May 2021 and 31 December 2026 (both dates inclusive), being debentures that are credit-rated as at the date they are issued; or

(*c*) making available potential seasoned debentures for secondary trading within 5 years starting from the date of their issue that is a date falling within the period between 19 May 2021 and 31 December 2026 (both dates inclusive), being debentures that are credit-rated as at the date they are so made available,

that person is to be allowed —

(*d*) where the expenditure is allowable as a deduction under section 14 — a further deduction of the amount of the expenditure; or

(*e*) where the expenditure is not allowable as a deduction under section 14 — a deduction equal to twice the amount of the expenditure.

[27/2021]

(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.

[34/2016]

(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).

[34/2016]

(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.

[34/2016]

(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.

[34/2016]

(6) In this section —

"credit-rated", in relation to qualifying debentures, means qualifying debentures that are given at least one credit rating by Fitch Ratings, Moody's, or Standard & Poor (S&P) Global;

"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;

"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 —

(*a*) potential seasoned debentures;

(*b*) post-seasoning debentures offered in reliance on an exemption under the Post-seasoning Debentures Regulations; or

(*c*) straight debentures offered in reliance on an exemption under the Straight Debentures Regulations;

"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 meaning given by section 2(1) of the Securities and Futures Act 2001;

"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.

[34/2016; 27/2021]

(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.

[14ZA
[34/2016]

Deduction for expenditure for services or secondment to institutions of a public character

14Z.—(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 2026 (both dates inclusive), qualifying expenditure in respect of —

(*a*) the provision during that period by a qualifying employee of the qualifying person, of services for the purpose of meeting needs in Singapore and that satisfy subsection (2) to an IPC; or

[Act 30 of 2023 wef 30/10/2023]

(*b*) the secondment during that period of a qualifying employee of the qualifying person to an IPC to provide services for the purpose of meeting needs in Singapore,

then there is to be allowed to the qualifying person a deduction in accordance with subsection (1A) or (1B), as the case may be.

[32/2019; 27/2021]

[Act 30 of 2023 wef 30/10/2023]

(1A) Where the qualifying expenditure is salary expenditure, the deduction that the qualifying person is to be allowed is as follows:

(*a*) where —

(i) the expenditure is allowable as a deduction under section 14; and

(ii) the qualifying person did not opt in the declaration under subsection (6) to compute the expenditure at the prescribed hourly rate,

a further deduction equal to 150% of the endorsed amount of the expenditure in addition to the deduction allowed under section 14;

(*b*) where —

(i) the expenditure is allowable as a deduction under section 14; and

(ii) the qualifying person opted in the declaration under subsection (6) to compute the expenditure at the prescribed hourly rate,

a further deduction equal to 150% of the computed salary amount in addition to the deduction allowed under section 14;

(*c*) where —

(i) the expenditure is not allowable as a deduction under section 14; and

(ii) the qualifying person did not opt in the declaration under subsection (6) to compute the expenditure at the prescribed hourly rate,

a deduction equal to 250% of the endorsed amount of the expenditure;

(*d*) where —

(i) the expenditure is not allowable as a deduction under section 14; and

(ii) the qualifying person opted in the declaration under subsection (6) to compute the expenditure at the prescribed hourly rate,

a deduction equal to 250% of the computed salary amount.

[32/2019]

(1B) Where the qualifying expenditure is not salary expenditure, the deduction that the qualifying person is to be allowed is as follows:

(*a*) 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;

(*b*) where the expenditure is not allowable as a deduction under section 14 — a deduction equal to 250% of the endorsed amount of the expenditure.

[32/2019]

(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.

[34/2016]

(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.

[34/2016]

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

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

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

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

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

[Act 30 of 2023 wef 30/10/2023]

(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.

[34/2016]

(5A) Where a qualifying person opted in a declaration under subsection (6) to compute any salary expenditure at the prescribed hourly rate, then the computed salary amount —

(*a*) is treated as the amount of that expenditure incurred by the qualifying person for the purposes of subsections (3) and (5); and

(*b*) is to be used in computing the maximum amount of qualifying expenditure for which deductions may be allowed in relation to the IPC in question for the purposes of subsection (4).

[32/2019]

(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 relevant details specified in subsection (6A); and

(*c*) the claim for the deduction is made in the manner determined by the Comptroller.

[34/2016; 32/2019]

(6A) In subsection (6)(*b*)(ii), the relevant details are —

(*a*) where —

(i) the qualifying expenditure is salary expenditure; and

(ii) the qualifying person opted in the declaration under subsection (6) to compute the expenditure at the prescribed hourly rate,

the actual number of hours for which the services were provided, as well as the number of those hours (which may

be the same number or a smaller number of hours) endorsed by the IPC for the deduction under subsection (1); or

(*b*) in all other cases, 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).

[32/2019]

(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.

[34/2016]

(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.

[34/2016]

(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.

[34/2016]

(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 or the endorsed number of hours (as the case may be) 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.

[34/2016; 32/2019]

(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.

[34/2016]

(11A) Where —

(*a*) the qualifying expenditure mentioned in subsection (11) is salary expenditure; and

(*b*) the computed salary amount of that expenditure was used to compute the amount of deduction allowed to the qualifying person,

then, for the purpose of that subsection, the amount of the deduction that corresponds to the expenditure reimbursed is to be computed using the formula

$$\mathrm{A} + \left(\frac{\mathrm{A}}{\mathrm{B}} \times 150\% \times \mathrm{C} \times \mathrm{D}\right),$$

where —

(*c*) A is the amount of the reimbursement;

(*d*) B is the amount of the actual salary expenditure;

(*e*) C is the prescribed hourly rate used in computing the computed salary amount; and

(*f*) D is the endorsed number of hours used in computing the computed salary amount.

[32/2019]

(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;

"computed salary amount", in relation to any salary expenditure for the provision of any services by a qualifying employee, means an amount computed using the formula A × B, where —

(*a*) A is the endorsed number of hours for those services; and

(*b*) B is the prescribed hourly rate for those services;

"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 (6A)(*b*);

"endorsed number of hours", in relation to any services, means the number of hours for which those services are provided, as endorsed by an IPC under subsection (6A)(*a*);

"IPC" means an institution of a public character as defined in section 2(1);

"prescribed hourly rate", in relation to the provision of any services by a qualifying employee, means the rate prescribed by rules made under section 7 for those services;

"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, 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;

[*Deleted by Act 33 of 2022 wef 04/11/2022*]

"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.

[34/2016; 32/2019]

(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 2026 (both dates inclusive).

[14ZB

[34/2016; 32/2019; 27/2021]

[Act 30 of 2023 wef 30/10/2023]

Deduction for expenditure incurred in deriving income from driving chauffeured private hire car or taxi

14ZA.—(1) Subsection (2) applies for the purpose of ascertaining an individual's income from driving a chauffeured private hire car or taxi for an authorised purpose that is chargeable to tax under section 10(1)(*a*) (called in this section specified income), for the basis period for the year of assessment 2019 or a subsequent year of assessment.

[45/2018]

(2) Despite any other provisions in this Part, if there are any outgoings or expenses that are deductible against the specified income derived in the basis period, then there is to be deducted, in lieu of those outgoings or expenses, an amount computed in accordance with the formula A × B, where —

(*a*) A is 60% or such other percentage as may be prescribed by rules made under section 7; and

(*b*) B is the gross amount of the specified income derived in the basis period.

[45/2018]

(3) However, subsection (2) —

(*a*) only applies if, at the time the specified income is derived, the individual —

(i) holds a vocational licence granted under section 110 of the Road Traffic Act 1961 authorising the individual to drive; or

(ii) is otherwise permitted under that Act to drive,

a chauffeured private hire car or taxi, as the case may be; and

(*b*) does not apply if the individual has made an election under subsection (5) to disapply subsection (2) to the individual's specified income derived in the basis period.

[45/2018]

(4) Subsection (2) also does not apply to any specified income derived by an individual as a partner in a partnership.

[45/2018]

(5) An individual may, in such form and manner and within such time as the Comptroller may determine, make an election to the Comptroller to disapply subsection (2) to all of the individual's specified income derived in the basis period for a particular year of assessment.

[45/2018]

(6) If an individual derives specified income (other than income mentioned in subsection (4)) from driving more than one vehicle in a basis period, the individual may not make an election under subsection (5) in respect of only one or some of those vehicles.

[45/2018]

(7) Where an individual makes an election under subsection (5) to disapply subsection (2) to all of the individual's specified income derived in the basis period for a particular year of assessment, then (despite anything in this Act) —

(*a*) any outgoings or expenses incurred in that basis period and deductible against the specified income under any provision of this Part, that is in excess of the specified income, is not available as a deduction against any other income of the individual for that year of assessment; and

(*b*) section 37 or 37D applies with the necessary modifications to such excess, except that the excess may only be deducted against the individual's specified income that is derived in the basis period for a subsequent or preceding year of assessment, as the case may be.

[45/2018]

(8) In this section —

"authorised purpose" means —

(*a*) the carriage of passengers; or

(*b*) the collection, conveyance and delivery, for reward, of any cargo not incidental to the carriage of any passenger in a motor vehicle, and any goods, article, food or baggage which is unaccompanied by any passenger travelling in the motor vehicle must be treated as cargo, but only if such collection, conveyance and delivery is approved by the Registrar pursuant to rules made under the Road Traffic Act 1961;

"chauffeured private hire car" means a motor car that —

(*a*) does not ply for hire on any road;

(*b*) is hired, or made available for hire, under a contract (express or implied) for use as a whole with a driver for the purpose of conveying the hirer, and one or more passengers (if any), in that car; and

(*c*) in respect of which a licence is issued under Part 5 of the Road Traffic Act 1961 for its use as a chauffeured private hire car;

"Registrar" has the meaning given by section 2(1) of the Road Traffic Act 1961.

[14ZC
[45/2018]

Deduction for expenditure incurred by individual in deriving commission

14ZB.—(1) This section applies for the purpose of ascertaining, for the basis period for the year of assessment 2020 or a subsequent year of assessment, a qualifying individual's income by way of commission that is derived from carrying on one or more trades, businesses, professions or vocations that are prescribed by rules made under section 7 (called in this section a prescribed activity or

activities), in respect of which there are outgoings or expenses that are deductible under this Part.

[32/2019]

(2) Despite any other provision in this Part, there is to be deducted, in lieu of those outgoings or expenses, an amount computed in accordance with the formula A × B, where —

(*a*) A is 25% or such other percentage as may be prescribed by rules made under section 7; and

(*b*) B is the gross amount of the individual's commission derived from carrying on a prescribed activity or (if the individual carries on more than one prescribed activity in the basis period) all of those prescribed activities in the basis period, being commission in respect of which there are outgoings or expenses that are deductible under this Part.

[32/2019]

(3) However, subsection (2) does not apply to an individual who has made an election under subsection (4) to disapply subsection (2) to the individual's commission derived from carrying on a prescribed activity or prescribed activities in the basis period.

[32/2019]

(4) An individual may, in such form and manner and within such time as the Comptroller may determine, make an election to the Comptroller to disapply subsection (2) to the individual's commission derived from carrying on a prescribed activity or prescribed activities in the basis period for a particular year of assessment.

[32/2019]

(5) If the individual derived commission from carrying on more than one prescribed activity in the basis period in respect of which there are outgoings or expenses that are deductible under this Part, the individual may not make an election under subsection (4) in respect of only one or some of those prescribed activities.

[32/2019]

(6) In this section —

"commission" means commission that is chargeable to tax under section 10(1)(*a*), and includes such other payment as may be prescribed by rules made under section 7, but excludes any commission —

(*a*) that is derived by the individual concerned as a partner of a partnership; or

(*b*) that is prescribed by rules made under section 7 as not commission;

"qualifying individual", in relation to any basis period, means an individual who satisfies all of the following conditions:

(*a*) the individual is resident in Singapore in the year of assessment relating to the basis period;

(*b*) the individual derived commission from a prescribed activity or prescribed activities in the basis period, being commission in respect of which there are outgoings or expenses that are deductible under this Part, and the total amount of such commission does not exceed $50,000 or such amount as may be prescribed by rules made under section 7;

(*c*) such other conditions as may be prescribed by rules made under section 7.

[14ZD
[32/2019]

Deduction for payments made to drivers of chauffeured private hire cars and taxis

14ZC.—(1) Each provision in the first column of the following table applies for the purpose of ascertaining the income of a Tenth Schedule entity for the basis period for each year of assessment set out opposite that provision in the second column of the table:

Provision	*Year of assessment*
Subsection (2)	2021 or 2022

Provision	*Year of assessment*
Subsection (2A)(*a*)	2022 or 2023
Subsection (2A)(*b*) and (*c*)	2022 or a subsequent year of assessment
Subsection (2A)(*d*)	2023 or a subsequent year of assessment

[27/2021]

[Act 30 of 2023 wef 30/10/2023]

(2) Despite any other provision in this Part, the following expenditure incurred by a Tenth Schedule entity during the period between 1 January 2020 and 31 December 2020 (both dates inclusive) is allowed as a deduction for the relevant year of assessment:

(*a*) the value of any benefit given to a self-employed individual who drives a chauffeured private hire car or taxi, that is given in connection with an amount received by the Tenth Schedule entity out of a payment made by the Government to the Special Relief Fund under the public scheme known as the Point-to-Point Support Package;

(*b*) any monetary payment given by a Tenth Schedule entity to an individual who drives a chauffeured private hire car or taxi, that the Comptroller is satisfied is given to mitigate the individual's loss of income arising from a COVID-19 event.

[41/2020]

(2A) Despite any other provision in this Part, the following expenditure incurred by a Tenth Schedule entity is allowed as a deduction for the relevant year of assessment:

(*a*) any monetary payment given during the period between 1 January 2021 and 31 December 2021 (both dates inclusive) by the Tenth Schedule entity to an individual who drives a chauffeured private hire car or taxi, that the Comptroller is satisfied is given to mitigate the individual's loss of income arising from a COVID-19 event;

(*b*) the value of any benefit given on or after 1 January 2021 to an individual who drives a chauffeured private hire car or taxi, that is given in connection with an amount received by the Tenth Schedule entity out of a payment made by the Government from a fund established by the Government known as the COVID-19 Driver Relief Fund;

(*c*) any monetary payment given on or after 1 January 2021 by the Tenth Schedule entity to an individual who drives a chauffeured private hire car or taxi that is a petrol car or petrol-electric car, that is given in connection with an amount received by the Tenth Schedule entity out of a payment made on behalf of the Government (known as the Additional Petrol Duty Rebate), that is part of the Budget Statement of the Government dated 16 February 2021;

[Act 30 of 2023 wef 30/10/2023]

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

[27/2021]

[Act 30 of 2023 wef 30/10/2023]

(2B) Despite any other provision in this Part, any monetary payment given by a person (other than an individual) who paid a tax under section 11 of the Road Traffic Act 1961 for a vehicle that is a petrol car or petrol-electric car, to an individual who drives that vehicle as a chauffeured private hire car or taxi, in connection with an amount given to the person as a rebate against that tax on or after 1 August 2021, is allowed as a deduction against the income of the person for the basis period for the year of assessment 2022 or a subsequent year of assessment.

[27/2021]

(3) In this section —

"chauffeured private hire car" has the meaning given to that term by section 14ZA(8);

"COVID-19 event" and "monetary payment" have the meanings given by section 13X(6);

"petrol car" means a motor car which uses petrol as its source of power;

"petrol-electric car" means a motor car which uses either or both petrol and electricity as its source of power;

"Tenth Schedule entity" means an entity set out in the Tenth Schedule.

[14ZE
[41/2020; 27/2021]

Deduction for payments made to lessees or licensees to mitigate impact of COVID-19 event

14ZD.—(1) Each provision in the first column of the following table applies for the purpose of ascertaining the income of a person set out opposite that provision in the second column of the table, for the basis period for each year of assessment set out opposite that income in the third column of the table:

Provision	*Income*	*Year of assessment*
Subsection (2)	Income derived by a person in the period between 1 January 2020 and 31 December 2020 (both dates inclusive) from the leasing or licensing of any immovable property in relation to which a remission of property tax is given by the Property Tax (Non-Residential Properties) (Remission) Order 2020	2021 or 2022

Provision	*Income*	*Year of assessment*
Subsection (2A)	Income derived by a person (being the lessor or licensor of a prescribed property) in the period between 1 January 2021 and 31 December 2021 (both dates inclusive) from the leasing or licensing of the prescribed property	2022 or 2023

[27/2021]

(2) Despite any other provision in this Part, the following (whichever is applicable) is allowed as a deduction against that income for the relevant year of assessment:

(*a*) the amount in the form of monetary payments of any benefit (as defined in the COVID-19 (Temporary Measures) (Transfer of Benefit of Property Tax Remission) Regulations 2020) of the reduction in property tax as a result of the remission that the person (being the owner of the property) is required under section 29(2) of the COVID-19 (Temporary Measures) Act 2020 to pass on to a lessee or licensee of the property in 2020;

(*b*) the amount in the form of monetary payments that the person mentioned in paragraph (*a*) has passed on or has agreed to pass on to the lessee or licensee of the property in the year 2020, and by reason of which the person is exempt from section 29(2) of the COVID-19 (Temporary Measures) Act 2020 under regulation 13(2) of the COVID-19 (Temporary Measures) (Transfer of Benefit of Property Tax Remission) Regulations 2020;

(*c*) the amount of any other monetary payments that the person makes in the year 2020 to the person's lessee or licensee of that property, but only if the Comptroller is satisfied that the payments are intended to provide relief to the lessee or

licensee from any economic hardship arising from a COVID-19 event;

(*d*) the total of the amounts in paragraphs (*a*), (*b*) and (*c*).

[41/2020]

(2A) Despite any other provision in this Part, the amount of any monetary payment made by the person in the year 2021 to the person's lessee or licensee of the prescribed property, is allowed as a deduction against that income for the relevant year of assessment, if —

(*a*) the payment is made pursuant to an undertaking given by the person to his, her or its lessor or licensor, to provide relief to the lessee or licensee from any economic hardship arising from a COVID-19 event; or

(*b*) the Comptroller is satisfied that the payment is intended to provide relief to the lessee or licensee from any economic hardship arising from a COVID-19 event.

[27/2021]

(3) The total amount of deduction allowable under this section in relation to each lessee or licensee for each year of assessment must not exceed the total amount of rent or licence fee payable under the relevant lease agreement or licence agreement between the person and the lessee or licensee for the period between 1 January and 31 December (both dates inclusive) of the year 2020 or 2021 (whichever is applicable), or a part of that period, and falling within the basis period for that year of assessment, after taking into account any waiver or reduction of the rent or licence fee for that period.

[41/2020; 27/2021]

(4) In this section, "COVID-19 event", "monetary payment", "owner" and "prescribed property", in relation to immovable property, have the meanings given by section 13X(6).

[14ZF

[41/2020; 27/2021]

Deduction for expenditure incurred in obtaining or granting, etc., leases of immovable properties

14ZE.—(1) Subject to subsections (3), (4) and (5), for the purpose of ascertaining the income of a person from the carrying on of a trade

or business during the basis period for the year of assessment 2022 or any subsequent year of assessment, there is to be allowed a deduction for any expenditure incurred by the person during that basis period for the purpose of obtaining a lease, or renewing or extending a lease, of an immovable property that is used by the person for the purpose of the person's trade or business.

[27/2021]

(2) Subject to subsections (4) and (5), for the purpose of ascertaining the rental income derived by a person from an immovable property that is chargeable to tax under section 10(1)(*f*) during the basis period for the year of assessment 2022 or any subsequent year of assessment, there is to be allowed a deduction for any expenditure incurred by the person during that basis period for the purpose of granting the lease, or renewing or extending the lease, of the immovable property.

[27/2021]

(3) No deduction may be allowed under subsection (1) to a company or trustee of a property trust in the business of letting immovable properties in which the company or trustee has a proprietary interest (other than as a legal owner) and would receive consideration if the proprietary interest is disposed of or transferred, whether in whole or in part.

[27/2021]

(4) In subsections (1) and (2), expenditure incurred to obtain, grant, renew or extend a lease —

(*a*) means any commission, legal fees, stamp duty, advertising expenses and such other expenditure as may be prescribed by rules made under section 7; but

(*b*) excludes any outgoing or expense that is allowed as a deduction under section 14.

[27/2021]

(5) No deduction may be allowed under subsection (1) or (2) to a person in respect of —

(*a*) any lease, or any renewal or extension of a lease, for a term that (excluding any option for the renewal or extension of the lease) exceeds 3 years;

(*b*) any acquisition, grant, novation, transfer or assignment (however described) of a lease because of any acquisition, sale, transfer or restructuring of any business; or

(*c*) a lease under an arrangement where the immovable property is sold by, and leased back to, the seller of the immovable property.

[14ZG
[27/2021]

Deduction for expenditure incurred on immovable property while vacant

14ZF.—(1) This section applies where an immovable property used by a person to derive rental income chargeable to tax under section 10(1)(*f*), in the basis period for the year of assessment 2022 or a subsequent year of assessment, is vacant during any part of the basis period.

[27/2021]

(2) Subject to subsection (3), for the purpose of ascertaining the rental income derived during the basis period by the person from the immovable property that is chargeable to tax under section 10(1)(*f*), there is to be allowed a deduction for —

(*a*) any expenditure incurred by the person for the repair, insurance, maintenance or upkeep of the immovable property while it is vacant during that basis period; and

(*b*) any amount paid during that basis period in respect of property tax charged on that immovable property.

[27/2021]

(3) A deduction under subsection (2) is allowed to a person only if the Comptroller is satisfied that the person has made reasonable efforts in the circumstances to procure a lessee for the immovable property while it is vacant during the basis period.

[14ZH
[27/2021]

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

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

$$A \times 300\%,$$

where A is the lower of the following:

(*a*) the qualifying training expenditure incurred during the basis period for that year of assessment;

(*b*) $400,000.

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

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

(4) For the purposes of subsection (1), where a partnership carrying on a trade or business has, during the basis period for any year of assessment between the years of assessment 2024 and 2028 (both years inclusive), incurred qualifying training expenditure for the purposes of the partnership's trade or business, the aggregate of the deductions that may be allowed to all the partners of the partnership for that expenditure in respect of all of the trades and businesses of the

partnership must not exceed the amount computed in accordance with subsection (1) for that year of assessment.

(5) In this section —

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

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

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

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

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

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

(*a*) an individual —

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

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

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

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

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

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

"SkillsFuture Singapore Agency" means the SkillsFuture Singapore Agency established by section 3 of the SkillsFuture Singapore Agency Act 2016.

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

[Act 30 of 2023 wef 30/10/2023]

Deduction for expenditure incurred in deriving income from providing delivery services

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

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

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

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

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

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

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

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

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

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

(7) In this section —

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

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

(*a*) on foot;

(*b*) by public transport;

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

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

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

(*f*) by the use of a van;

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

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

[Act 30 of 2023 wef 30/10/2023]

Deductions not allowed

15.—(1) Despite the provisions of this Act, for the purpose of ascertaining the income of any person, no deduction is 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 the person, being required to be registered under the Goods and Services Tax Act 1993, has failed to do so, or if the person 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 behalf of the employer's employee to the Central Provident Fund that is obligatory under the Central Provident Fund Act 1953;

(ii) such payment made by an employer on behalf of the employer's employee to the retirement account or special account of that employee in accordance with section 18 of the Central Provident Fund Act 1953;

(iii) such payment made by an employer on behalf of the employer's employee 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 10G(11); and

(iv) such payments as are allowed under section 14(1)(*e*), (*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 1 April 1998 in respect of a motor car (whether owned by the person 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, but subject to subsection (2D);

(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 1 April 1998 as a business service passenger vehicle for the purposes of the Road Traffic Act 1961;

(v) a motor car registered on or after 1 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 1961;

(vi) a chauffeured private hire car used by the person (being an individual who holds a vocational licence granted under section 110 of the Road Traffic Act 1961 authorising the individual to drive, or who is otherwise permitted under that Act to drive, a chauffeured private hire car) other than as an employee of another, but subject to subsection (2E); and

(vii) a chauffeured private hire car used principally by the person (not being an individual mentioned in sub-paragraph (vi)) to carry on the business of

providing chauffeur services, but subject to subsection (2F);

(*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;

(*m*) any amount of output tax paid or payable under the Goods and Services Tax Act 1993 which is borne by the person if the person is registered as a taxable person under that Act, but not any amount of output tax paid or payable on a reverse charge supply under section 14(2) of that Act, to the extent that credit of such amount as input tax is not allowed under that Act;

(*n*) [*Deleted by Act 37 of 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 1 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 14M(7)) of a holding company of that company.

[37/2014; 45/2018; 52/2018; 32/2019; 41/2020]

(2) Subsection (1)(*b*) and (*d*) does not apply to any expenditure which qualifies for deduction under section 14A, 14C, 14D, 14E, 14EA, 14F, 14G, 14H, 14I, 14J, 14K, 14L, 14M, 14N, 14P, 14S, 14T or 14U.

[2/2016; 39/2017; 41/2020]

[Act 30 of 2023 wef 30/10/2023]

(2A) Subsection (1)(*b*) does not apply to any expenditure which qualifies for deduction under section 14V or 14Z.

[37/2014; 34/2016]

(2B) Subsection (1)(*b*) and (*c*) does not apply to any expenditure which qualifies for deduction under section 14Y.

[34/2016]

(2C) Besides subsection (1)(*b*) and (*d*) (which is disapplied under subsection (2)), the other paragraphs of subsection (1) also do not apply to expenditure which qualifies for deduction under section 14C(1)(*g*).

[39/2017]

(2D) For the purposes of subsection (1)(*k*)(i) —

(*a*) outgoings and expenses incurred on or after 12 November 2018 are only deductible if they are attributable to the use of the taxi for an authorised purpose; and

(*b*) the cost of renewal in respect of the taxi incurred on or after that date is only deductible if the person is one to whom an allowance under section 19 may be made in respect of the taxi by reason of that person being one mentioned in section 19(5)(*a*)(i), (ii) or (iii).

[45/2018]

(2E) Subsection (1)(*k*)(vi) —

(*a*) only applies to outgoings and expenses incurred in the basis period for the year of assessment 2019 or a subsequent year of assessment and that are attributable to the use of the chauffeured private hire car for an authorised purpose; and

(*b*) does not apply to the cost of renewal in respect of the car.

[45/2018]

(2F) Subsection (1)(*k*)(vii) only applies to outgoings and expenses, and the cost of renewal in respect of the chauffeured private hire car, incurred in the basis period for the year of assessment 2021 or a subsequent year of assessment.

[41/2020]

(2G) Subsection (1)(*b*) and (*c*) does not apply to any expenditure that qualifies for deduction under section 14ZE.

[27/2021]

(2H) Subsection (1)(*b*) and (*f*) does not apply to any expenditure that qualifies for deduction under section 14ZF.

[27/2021]

(3) [*Deleted by Act 33 of 2022 wef 04/11/2022*]

(4) In this section, "authorised purpose" and "chauffeured private hire car" have the meanings given by section 14ZA(8).

[45/2018]

Limit on deduction allowed for leasing or licensing expenditure in 2020

15A.—(1) No deduction is allowed in respect of expenditure incurred in the year 2020 by a person on leasing or licensing any immovable property in relation to which a remission of property tax is given by the Property Tax (Non-Residential Properties) (Remission) Order 2020, of an amount described in subsection (2).

[41/2020]

(2) The amount mentioned in subsection (1) is any of the following, as applicable:

(*a*) the amount in the form of monetary payments of any benefit (as defined in the COVID-19 (Temporary Measures) (Transfer of Benefit of Property Tax Remission) Regulations 2020) of the reduction in property tax as a result of the remission that the owner of the immovable property is required under section 29(2) of the COVID-19 (Temporary Measures) Act 2020 to pass on to the person in the year 2020;

(*b*) the amount in the form of monetary payments that the owner of the immovable property has passed on or has agreed to pass on to the person in the year 2020, and by reason of which the owner is exempt from section 29(2) of the COVID-19 (Temporary Measures) Act 2020 under regulation 13(2) of the COVID-19 (Temporary Measures) (Transfer of Benefit of Property Tax Remission) Regulations 2020;

(*c*) the amount of any other monetary payments received or receivable by the person from the person's lessor or licensor in the year 2020, but only if the Comptroller is satisfied that the payments are intended by the lessor or licensor to provide relief to the person from any economic hardship arising from a COVID-19 event;

(*d*) the total of the amounts in paragraphs (*a*), (*b*) and (*c*).

[41/2020]

(3) In this section, "COVID-19 event", "monetary payment" and "owner", in relation to immovable property, have the meanings given by section 13X(6).

[41/2020]

Limit on deduction allowed for leasing or licensing expenditure in 2021

15B.—(1) No deduction is allowed in respect of any expenditure incurred in the year 2021 by a person who is a lessee or licensee of any prescribed property on the leasing or licensing of that property, of an amount described in subsection (2).

[27/2021]

(2) The amount mentioned in subsection (1) is the amount of any monetary payment received or receivable by the person from the person's lessor or licensor in the year 2021, which —

(*a*) is made by the lessor or licensor pursuant to an undertaking given by the lessor or licensor to his, her or its lessor or licensor, to provide relief to the person from any economic hardship arising from a COVID-19 event; or

(*b*) the Comptroller is satisfied is intended by the lessor or licensor to provide relief to the person from any economic hardship arising from a COVID-19 event.

[27/2021]

(3) In this section, "COVID-19 event", "monetary payment" and "prescribed property" have the meanings given by section 13X(6).

[27/2021]

PART 6

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 is to 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.

(2) For the purposes of subsection (1) —

(*a*) where 2 basis periods overlap, the period common to both is 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 is 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 is 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 is treated for the purposes of subsection (1) as if it had been incurred by that person on the first day on which that person 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 1 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 is to be made to that person for that year of assessment.

(5) Where at any time in or after the basis period for the first year of assessment under this Act and before 1 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, is to be computed by reference to the residue of that expenditure immediately after the sale and is —

(*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.

(6) In the case referred to in subsection (4), no annual allowance may 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.

(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 the person on or after 1 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) is to be made to the person for that year of assessment.

(6B) The annual allowance under subsection (6A) is 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) 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 the Minister 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) is a reference to 5%.

(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 the Minister may appoint under section 18(1) —

(*a*) the reference to 25% in subsection (1) is a reference to 20%;

(*b*) the reference to 3% in subsections (4), (5) and (6B) and in sections 17(3)(*a*) and 18(9) is a reference to 2%; and

(*c*) the reference to capital expenditure in subsections (1) and (4) does not include any capital expenditure incurred before 1 January 1982.

(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 the Minister may appoint under section 18(1)(*i*) —

(*a*) the reference to 25% in subsection (1) is a reference to 20%;

(*b*) the reference to 3% in subsections (4), (5) and (6B) and in sections 17(3)(*a*) and 18(9) is a reference to 2%; and

(*c*) the reference to capital expenditure in subsections (1), (3) and (4) does not include any capital expenditure incurred before 1 January 1986.

(10) Despite 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 the Minister 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 that person.

(11) Despite anything in this section, the amount of an annual allowance made to a person for any year of assessment in respect of any expenditure must not in any case 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 the person's basis period for that year of assessment.

(12) For the purposes of subsection (1), where a person has incurred capital expenditure before 1 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, the person is 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 the person 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.

(13) For the purposes of subsection (1), where a person has incurred capital expenditure on or after 1 January 2006 on the purchase of an industrial building or structure which has not previously been used by any person, the person is deemed to have incurred expenditure on the construction of that industrial building or structure equal to the capital expenditure incurred by the person 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.

(14) Unless otherwise provided in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act 1967, 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 must be made against each income for that year of assessment in such proportion as appears reasonable to the Comptroller in the circumstances.

(15) Subject to section 18B, this section does not apply to any capital expenditure incurred on or after 23 February 2010 on the construction or purchase of an industrial building or structure.

(16) Subject to subsection (18) and section 18B, no annual allowance may be made under subsections (4), (5) and (6A) to a person who incurs capital expenditure on or before 22 February 2010 on the construction or purchase of a building or structure which is not an industrial building or structure on 22 February 2010 but is an industrial building or structure on or after 23 February 2010.

(17) Section 18(2) and (3) applies for the purpose of determining under subsection (16) whether a building or structure is an industrial building or structure on 22 February 2010.

(18) Despite subsection (16), annual allowances under subsection (6A)(*a*) are to be made to a person who incurs capital expenditure on or before 22 February 2010 on a building or structure which is still under construction on 22 February 2010 and which is to be an industrial building or structure upon completion of that construction, if the person —

(*a*) on or before 22 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 31 December 2010, has made an application for planning permission or conservation permission to the competent authority in accordance with the Planning Act 1998 for the development of the land comprising the construction work.

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 1 January 2006; or

(*b*) either —

(i) any capital expenditure has been incurred on the construction of the building or structure on or after 1 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" is, in the circumstances mentioned in this section, to 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.

(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.

(2) In the case referred to in subsection (1)(*a*), no balancing allowance or balancing charge may 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.

(3) No balancing allowance may be made to any person —

(*a*) on the sale of the relevant interest in the building or structure unless the person proves to the Comptroller's satisfaction 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 the person 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.

(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 is to be made and the amount thereof is 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 is to be made and the amount on which it is made is an amount equal to the excess or, where the residue is nil, to the moneys.

(6) Despite anything in subsection (5) but subject to subsection (7), the amount on which a balancing charge is made on a person must not in any case exceed the aggregate of the following amounts:

(*a*) the amount of the initial allowance (if any) made to the person in respect of the expenditure in question;

(*b*) the amount of the annual allowances (if any) made to the person in respect of the expenditure in question.

(7) Unless otherwise provided in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act 1967, 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 must 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 is exempt from tax as appears reasonable to the Comptroller in the circumstances.

(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 is such amount of those moneys as the Comptroller determines to be reasonable in the circumstances.

(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 is 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.

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 22 May 2010 by the Minister or such person as the Minister 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 1 September 2007 by the Minister or such person as the Minister may appoint (called in this section 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 22 May 2010 by the Minister or such person as

the Minister may appoint subject to such conditions as he or she may impose; or

(*j*) for prescribed purposes and where such building or structure has been approved on or before 22 May 2010 by the Minister or such person as the Minister may appoint subject to such conditions as he or she 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*).

(2) A building or structure is not 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 is 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) applies 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 is not, by virtue of subsection (4), an industrial building or structure unless it is in use for the purposes of that part of that trade or undertaking.

(6) Despite 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.

(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 1 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 1 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 is treated as an industrial building or structure.

(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.

(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 Comptroller's satisfaction;

"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 the person 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 the purchaser 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 1 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 1 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.

(9) For the purpose of computing the residue of expenditure, an amount of 3% of the expenditure must be written off in respect of any year in which no initial or annual allowance has been made.

18A. [*Repealed by Act 21 of 2003*]

Transitional provisions for capital expenditure incurred on industrial buildings or structures on or after 23 February 2010

18B.—(1) Despite section 16(15) but subject to subsection (11), where a person incurs on or after 23 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 22 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 31 December 2010, has made an application for planning permission or conservation permission to the competent authority in accordance with the Planning

Act 1998 for the development of the land comprising the construction work,

there are to be made to that person an initial allowance and annual allowances in respect of that capital expenditure computed in accordance with section 16.

(2) Despite section 16(15) but subject to subsection (11), where a person incurs on or after 23 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 are to be made to that person an initial allowance and annual allowances in respect of that capital expenditure computed in accordance with section 16.

(3) Despite section 16(15), where a person —

(*a*) on or before 22 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 23 February 2010, incurs capital expenditure on the purchase of the building or structure or of the leasehold interest therein,

there are to be made to that person an initial allowance and annual allowances in respect of that capital expenditure computed in accordance with section 16.

(4) Despite section 16(15) but subject to subsection (12), where a person incurs on or after 23 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 are to 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.

(5) Despite section 16(15), where a person —

(*a*) on or before 22 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 23 February 2010, incurs capital expenditure on the purchase of the building or structure or of the leasehold interest therein,

there are to be made to that person annual allowances in respect of that capital expenditure computed in accordance with section 16.

(6) Despite section 16(15) but subject to subsection (12), where a person incurs on or after 23 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 are to 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.

(7) Despite section 16(15) and (16) but subject to subsection (11), where a person —

(*a*) on or after 23 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 22 February 2010, enters into a written agreement for a qualified person to carry out the extension works; and

(*c*) on or before 31 December 2010, makes an application for planning permission or conservation permission to the competent authority in accordance with the Planning Act 1998 for the development of the land comprising the extension works,

there are to be made to that person, computed in accordance with section 16 —

(*d*) an initial allowance and annual allowances in respect of the capital expenditure incurred on the extension works; and

(*e*) where the existing building or structure is not an industrial building or structure on 22 February 2010, annual allowances in respect of any capital expenditure incurred before 23 February 2010 on the construction or purchase or the residue of that expenditure (as the case may be) of that building or structure.

(8) Despite section 16(15) and (16) but subject to subsection (11), where a person incurs on or after 23 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 22 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 are to 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 23 February 2010 on the construction or purchase or the residue of that expenditure (as the case may be) of the existing building or structure.

(9) Despite section 16(15) and (16) but subject to subsection (12), where a person incurs on or after 23 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 22 February 2010,

there are to be made to that person, computed in accordance with section 16 —

(*c*) an initial allowance and annual allowances in respect of the capital expenditure incurred on the renovation or refurbishment works; and

(*d*) where the existing building or structure is not an industrial building or structure on 22 February 2010, annual allowances in respect of the capital expenditure incurred before 23 February 2010 on the construction or purchase or the residue of that expenditure (as the case may be) of that building or structure.

(10) Despite section 16(15) and (16) but subject to subsection (12), where a person incurs on or after 23 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 22 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 are to 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 23 February 2010 on the construction or purchase or the residue of that expenditure (as the case may be) of the existing building or structure.

(11) For the purposes of subsections (1), (2), (7) and (8), no allowance may 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.

(12) For the purposes of subsections (4), (6), (9) and (10), no allowance may 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.

(13) No allowance may 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.

(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 1991 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 1991 and who has in force a practising certificate issued under that Act.

Initial and annual allowances for certain buildings and structures

18C.—(1) Where any person proposes to incur or has incurred on or after 23 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 1998 on or after 23 February 2010, the person may apply to the Minister or such person as he may appoint, on or after 1 July 2010 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.

[37/2014; 41/2020]

(1A) Where any person proposes to incur or has incurred on or after 22 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 1998, the person may apply to the Minister or such person as the Minister may appoint, on or after 22 February 2014 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.

[37/2014; 41/2020]

(1B) No approval may be granted under this section after 31 December 2025.

[41/2020]

(2) Where the Minister or such person as the Minister may appoint, on an application made to the Minister or appointed person 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, the Minister or appointed person may, by written notice, approve the construction or renovation for the purposes of this section, which approval is subject to such conditions as the Minister or appointed person may impose, including the particular trade or business for which the building or structure is to be used upon completion of construction or renovation.

[37/2014; 34/2016]

(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.

[34/2016]

(2B) The Minister or such person as he may appoint may, by written notice, 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.

[34/2016]

(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.

[34/2016]

(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.

[34/2016]

(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.

[34/2016]

(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 —

(*c*) the application is made on or after a prescribed date; and

(*d*) the application for planning permission or conservation permission for the construction or renovation is made on or after a prescribed date.

[34/2016]

(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.

[34/2016]

(2H) The prescribed date mentioned in subsection (2F)(*c*) or (*d*) or (2G) is, unless otherwise specified in the regulations, the date the trade or business is prescribed by regulations under subsection (11A).

[34/2016]

(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.

[34/2016]

(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.

[34/2016]

(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 is to 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.

(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 is to 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 the person.

[34/2016]

(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.

[2/2016; 34/2016]

(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 —

(*c*) for the purposes of the specified trade or business or one or more of the specified trades or businesses; and

(*d*) by —

(i) 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

(ii) 2 or more persons who are specified users and satisfy the requirements of relatedness.

[34/2016]

(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.

[2/2016; 34/2016]

(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 must not exceed the amount of qualifying capital expenditure remaining unallowed as at the beginning of the basis period for that year of assessment.

(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 the person's trade or business is deemed to have been incurred by that person on the first day that person carries on that trade or business.

(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 written notice, revoke the approval granted under that subsection.

[34/2016]

(9) Despite 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 the Comptroller's judgment ought to have been charged; and this subsection also applies, with the necessary modifications, to any assessment which results in any unabsorbed allowances or losses.

(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 must be made against each income for that year of assessment in such proportion as appears reasonable to the Comptroller in the circumstances.

(11) A person who has incurred qualifying capital expenditure on the approved construction or approved renovation must 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.

(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.

[34/2016]

(12) In this section —

"airport land" means any land zoned for use as an airport under the Master Plan;

"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);

"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 1998 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;

"port land" means any land zoned for use as a port under the Master Plan;

"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;

"pre-25 March 2016 application" means an application under subsection (1) or (1A) that is not a post-25 March 2016 application;

"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;

"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 the person 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;

"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);

"temporary occupation permit" means a temporary occupation permit granted under section 12(3) of the Building Control Act 1989.

[37/2014; 2/2016; 34/2016]

(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.

[2/2016]

(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 1989 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.

[2/2016]

(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).

[34/2016]

(16) A reference to a person in subsections (2B)(*a*)(i), (2C)(*a*), (2E)(*a*) and (*b*), (5AA)(*d*) and (15), and in the definition of "specified user" in subsection (12), includes a partnership.

[34/2016]

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 is to be made to the person, 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.

(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 is 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 is 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 is 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 is treated for the purposes of subsection (1) as if it had been incurred by that person on the first day on which that person 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 the person's trade, profession or business, there is to be made to the person, 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 is to be calculated in accordance with the following provisions:

(*a*) subject to subsection (2AA), the annual allowance in respect of any machinery or plant acquired by a person either in the basis period for a year of assessment before the year of assessment 2023 or under a hire-purchase agreement signed in the basis period for a year of assessment before the year of assessment 2023 is —

(i) in the case of an asset, other than an asset acquired under a hire-purchase agreement — 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 — 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 1 March 1995 and 29 February 2012 (both dates inclusive) is, if it had been extended under section 19(2)(*b*) in force immediately before 1 March 2012, 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 total number of years of working life of an aircraft acquired on or after 1 March 2012 but before the basis period for the year of assessment 2023 by an approved aircraft leasing company mentioned in section 43N is, if the company has made an election under subsection (2A) —

(i) the sum of —

(A) the number of years of working life of an aircraft as specified in the Sixth Schedule; and

(B) the period of extension specified by the company under subsection (2A); or

(ii) 20 years,

whichever is less;

(*bb*) the annual allowance in respect of any machinery or plant acquired by a person in the basis period for the year of assessment 2023 or a subsequent year of assessment or under a hire-purchase agreement signed in the basis period for the year of assessment 2023 or a subsequent year of assessment is —

(i) in the case of an asset that is not acquired under a hire-purchase agreement — the amount ascertained by dividing the excess of the original cost of the asset over any initial allowance granted under subsection (1) by any of the following number of years as elected by the person:

(A) where the number of years of working life of the asset as specified in the Sixth Schedule is less than 16 years and unless otherwise provided under paragraph (*bd*) — 6 or 12 years;

(B) where the number of years of working life of the asset as specified in the Sixth Schedule is 16 years — 6, 12 or 16 years; or

(ii) in the case of an asset acquired under a hire-purchase agreement — the amount ascertained by dividing the excess of the original cost of the asset over the total amount of the initial amount allowable in respect of the asset under subsection (1) by any of the following number of years as elected by the person:

(A) where the number of years of working life of the asset as specified in the Sixth Schedule is less than 16 years and unless otherwise provided under paragraph (*bd*) — 6 or 12 years;

(B) where the number of years of working life of the asset as specified in the Sixth Schedule is 16 years — 6, 12 or 16 years;

(*bc*) the election under paragraph (*bb*) must be made to the Comptroller at the time of lodgment of the person's return of income for the year of assessment relating to the basis period in which the asset was acquired or the hire-purchase agreement was signed or within such further time as the Comptroller may allow, and such election is irrevocable;

(*bd*) for the purposes of paragraph (*bb*), the total number of years of working life of an aircraft acquired in the basis period for the year of assessment 2023 or a subsequent year of assessment by an approved aircraft leasing company mentioned in section 43N is, if the company has made an election under subsection (2A) —

(i) the sum of —

(A) either 6 or 12 years as elected by the company under paragraph (*bb*); and

(B) the period of extension specified by the company under subsection (2A); or

(ii) 20 years,

whichever is less;

(*c*) the annual allowance in respect of any asset for any year of assessment must 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 is treated as falling under such item as the Comptroller considers proper.

[41/2020]

(2AA) Where —

(*a*) a machinery or plant is acquired by a person either in the basis period for a year of assessment before the year of assessment 2023 or under a hire-purchase agreement signed in the basis period for a year of assessment before the year of assessment 2023; and

(*b*) no due claim for an allowance in respect of that asset has been made under subsection (1) or (2)(*a*) for any year of assessment before the year of assessment 2023,

then, if the person makes a claim for an annual allowance in respect of that asset for the year of assessment 2023 or a subsequent year of assessment, the annual allowance in respect of that asset is ascertained by dividing the original cost of that asset by the number of years of working life of that asset, as elected by the person under subsection (2AB).

[41/2020]

(2AB) For the purposes of subsection (2AA), the person may elect for the number of years of working life of the asset to be —

(*a*) if the number of years of its working life as specified in the Sixth Schedule is less than 16 years — 6 or 12 years; or

(*b*) if the number of years of its working life as specified in the Sixth Schedule is 16 years — 6, 12 or 16 years.

[41/2020]

(2AC) An election under subsection (2AB) must be made by the person to the Comptroller at the time of lodgment of the person's

return of income for the year of assessment 2023 or within such further time as the Comptroller may allow, and such election is irrevocable.

[41/2020]

(2A) An approved aircraft leasing company which acquired any aircraft on or after 1 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 or as elected by the person under subsection (2)(*bb*), to be extended by a period specified by the company.

[41/2020]

(2B) [*Deleted by Act 41 of 2020*]

(3) Despite subsection (1) or (2) or section 19A(1), (1B) or (1E), in respect of a motor car to which this subsection applies —

(*a*) the initial allowance to be made under subsection (1) is to 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), (1B) or (1E) is to 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 must not exceed $35,000.

[41/2020]

(4) Subsection (3) applies 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 1 April 1998 as a business service passenger vehicle for the purposes of the Road Traffic Act 1961 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.

(5) No allowance under this section or section 19A may 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, and then only to the following:

(i) a person that is not an individual and that holds a street-hail service licence granted (on renewal or otherwise) or deemed granted under the Point-to-Point Passenger Transport Industry Act 2019 (called in this paragraph a street-hail service licence);

(ii) an individual who is a partner of the partnership that acquired the taxi and holds a street-hail service licence;

(iii) an individual who —

(A) acquired the taxi as a replacement or a subsequent replacement of a taxi acquired by him or her any time before 1 January 1975; and

(B) holds a vocational licence granted under section 110 of the Road Traffic Act 1961 authorising him or her to drive 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 1 April 1998 as a business service passenger vehicle for the purposes of the Road Traffic Act 1961;

(*e*) a motor car registered on or after 1 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 1961; and

(*f*) a chauffeured private hire car as defined in section 14ZA(8) —

(i) that is acquired in the basis period for the year of assessment 2021 or a subsequent year of assessment by a person that carries on the business of providing chauffeur services, and used by the person principally for such business; or

(ii) that was initially acquired by a person carrying on the business of hiring out cars and used by the person principally for such business, and is then used in the basis period for the year of assessment 2021 or a subsequent year of assessment by the same person principally for the business of providing chauffeur services carried on by the person.

[45/2018; 20/2019; 41/2020]

(5A) Unless otherwise provided in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act 1967, 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 must be made against each income for that year of assessment in such proportion as appears reasonable to the Comptroller in the circumstances.

(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 1961:

(*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 is to be made to the person, 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.

(6) In subsection (1), "prescribed" means prescribed by an order made by the Minister.

(7) Every order made under this section must be presented to Parliament as soon as possible after publication in the *Gazette*.

(8) Subject to subsection (9), this section applies, with the necessary modifications, 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 2028 (both years inclusive) capital expenditure on the provision of machinery or plant for any research and development undertaken by the person directly in Singapore or by a research and development organisation on the person's behalf in Singapore, even though the machinery or plant is not for the purposes of that trade or business.

[37/2014]

[Act 30 of 2023 wef 30/10/2023]

(9) Section 14C(4) and (5) applies in relation to the allowance for the capital expenditure referred to in subsection (8) as it applies in relation to the deduction of the expenditure and payments referred to

in section 14C(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 37G) in section 14C(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 37G;

(*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 37G;

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 the person 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 the person 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".

(10) This section applies to a person carrying on any trade or business who appropriates any trading stock of that trade or business for use as machinery or plant for the purpose of any of the person's trades, professions or businesses in circumstances that give rise to a reasonable inference that the appropriation is permanent, subject to the following modifications:

(*a*) a reference to the capital expenditure incurred on the provision of machinery or plant is to the open market value of the trading stock as at the date of the appropriation;

(*b*) the capital expenditure is treated as having been incurred on the date of the appropriation of the trading stock.

[27/2021]

(11) In subsection (10), "open market value" and "trading stock" have the meanings given by section 10J(9).

[27/2021]

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) Despite 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 is to be made to the person, 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.

(1A) Any annual allowance under this section in respect of any asset for any year of assessment must 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.

(1B) Despite 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, the person 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 (called in this subsection the first year), an allowance of 75% in respect of the capital expenditure incurred;

(*b*) for any year of assessment subsequent to the first year, an allowance of 25% in respect of the capital expenditure incurred.

(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) applies 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.

(1D) An election made by a person under subsection (1B) is irrevocable.

(1E) Despite subsection (1), where a person carrying on a trade, profession or business incurs, during the basis period for the year of assessment 2021, 2022 or 2024, capital expenditure on the provision of machinery or plant for the purposes of that trade, profession or business, the person may, in lieu of the allowances under subsection (1) or section 19, elect to be entitled to the following:

(*a*) for the year of assessment relating to the basis period in which the capital expenditure is incurred — an annual allowance of 75% in respect of the capital expenditure incurred;

(*b*) for the year of assessment immediately following the year of assessment mentioned in paragraph (*a*) — an annual

allowance of 25% in respect of the capital expenditure incurred.

[41/2020; 27/2021]

[Act 30 of 2023 wef 30/10/2023]

(1F) The election in subsection (1E) must be made at the time of lodgment of the person's return of income for the year of assessment relating to the basis period in which the capital expenditure is incurred, and such election is irrevocable.

[41/2020; 27/2021]

(1G) Where a person carrying on a trade, profession or business enters into a hire-purchase agreement during the basis period for the year of assessment 2021, 2022 or 2024 in respect of machinery or plant provided for the purposes of that trade, profession or business, subsection (1E) applies, with the necessary modifications, to each instalment paid by the person under the hire-purchase agreement in a basis period for a year of assessment (whether the firstmentioned year of assessment or a subsequent year of assessment), as it applies to capital expenditure incurred in the basis period for the year of assessment 2021, 2022 or 2024, as the case may be.

[27/2021]

[Act 30 of 2023 wef 30/10/2023]

(2) Despite section 19, where a person proves to the Comptroller's satisfaction that the person has installed a computer or other prescribed automation equipment for the purposes of a trade, business or profession carried on by the person, the person is, in lieu of the allowances provided by subsection (1), (1B) or (1E) or section 19, entitled, if the person so elects, to an allowance of 100% in respect of the capital expenditure incurred on the provision of that computer or automation equipment.

[41/2020]

(2A) Where a person proves to the Comptroller's satisfaction that the person 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 the person, there is allowed on due claim, in respect of all of the person's 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 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).

(2B) Subject to section 37J, where a person proves to the Comptroller's satisfaction that the person 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 the person, there is allowed on due claim, in respect of all of the person's 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 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).

[37/2014]

(2BAA) Subject to section 37J, where a person proves to the Comptroller's satisfaction that the person 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 the person, there is allowed on due claim, in respect of all of the person's 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 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).

[37/2014]

(2BA) In subsection (2A), the amount under paragraph (*a*)(ii) is 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) is 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.

(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 are each 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 is substituted with "$400,000"; and

(*c*) to avoid doubt, no deduction may 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 may 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.

(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 are each 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 is substituted with "$400,000"; and

(*c*) to avoid doubt, no deduction may 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 may 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.

[37/2014]

(2C) Where a person proves to the Comptroller's satisfaction that the person 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 the person, 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 the person makes a claim for an allowance under subsection (2A), (2B) or (2BAA), those subsections 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 the person 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 the person's 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 the person under that agreement or any of those agreements during the basis period;

(*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 must be made to the person for the year of assessment in respect of each basis period during which the person 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.

[37/2014]

(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 or her trade, profession or business, the allowance that may be allowed to him or her for that expenditure in respect of all of his or her trades, professions and businesses must not exceed the amount computed in accordance with subsection (2A), (2B) or (2BAA) (as the case may be) for that year of assessment.

[37/2014]

(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 of the trades, professions and businesses of the partnership must not exceed the amount computed in accordance with subsection (2A), (2B) or (2BAA) (as the case may be) for that year of assessment.

[37/2014]

(2F) Despite 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 may be made to the person in respect of such expenditure.

[37/2014]

(2FA) Despite 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) must 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) must 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) must be written down over the number of years of working life of the equipment as specified in the Sixth Schedule or as elected by the person under section 19(2AB);

(*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) must 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 the person over that period of years.

[37/2014; 41/2020]

(2FB) To avoid doubt, subsection (2FA) does not apply to a website provided for the purposes of a trade, profession or business.

[37/2014]

(2G) Despite 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) must be allowed for the year of assessment for the basis period during which the expenditure is incurred; and

(ii) the balance of the allowances claimed under subsections (2A), (2B) and (2BAA) must be written down over the number of years of working life of the equipment as specified in the Sixth Schedule or as elected by the person under section 19(2AB);

(*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) must 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 the person over that period of years; and

(*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 must be allowed to the person for the year of assessment relating to

the basis period in which the sale, transfer or assignment occurs.

[37/2014; 41/2020]

(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, must be made to the person for the year of assessment in respect of each basis period during which the person 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.

(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 may 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

(*b*) any allowance made under subsection (2A), (2B) or (2BAA) must be brought to charge as if the allowances were not made, and is deemed as income for the year of assessment relating to the basis period in which the sale, transfer, assignment or lease occurs.

[37/2014]

(2HA) The Minister or such person as the Minister 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 the Minister is satisfied that there is a bona fide commercial reason for the sale, transfer, assignment or lease.

(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);

(*f*) for the year of assessment 2016, subsection (2BAA)(*a*)(ii);

(*g*) for the year of assessment 2017, subsection (2BAA)(*b*)(ii);

(*h*) for the year of assessment 2018, subsection (2BAA)(*c*)(ii),

as modified by subsection (2BA), (2BB) or (2BC), as the case may be.

[37/2014]

(2I) No allowance under subsections (2A), (2B) and (2BAA) may 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 8 of the Economic Expansion Incentives (Relief from Income Tax) Act 1967.

[37/2014]

(2IA) [*Deleted by Act 39 of 2023 wef 29/12/2023*]

(2J) No allowance under subsections (2A), (2B) and (2BAA) may be made to any person in respect of any PIC automation equipment for which an allowance under this section or section 19 has been previously made to that person.

[37/2014]

(2K) No allowance under subsections (2A), (2B) and (2BAA) may be made to any person in respect of any instalment paid by the person under any hire-purchase agreement to acquire any PIC automation

equipment that is signed before the basis period for the year of assessment 2011.

[37/2014]

(3) Despite section 19, where a person proves to the Comptroller's satisfaction that the person has, for the purposes of a trade, business or profession carried on by the person, 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, the person is, in lieu of the allowances provided by subsection (1), (1B) or (1E) or section 19, entitled, if the person so elects, to an allowance of 100% in respect of the capital expenditure incurred on the provision of that generator.

[41/2020]

(4) Despite section 19, where a person proves to the Comptroller's satisfaction that the person has installed a robot for the purposes of a trade, business or profession carried on by the person, the person is, in lieu of the allowances provided by subsection (1), (1B) or (1E) or section 19, entitled, if the person so elects, to an allowance of 100% in respect of the capital expenditure incurred on the provision of that robot.

[41/2020]

(5) Despite section 19, where a person proves to the Comptroller's satisfaction that the person has installed during the period between 1 January 1996 and 16 February 2021 (both dates inclusive) any efficient pollution control equipment or device for the purposes of a trade, business or profession carried on by the person, the person is, in lieu of the allowances provided by subsection (1), (1B) or (1E) or section 19, entitled, if the person 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.

[41/2020; 27/2021]

(6) Despite section 19, where a person proves to the Comptroller's satisfaction that the person has installed at any time from 1 January 1996 to 31 December 2017 (both dates inclusive) any certified energy-efficient equipment as a replacement for any other equipment, or any certified energy-saving equipment, for the purposes of a trade, business or profession carried on by the person, the person is, in lieu of the allowances provided by subsection (1) or (1B) or section 19,

entitled, if the person 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.

[39/2017]

(7) Despite section 19, where a person proves to the Comptroller's satisfaction that the person has, on or after 1 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 the person, the person is, in lieu of the allowances provided by subsection (1), (1B) or (1E) or section 19, entitled, if the person 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.

[41/2020]

(8) Despite section 19, where a person proves to the Comptroller's satisfaction that the person has, on or after 1 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 the person, the person is, in lieu of the allowances provided by subsection (1), (1B) or (1E) or section 19, entitled, if the person 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.

[41/2020]

(9) Despite section 19, where a person proves to the Comptroller's satisfaction that the person has, for the purposes of a trade, business or profession carried on by the person, registered any new vehicle as a replacement for an existing vehicle which used diesel oil as fuel and which was registered before 1 January 1991 and deregistered on or after 27 February 1999, the person is, in lieu of the allowances provided by subsection (1) or (1B) or section 19, entitled, if the person so elects, to an allowance of 100% in respect of the capital expenditure incurred on the provision of that new vehicle.

(9A) Despite section 19, where a person proves to the Comptroller's satisfaction that the person has, for the purposes of a trade, business or profession carried on by the person, registered during the period from 15 February 2007 to 14 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 1 January 1991 but before 1 October 2006, the person is, in lieu of the allowances provided by subsection (1) or (1B) or section 19, entitled, if the person so elects, to an allowance of 100% in respect of the capital expenditure incurred on the provision of that new vehicle.

[37/2014]

(10) Despite section 19, where a person proves to the Comptroller's satisfaction that the person has incurred capital expenditure on the provision of a website for the purposes of a trade, business or profession carried on by the person, the person is 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.

(10A) Despite section 19 and subject to subsection (10B), where a person proves to the Comptroller's satisfaction that the person 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 the person, the person is, in lieu of the

allowances provided by subsection (1), (1B) or (1E) or section 19, entitled, if the person so elects, to an allowance of —

(*a*) 100% in respect of that capital expenditure; or

(*b*) where allowances have been made under subsection (1), (1B) or (1E) or section 19 for any previous year of assessment under subsection (10B), the amount of that capital expenditure still unallowed.

[41/2020]

(10B) The aggregate amount of allowances claimed by any person under subsection (10A) for any year of assessment must not exceed $30,000; and allowances may be made under subsection (1), (1B) or (1E) or section 19 in respect of any capital expenditure still unallowed.

[41/2020]

(10C) No allowance may 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.

(11) Any claim by a person for allowances in respect of any machinery or plant under this section for any year of assessment is not to 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.

(12) Any claim for allowances under this section must 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 allow.

(13) Where any allowance has been claimed and allowed under this section for any year of assessment, no allowances may 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 2 of the Economic Expansion Incentives (Relief from Income Tax) Act 1967 expires in any basis period ending on or after 1 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 is to be made to the person 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.

(13B) [*Deleted by Act 32 of 2019*]

(14) Subject to subsections (10A) and (13A), where any allowance has been claimed and allowed under section 19 in respect of any expenditure, no allowances may, except with the approval of the Minister or the Comptroller and subject to such conditions as the Minister or Comptroller 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.

[32/2019]

(14A) Unless otherwise provided in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act 1967, 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 must be made against each income for that year of assessment in such proportion as appears reasonable to the Comptroller in the circumstances.

(14B) Subject to subsection (14C), this section applies, with the necessary modifications, 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 2028 (both years inclusive) capital expenditure on the provision of machinery or plant for any research and development undertaken by the person directly in Singapore or by a research and development

organisation on the person's behalf in Singapore, even though the machinery or plant is not for the purpose of that trade or business.

[37/2014]

[Act 30 of 2023 wef 30/10/2023]

(14C) Section 14C(4) and (5) applies in relation to the allowance for the capital expenditure referred to in subsection (14B) as it applies in relation to the deduction of the expenditure and payments referred to in section 14C(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 37G) in section 14C(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 37G;

(*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 37G;

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 the person 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

the person 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".

(14D) This section applies to a person carrying on any trade or business who appropriates any trading stock of that trade or business for use as machinery or plant for the purpose of any of the person's trades, professions or businesses in circumstances that give rise to a reasonable inference that the appropriation is permanent, subject to the following modifications:

(*a*) a reference to the capital expenditure incurred on the provision of machinery or plant is to the open market value of the trading stock on the date of the appropriation;

(*b*) the capital expenditure is treated as having been incurred on the date of the appropriation of the trading stock.

[27/2021]

(14E) In subsection (14D), "open market value" and "trading stock" have the meanings given by section 10J(9).

[27/2021]

(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 1961;

"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 1991 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 1961 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 expiry;

"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 is 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 14Q; or

(*b*) any automation equipment which the Minister or a person appointed by the Minister has approved as PIC automation equipment for the firstmentioned 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.

[37/2014]

(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.

(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.

[37/2014]

(16B) For the purposes of subsections (2F), (2H), (2HA), (2I) 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.

[37/2014]

[Act 39 of 2023 wef 29/12/2023]

(17) For the purposes of paragraph (*b*) of the definition of "PIC automation equipment", the Minister or the person appointed by the Minister may only approve any automation equipment if the Minister or appointed person is satisfied that the equipment fulfils such criteria as may be prescribed by the Minister.

(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.

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 1 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 must 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.

[34/2016]

(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 is, in addition to the writing-down allowance under subsection (1), to be made in respect of all its trades and businesses a writing-down allowance computed in accordance with the 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).

(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.

[34/2016]

(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.

[34/2016]

(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.

[34/2016]

(1AD) Where a company —

(*a*) that is a qualifying company for any year of assessment between the years of assessment 2024 and 2028 (both years inclusive); and

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

incurs during the basis period capital expenditure in acquiring one or more intellectual property rights for use in its trade or business, there is to be made, in addition to the writing-down allowance under subsection (1AA), a writing-down allowance computed in accordance with the formula

$$A \times 300\%,$$

where A is the lower of the following:

(*a*) the capital expenditure incurred during the basis period for that year of assessment;

(*b*) $400,000.

[Act 30 of 2023 wef 30/10/2023]

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

[Act 30 of 2023 wef 30/10/2023]

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

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

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

[Act 30 of 2023 wef 30/10/2023]

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

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

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

[Act 30 of 2023 wef 30/10/2023]

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

[Act 30 of 2023 wef 30/10/2023]

(1B) Subject to section 37J, 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 is, in

addition to the writing-down allowance under subsection (1), to be made in respect of all its trades and businesses a writing-down allowance computed in accordance with the 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).

[37/2014]

(1BAA) Subject to section 37J, 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 is, in addition to the writing-down allowance under subsection (1) or (1AA), to be made in respect of all its trades and businesses, a writing-down allowance computed in accordance with the 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 (*b*)(i) and (ii), and the lower of the amounts specified in paragraph (*b*)(i) and (ii).

[37/2014; 34/2016]

(1BA) In subsection (1A), the amount under paragraph (*a*)(ii) is 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) is 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.

(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 are each 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 is substituted with "$400,000"; and

(*c*) to avoid doubt, no deduction may 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 may 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.

(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 are each 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 is substituted with "$400,000"; and

(*c*) to avoid doubt, no deduction may 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 may 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.

[37/2014]

(1C) Where a company proves to the Comptroller's satisfaction 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), or between the year of assessment 2024 and the year of assessment 2028 (both years inclusive), and an allowance is made under subsection (1A), (1AD), (1B) or (1BAA), those subsections 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;

(*c*) the allowance referred to in subsection (1A), (1AD), (1B) or (1BAA) in respect of each right that is the subject of an agreement is to 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.

[37/2014; 34/2016]

[Act 30 of 2023 wef 30/10/2023]

(1D) No writing-down allowance under subsections (1A), (1AD), (1B) and (1BAA) may 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.

[37/2014]

[Act 30 of 2023 wef 30/10/2023]

(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).

[34/2016]

(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), (1AD), (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), (1AD), (1B) or (1BAA) for that expenditure.

[34/2016]

[Act 30 of 2023 wef 30/10/2023]

(2A) The writing-down allowances to be made to a company under this section are allowed only if —

(*a*) there is an undertaking by the company that it is an assignee of the intellectual property rights;

(*b*) the claim is made by the company in such manner and subject to such conditions as the Comptroller may require; and

(*c*) in the case of writing-down allowances mentioned in subsection (1AA), the company makes the election mentioned in subsection (1AB).

[34/2016]

(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 17 February 2006, subject to such conditions as he may impose.

[34/2016]

(2BA) If —

(*a*) any requirement under subsection (2A)(*a*) and (*b*) has been waived (whether before, on or after 2 December 2019) for

a company in relation to any writing-down allowances under subsection (2B); and

(*b*) the company fails to comply with a condition subsequent imposed under subsection (2B) for such waiver,

then, if the Minister or the person appointed by the Minister is satisfied, having regard to the company's representation and all the relevant circumstances of the case, that it is just and reasonable to do so, the Minister or appointed person —

(*c*) may make a determination that the company is not entitled to any writing-down allowance in respect of the relevant intellectual property rights for each year of assessment beginning with a specified year of assessment; and

(*d*) must give a written notice of the determination to the Comptroller and the company.

[32/2019]

(2BB) If a determination is made under subsection (2BA), then (despite anything in this section) —

(*a*) any writing-down allowance that has already been made to the company in respect of those relevant intellectual property rights for each year of assessment beginning with the specified year of assessment is treated for the purposes of this section as having been wrongly made, and the Comptroller may, subject to section 74, make an assessment or additional assessment on the company for the year or years of assessment to make good any tax shortfall; and

(*b*) no writing-down allowance may be made to the company in respect of the relevant intellectual property rights —

(i) for any year of assessment after the year or years of assessment mentioned in paragraph (*a*); or

(ii) if no writing-down allowance has been made to the company for the specified year of assessment, for the specified year of assessment and each subsequent year of assessment.

[32/2019]

(2C) Despite 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 22 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*) are to 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 are an amount equal to 50% of the capital expenditure incurred.

[34/2016]

(2D) No writing-down allowances under subsections (1A), (1AD), (1B) and (1BAA) may 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).

[37/2014; 34/2016]

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(2E) Where writing-down allowances have been made to any company under subsection (1A), (1AD), (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 apply:

(*d*) no writing-down allowance in respect of such intellectual property rights may be made to that company under subsections (1A), (1AD), (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

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(*e*) 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), (1AD), (1B) or (1BAA) must be brought to charge as if the allowances were not made, and are deemed as income for the year of assessment relating to the basis period in which the event occurs.

[37/2014; 34/2016]

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(3) Any capital expenditure incurred on the acquisition of any intellectual property rights by a company before the commencement of its trade or business is 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.

(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 may 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 is to 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 —

(*d*) the excess; and

(*e*) the writing-down allowances made under subsections (1), (1AA) and (2C).

[34/2016]

(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) applies 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.

[34/2016]

(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 is to 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.

[34/2016]

(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 is 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.

(6A) Unless otherwise provided in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act 1967, 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 are to be made against each income for that year of assessment in such proportion as appears reasonable to the Comptroller in the circumstances.

(6B) Unless otherwise provided in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act 1967, 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 is exempt from tax as appears reasonable to the Comptroller in the circumstances.

(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 is deemed to have occurred immediately before the cessation.

(8) Despite the repeal of section 19B by the Income Tax (Amendment) Act 2001, the repealed section 19B continues 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.

(9) Despite the amendment of section 19B by the Income Tax (Amendment) Act 2003, section 19B in force immediately before 1 November 2003 continues to apply and have effect to any intellectual property rights approved before that date.

(10) No writing-down allowance may be made —

(*a*) under subsection (1) 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 2016;

(*aa*) under subsection (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 2028; or

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(*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.

[37/2014; 32/2019]

(10A) No writing-down allowance under subsections (1), (1A), (1AA), (1AD), (1B), (1BAA) and (2C) may be made for any capital expenditure incurred by a company referred to in subsections (1),

(1A), (1AA), (1AD), (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, 14C, 14D, 14E, 14EA or 14P for any outgoing, expense or payment incurred for any activity which resulted in the creation of the intellectual property; and

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(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*).

[37/2014; 34/2016]

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(10B) The Minister may by order exempt a company from subsection (10A) in respect of such transaction as may be specified in the order.

(10C) No writing-down allowance under subsections (1A), (1AD), (1B) and (1BAA) may 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 8 of the Economic Expansion Incentives (Relief from Income Tax) Act 1967.

[37/2014]

[Act 30 of 2023 wef 30/10/2023]

(10D) No allowance under subsections (1A), (1B) and (1BAA) may 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.

[37/2014]

(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), (1AD), (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.

[34/2016]

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(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.

[34/2016]

(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.

[34/2016]

(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.

[34/2016]

(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 (1AD) or (1BAA) (as the case may be), the Comptroller may treat the open-market price mentioned in subsection (10F) as the amount mentioned in subsection (1C)(*a*)(i).

[34/2016]

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(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.

[34/2016]

(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.

[34/2016]

(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;

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

[Act 33 of 2022 wef 04/11/2022]

[34/2016]

[*Deleted by Act 33 of 2022 wef 04/11/2022*]

(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.

[37/2014]

(12) In subsections (1A), (1AD), (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.

[37/2014]

[Act 30 of 2023 wef 30/10/2023]

(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.

[34/2016]

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 17 February 2006, in respect of research and development activities for the purposes of that trade or business (called in this section the relevant trade or business), the person is, subject to such conditions as may be imposed by the Minister or such person as the Minister may appoint, 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.

(1A) No writing-down allowance may 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.

(2) The Minister or such person as the Minister may appoint may specify the maximum amount of expenditure in respect of which writing-down allowances are to be made under subsection (1).

(3) No writing-down allowance may be made under subsection (1) to any person in respect of any payment or contribution paid by the person 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 the person's

trade or business is treated for the purpose of this section as if it had been incurred by the person on the first day the person 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 the person 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 the person 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 the firstmentioned person 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 the person is a party,

the amount or value of any consideration is 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.

(5A) To avoid doubt, section 19C(6) in force immediately before 17 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 14C for expenditure incurred or payments made under the same agreement.

(6) For the purpose of subsection (5), the amount or value of the consideration to be treated as a trading receipt must not exceed the amount of writing-down allowance made under this section.

(7) Where no writing-down allowances have been made to any person in respect of expenditure incurred by the person by virtue of subsection (2) or in respect of any payment or contribution made by the person 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 the Minister thinks fit.

(8) Any event referred to in subsection (5) which occurs after the date on which the relevant trade or business permanently ceases is 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 are 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 1967, 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 are to be made against each income for that year of assessment in such proportion as appears reasonable to the Comptroller in the circumstances.

(11) Unless otherwise provided in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act 1967, 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 is exempt from tax as appears reasonable to the Comptroller in the circumstances.

(12) Despite the provisions of this section, section 19C in force immediately before 17 February 2006 continues 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.

(13) In this section —

"approved" means approved by the Minister or such person as the Minister 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 (called in this section Indefeasible Right of Use or IRU) for the purposes of that trade, business or profession (called in this section the relevant trade, business or profession), writing-down allowances computed in accordance with subsection (3) are to be made to the person, on due claim, in respect of that capital expenditure during the writing-down period.

(2) The writing-down period in respect of an IRU is 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.

(3) For the purposes of this section, the writing-down allowances in respect of an IRU are 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.

(4) Despite anything in this section, no writing-down allowance may 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 the person.

(4A) No writing-down allowance is to be made under subsection (1) for any capital expenditure incurred after 31 December 2028.

[2/2016; 41/2020]

[Act 30 of 2023 wef 30/10/2023]

(5) Any capital expenditure incurred for the acquisition of any IRU by a person before the commencement of the person's trade, business or profession is treated for the purpose of this section as if it had been incurred by the person on the first day the person commences that trade, business or profession.

(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 the person still owns;

(*d*) the person sells, transfers or assigns part of the IRU and the amount or value of any consideration less any decommissioning cost (called in this section 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 may 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.

(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 is deemed to have been sold by the person at the open-market price on the date of permanent cessation of use.

(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;

(*c*) the person sells, transfers or assigns all the IRU or so much of it as the person 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 is to 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 —

(*d*) 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

(*e*) in any other case, the amount of capital expenditure remaining unallowed for the IRU.

(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 is to be made on the person, a balancing charge, which is 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 is deemed as income for the year of assessment relating to the basis period in which the sale, transfer or assignment of the IRU occurs.

(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 is 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.

(11) Despite 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 must 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.

(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 is 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.

(13) Unless otherwise provided in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act 1967, 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 are to be made against each income in that year of assessment in such proportion as appears reasonable to the Comptroller in the circumstances.

(14) Unless otherwise provided in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act 1967, 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 is to 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 is exempt from tax as appears reasonable to the Comptroller in the circumstances.

(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 the Comptroller to be reasonable in the circumstances.

(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 is deemed to have occurred immediately before the cessation.

Use of open-market price for making allowances under sections 19, 19A and 19D

19E.—(1) This section applies for the purpose of making an allowance under section 19, 19A or 19D for capital expenditure

incurred in acquiring any machinery, plant or IRU (called in this section the property), and applies despite anything in that section.

[27/2021]

(2) If the capital expenditure (not being a deposit or an instalment payment) incurred for the acquisition of the property exceeds the open-market price for the property, then, for the purpose of determining the amount of allowances for the capital expenditure under section 19, 19A or 19D, the Comptroller may treat the open-market price as the amount of that expenditure.

[27/2021]

(3) In subsection (2), the open-market price for the property is either —

(*a*) the price which the property could have been purchased in the open market on the date of its acquisition; or

(*b*) where the Comptroller is satisfied by reason of the special nature of the property that it is not practicable to determine the price mentioned in paragraph (*a*), such other value as appears to the Comptroller to be reasonable in the circumstances.

[27/2021]

(4) If the capital expenditure consists of deposits and instalment payments and the total amount of the deposits and instalment payments (excluding any finance charges) made in any basis period exceeds a proportion of the open-market price for the property as computed under subsection (5), then, for the purpose of determining the amount of allowances for the expenditure under section 19, 19A or 19D, the Comptroller may treat that proportion of the open-market price as the amount of that expenditure.

[27/2021]

(5) In subsection (4), the proportion of the open-market price for the property is an amount computed by the formula

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

where —

(*a*) A is the total amount of the deposits and instalment payments (excluding any finance charges) made in the basis period;

(*b*) B is the total amount of all the deposits and instalment payments (excluding any finance charges) payable to acquire the property; and

(*c*) C is either —

(i) the price (excluding any finance charges) which the property could have been purchased in the open market on the date of its acquisition; or

(ii) where the Comptroller is satisfied by reason of the special nature of the property that it is not practicable to determine the price mentioned in sub-paragraph (i), such other value as appears to the Comptroller to be reasonable in the circumstances.

[27/2021]

(6) In this section, "IRU" has the meaning given by section 19D(1).

[27/2021]

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 that person

directly in Singapore or by a research and development organisation on that person's behalf in Singapore; and

(B) was not provided for the purpose of a trade or business carried on by that person,

permanently ceases to be used for any research and development undertaken by that person directly in Singapore or by a research and development organisation on that person's behalf in Singapore, and is not used for the purpose of a trade, profession or business carried on by that person; or

(ii) in any other case, permanently ceases to be used for the purpose of a trade, profession or business carried on by that person 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, is in the circumstances mentioned in this section to 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.

(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 is 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 that person in Singapore, or (as the case may be) for the purpose of any research and development undertaken by that person directly in Singapore or by a research and development organisation on that person's behalf in Singapore, it is deemed to have been sold on the date of permanent cessation of use at the open-market price on that date.

(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 is to be made, and the amount thereof is 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 is to be made, and the amount on which it is made is an amount equal to the excess or, where the said amount still unallowed is nil, to those moneys.

(4) Despite anything in subsection (3), the amount on which a balancing charge is made on a person must not in any case exceed —

(*a*) the aggregate of the initial allowance (if any) and the annual allowances (if any) made to the person under section 19 in respect of the expenditure in question; and

(*b*) the allowances (if any) made to the person under section 19A in respect of the expenditure in question.

[27/2021]

(5) Despite 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 is ascertained in accordance with the formula

$$\frac{35,000\mathrm{A}}{\mathrm{B}},$$

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.

(6) Despite anything in this section, no balancing allowance may 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 1961.

(6A) Unless otherwise provided in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act 1967, 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 is to 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 is exempt from tax as appears reasonable to the Comptroller in the circumstances.

(6B) Section 14C(4) and (5) applies in relation to the balancing allowance to be made to a person under subsection (1)(*b*)(i) as it applies in relation to the deduction of the expenditure and payments referred to in section 14C(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 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 14C(5)) derived by the person from the trade or business carried on by the person 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 the person is subject to tax at 2 or more concessionary rates of tax, the higher or highest of those rates.

(6C) Despite anything in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act 1967, where a balancing charge falls to be made on a person under subsection (1)(*b*)(i), the amount of the charge is deemed to be income of that person that is chargeable to tax at the rate of tax specified in section 43(1)(*a*).

(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, the Comptroller may adopt such other value as appears to the Comptroller 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 the owner by reason of that event or, but for this section, would have fallen to be

made on the owner by reason thereof, then, if by written notice to the Comptroller the owner so elects, this section has 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 is to be made only on an amount equal to the difference;

(*b*) no initial allowance, no balancing allowance and no annual allowance may 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 is 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 must not be made;

(*b*) the amount of any initial allowance in respect of the said expenditure is to 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 is to 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 is deemed to have been increased by an

amount equal to the amount on which the charge would have been made.

(4) This section does not apply to the provision of any new motor car for which no allowance is allowed by virtue of section 19(5).

(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 is deemed to be $35,000.

Expenditure on machinery or plant

22.—(1) Expenditure on the provision of machinery or plant includes 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.

[39/2017]

(2) Expenditure on the provision of machinery or plant excludes any option premium paid under an option agreement entered into for the purpose of hedging against the cost of the acquisition of such machinery or plant.

[39/2017]

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 are to 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.

(2) For the purposes of subsection (1)(*a*), the balance of allowance for the earliest year of assessment is deemed to have been deducted first, followed by the balance of allowance for the next earliest year of assessment, and so on.

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 is, subject to subsection (3), to be added to, and is 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, is deemed to constitute the corresponding allowance for that year, and so on for subsequent years of assessment.

(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) applies, in relation to the allowances under those sections, to the person so long as the person continues to derive such income, whether or not the person is carrying on a business in respect of the letting of the building or structure.

(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 37B or to a spouse under section 37C or 37E, or deducted against income for the immediate preceding year of assessment under section 37D(1) or any of the 3 immediate preceding years of assessment under section 37D(1A),

the amount of such allowance must be deducted from the balance in subsection (1).

[39/2017; 41/2020]

(4) No balance may 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 is not allowed in any subsequent year of assessment.

(5) The Minister or such person as the Minister may appoint may, where there is a substantial change in the shareholders of a company and the Minister or appointed person 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).

(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.

(7) For the purpose of subsection (4) —

(*a*) the shareholders of a company at any date are not 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 are 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 are deemed to be held by that deceased shareholder.

(8) For the purpose of subsection (7), where any part of a share of a shareholder is not fully paid up, there is to 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.

Special provisions as to certain sales

24.—(1) This section, except subsection (5), has 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.

(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 written notice to the Comptroller so elect —

(*a*) the like consequences 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 1 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*) despite anything in section 19, where the sale is a sale of machinery or plant, no initial allowance may be made to the buyer;

(*c*) despite anything in section 19A, where the sale is a sale of machinery or plant, the allowances provided under that section continue to be available as if no sale had taken place;

(*d*) despite anything in section 19D, where the sale is a sale of an Indefeasible Right of Use, the writing-down allowances provided under that section continue to be available as if no sale had taken place; and

(*e*) despite anything in the preceding provisions of this section or in sections 17, 19D and 20, such balancing charge (if any) is to 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.

[27/2021]

(3A) In subsection (3), "Indefeasible Right of Use" has the meaning given by section 19D(1).

[27/2021]

(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.

(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 23 February 2010, or which is transferred on or after that date.

(4B) Subsection (4A) does not apply to a transfer of property to which section 34C(8) and (9) apply.

(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 is 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.

(6) In subsection (5), "open-market price" has the meaning given by section 20(7).

Special provisions as to certain transfers

25.—(1) This section has effect in relation to any transfer of any property without consideration as a result of —

(*a*) a conversion of a firm to a limited liability partnership under section 26 of the Limited Liability Partnerships Act 2005;

(*b*) a conversion of a private company to a limited liability partnership under section 27 of the Limited Liability Partnerships Act 2005;

(*c*) a conversion of any business carried on by an individual proprietor to one carried on by a firm, where the individual proprietor is a partner of, and has control over, the firm after the conversion; or

(*d*) a conversion of any business carried on by a firm to one carried on by an individual proprietor, where the individual

proprietor was a partner of, and had control over, the firm before the conversion,

and the transfer is not one to which section 33 applies.

[27/2021]

(2) For the purposes of subsection (1), "conversion" means a transfer of the property, assets, interests, rights, privileges, liabilities, obligations and undertaking —

(*a*) in the case of subsection (1)(*a*) — of the partners of the firm relating to the business to the limited liability partnership;

(*b*) in the case of subsection (1)(*b*) — of the private company to the limited liability partnership;

(*c*) in the case of subsection (1)(*c*) — of the individual proprietor relating to the business to the partners of the firm; or

(*d*) in the case of subsection (1)(*d*) — of the partners of the firm relating to the business to the individual proprietor.

[27/2021]

(3) Where the parties to the transfer of the property by written notice to the Comptroller so elect —

(*a*) the like consequences ensue for the purposes of sections 19, 19A, 19D, 20 and 21 as would have ensued if the property had been transferred —

(i) in the case of machinery or plant — for a sum equal to the amount of the expenditure on the provision of the machinery or plant remaining unallowed immediately before the transfer, computed in accordance with section 20; or

(ii) in the case of an IRU — for a sum equal to the amount of capital expenditure remaining unallowed immediately before the transfer, computed in accordance with section 19D;

(*b*) despite anything in section 19, where the transfer is a transfer of machinery or plant, no initial allowance is to be made to the transferee;

(*c*) despite anything in section 19A, where the transfer is a transfer of machinery or plant, allowances provided under that section continue to be available as if no transfer had taken place;

(*d*) despite anything in section 19D, where the transfer is a transfer of an IRU, the writing-down allowances provided under that section continue to be available as if no transfer had taken place; and

(*e*) despite anything in paragraphs (*a*) to (*d*) or in sections 19D and 20, such balancing charge (if any) must be made on the transferee on any event occurring after the date of the transfer as would have fallen to be made on the transferor if the transferor had continued to own the property and had done all the things and been allowed all the allowances and deductions in connection with the property as were done by or allowed to the transferee.

[27/2021]

(4) No election may be made under subsection (3) unless, before the transfer in the case of the transferor and after the transfer in the case of the transferee, the property is used in the production of income chargeable under the provisions of this Act.

[27/2021]

(5) In this section —

"firm" and "individual proprietor" have the meanings given by section 2(1) of the Business Names Registration Act 2014;

"IRU" has the meaning given by section 19D(1);

"private company" has the meaning given by section 2(1) of the Limited Liability Partnerships Act 2005.

[27/2021]

PART 7

ASCERTAINMENT OF CERTAIN INCOME

Profits of insurers

26.—(1) Subject to sections 34A, 34AA and 34AAA, this section has effect despite anything to the contrary in this Act, except that nothing in this section affects the chargeability to tax of any income of an insurer under section 10.

[39/2017]

[Act 33 of 2022 wef 04/11/2022]

Separate accounts to be maintained for various businesses

(2) An insurer must maintain separate accounts for income derived by it from carrying on each of the following businesses:

(*a*) onshore life business;

(*b*) offshore life business;

(*c*) the business (other than the business of life assurance) of insuring and reinsuring onshore risks;

(*d*) the business (other than the business of life assurance) of insuring and reinsuring offshore risks.

[39/2017]

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 are to 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*) either —

(i) deducting from the balance so arrived at the net increase between the beginning and ending values of the period for which the gains or profits are

ascertained, of the liabilities of the insurer in respect of policies other than life policies, both values being determined in accordance with the Insurance Act 1966 after deducting any liability in respect of reinsurance ceded to a reinsurer; or

(ii) adding to the balance so arrived at the net decrease between the beginning and ending values of the period for which the gains or profits are ascertained, of the liabilities of the insurer in respect of policies other than life policies, both values being determined in accordance with the Insurance Act 1966 after deducting any liability in respect of reinsurance ceded to a reinsurer; and

(*c*) [*Deleted by Act 39 of 2017*]

(*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.

[39/2017; 32/2019]

(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 any 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 underwriting income or income from such dividends, interest and gains or profits realised from the sale of investments as may be specified in those regulations is to be included;

(*b*) income in respect of dividends, interest and gains or profits realised from the sale of investments must be apportioned in such manner as may be prescribed by those regulations; and

(*c*) any item of expenditure not directly attributable to that business must be apportioned in such manner as may be prescribed by those regulations.

[39/2017]

(5) For the purposes of subsection (3)(*b*), if, during the period for which the gains or profits are ascertained, any insurance business (excluding life business) is transferred by or to the insurer, then —

(*a*) in a case where the business is transferred by the insurer, the liabilities of the insurer immediately before the date of the transfer, in respect of policies that form part of that business, are to be added to the ending value mentioned in that provision; and

(*b*) in a case where the business is transferred to the insurer, the liabilities of the transferor immediately before the date of the transfer, in respect of policies that form part of that business, are to be added to the beginning value mentioned in that provision.

[39/2017]

Life insurers

(6) In the case of a life insurer, whether mutual or proprietary, the gains or profits on which tax is payable are to 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 16(7)(*b*) of the Insurance Act 1966;

(ii) adding thereto the amount allocated to the surplus account of the participating fund in accordance with section 16(7)(*c*) of the Insurance Act 1966;

(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 of the participating fund, 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;

(iv*a*) adding thereto an amount allocated to the surplus account of the participating fund by the insurer in accordance with regulations made under section 16(8) of the Insurance Act 1966, being an amount that does not exceed 1/9th of the tax payable at the rate under section 43(9) on the amount mentioned in sub-paragraph (i);

(iv*b*) adding thereto any amount (other than the amounts mentioned in sub-paragraphs (iv) and (iv*a*)) allocated to the surplus account of the participating fund by the insurer in accordance with regulations made under section 16(8) of the Insurance Act 1966, but excluding any portion that is not chargeable to tax;

(v) adding thereto the balance so arrived at the onshore 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 16(7)(*b*) of the Insurance Act 1966;

(ii) adding thereto the amount allocated to the surplus account of the participating fund in accordance with section 16(7)(*c*) of the Insurance Act 1966;

(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 of the participating fund, 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;

(iv*a*) adding thereto an amount allocated to the surplus account of the participating fund by the insurer in accordance with regulations made under section 16(8) of the Insurance Act 1966, being an amount that does not exceed 1/9th of the tax payable at the rate under section 43(9) on the amount mentioned in sub-paragraph (i);

(iv*b*) adding thereto any amount (other than the amounts mentioned in sub-paragraphs (iv) and (iva)) allocated to the surplus account of the participating fund by the insurer in accordance with regulations made under section 16(8) of the Insurance Act 1966, but excluding any portion that is not chargeable to tax;

(v) adding thereto the offshore life insurance surplus in relation to the non-participating fund and the investment-linked fund.

[39/2017; 27/2021]

(7) Despite subsection (6), where a life insurer is approved under section 43C before 1 June 2017 and its income is subject to tax at the concessionary rate by regulations made under section 43C(1)(*a*), the

following paragraphs apply for the purposes of ascertaining that income:

(*a*) only such part of the following income as may be specified in those regulations is to 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 16(7)(*b*) of the Insurance Act 1966;

(B) adding thereto the amount allocated to the surplus account of the participating fund in accordance with section 16(7)(*c*) of the Insurance Act 1966;

(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 of the participating fund, 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;

(DA) adding thereto an amount allocated to the surplus account of the participating fund by the insurer in accordance with regulations made under section 16(8) of the Insurance Act 1966, being an amount that does not exceed 1/9th of the tax payable at the rate

under section 43(9) on the amount mentioned in sub-paragraph (A);

(DB) adding thereto any amount (other than the amounts mentioned in sub-paragraphs (D) and (DA)) allocated to the surplus account of the participating fund by the insurer in accordance with regulations made under section 16(8) of the Insurance Act 1966, but excluding any portion that is not chargeable to tax;

(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 must be apportioned in such manner as may be prescribed by those regulations.

[39/2017; 27/2021]

(7A) Despite subsection (6), where a life insurer is approved under section 43C on or after 1 June 2017 and its income is subject to tax at a concessionary rate by regulations made under section 43C(1)(*aa*), the following paragraphs apply for the purposes of ascertaining that income:

(*a*) only such part of the following income relating to reinsurance policies as may be specified in those regulations may be included:

(i) the onshore life insurance surplus, and offshore life insurance surplus (as the case may be), of the insurer;

(ii) the income of the shareholders' fund established in Singapore attributable to the insurer's onshore life reinsurance business and offshore life reinsurance business, as the case may be;

(*b*) the income in paragraph (*a*) and any item of expenditure not directly incurred in the production of such income must be apportioned in the manner prescribed (if any) by those regulations.

[39/2017]

(8) In ascertaining the gains or profits of a life insurer whether mutual or proprietary —

(*a*) the Comptroller must 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;

(*aa*) allowances under section 19, 19A, 20, 21, 22 or 23 or losses or donations allowable under section 37 may be deducted against any part of the income of the insurer from a participating fund that is apportioned to policyholders in accordance with regulations made under section 43(9) or 43C if, and only if, the allowances, losses or donations are —

(i) allowances, losses or donations in respect of such income; or

(ii) allowances, losses or donations in respect of any income of the insurer from another participating fund that is also apportioned to policyholders in accordance with those regulations;

(*b*) the allowances under section 19, 19A, 20, 21, 22 or 23 or the losses or donations under section 37 in respect of such part of the income of the insurer from a participating fund as is apportioned to policyholders of the insurer in accordance with regulations made under section 43(9) or 43C in any year of assessment —

(i) is only available for deduction against any part of the insurer's income from any participating fund that is

apportioned to policyholders 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, losses or donations under sub-paragraph (i) may, subject to section 23 or 37 (as the case may be), only be deducted against any part of the insurer's income from any participating fund that is apportioned to policyholders in accordance with regulations made under section 43(9) or 43C, for any subsequent year of assessment;

(*c*) section 37A applies, with the necessary modifications, in relation to the deduction of allowances under section 19, 19A, 20, 21, 22 or 23 or the losses or donations 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 37A 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) is 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 the Comptroller thinks fit.

[27/2021]

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 must be made in one sum, but the gains or profits arising from the life insurance business are to be computed in accordance with subsections (6), (7), (7A) and (8) as if such life insurance business were a separate business from the other insurance business carried on by the insurer.

[39/2017]

(10) For the purposes of this section, the Minister may make regulations —

(*a*) to provide for such transitional, supplementary and consequential matters as the Minister may consider necessary or expedient; and

(*b*) generally to give effect to or for carrying out the purposes of this section.

(11) Despite the amendment of this section by the Income Tax (Amendment) Act 2007, section 26 in force immediately before the amendment applies to the income of an insurer derived before the year of assessment 2006.

Definitions

(12) In this section, and section 43C (except in relation to the definition of "insurer") —

"accident and health policy" has the meaning given by the Insurance Act 1966;

"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 1966 to carry on insurance business in Singapore; or

(*b*) a person (including a partnership) permitted under the Insurance Act 1966 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 16(2) of the Insurance Act 1966;

"investment-linked policies", "non-participating policies" and "participating policies" have the meanings given by the First Schedule to the Insurance Act 1966;

"life insurance fund" means the insurance fund established and maintained by an insurer under section 16(1) of the Insurance Act 1966 for its life business;

"life policy" has the meaning given by the Insurance Act 1966;

"non-participating fund" means an insurance fund established and maintained under section 16(3) of the Insurance Act 1966 which comprises wholly of non-participating policies;

"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, not being a Singapore policy within the meaning of the Insurance Act 1966;

"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 investment-linked policies of any life insurance fund (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 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 the Insurance Act 1966 and after deducting any liability in respect of reinsurance ceded to a reinsurer; 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 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 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 the Insurance Act 1966 and after deducting any liability in respect of reinsurance ceded to a reinsurer;

"offshore life insurance surplus", in relation to an insurer under subsection (7A)(*a*)(i), means the amount ascertained by taking the following steps:

(*a*) add the following:

(i) the gross premiums (including consideration paid or payable for the purchase of annuities) from its offshore non-participating reinsurance policies of any life insurance fund (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 the part of any life insurance fund relating to its offshore non-participating reinsurance policies for the period for which the gains or profits are ascertained, both values being determined in accordance with the Insurance Act 1966 and after deducting any liability in respect of reinsurance ceded to a reinsurer;

(iii) the investment income and gains or profits derived from the sale of investments and other income, whether derived from Singapore or elsewhere, of the part of any life insurance fund relating to its offshore non-participating reinsurance policies;

(*b*) subtract from the total under paragraph (*a*), all of the following:

(i) distribution expenses and management expenses incurred in the production of the income 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 its offshore non-participating reinsurance policies (less any amount recovered or recoverable in respect of those policies under reinsurance);

(iii) moneys paid or payable on the surrender of its offshore non-participating reinsurance policies;

(iv) the net increase between the beginning and ending values of the policy liabilities of the part of any life insurance fund relating to its offshore non-participating reinsurance policies for the period for which the gains or profits are ascertained, both values being determined in accordance with the Insurance Act 1966 and after deducting any liability in respect of reinsurance ceded to a reinsurer;

"offshore life reinsurance business" means the business of reinsuring the liability of a life policy, or an accident and health policy, of any life insurance fund, not being a Singapore policy within the meaning of the Insurance Act 1966;

"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 1966, not being a Singapore policy within the meaning of that Act;

"onshore 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, being a Singapore policy within the meaning of the Insurance Act 1966;

"onshore life insurance surplus", in relation to an insurer under subsection (7A)(*a*)(i), means the amount ascertained by taking the following steps:

(*a*) add the following:

(i) the gross premiums (including consideration paid or payable for the purchase of annuities) from its Singapore non-participating reinsurance policies of any life insurance fund (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 the part of any life insurance fund relating to its Singapore non-participating reinsurance policies for the period for which the gains or profits are ascertained, both values being determined in accordance with the Insurance Act 1966 and after deducting any liability in respect of reinsurance ceded to a reinsurer;

(iii) the investment income and gains or profits derived from the sale of investments and other income, whether derived from Singapore or elsewhere, of the part of any life insurance fund relating to its Singapore non-participating reinsurance policies;

(*b*) subtract from the total under paragraph (*a*), all of the following:

(i) distribution expenses and management expenses incurred in the production of the income 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 its Singapore non-participating reinsurance policies (less any amount recovered or recoverable in respect of those policies under reinsurance);

(iii) moneys paid or payable on the surrender of its Singapore non-participating reinsurance policies;

(iv) the net increase between the beginning and ending values of the policy liabilities of the part of any life insurance fund relating to its Singapore non-participating reinsurance policies for the period for which the gains or profits are ascertained, both values being determined in accordance with the Insurance Act 1966 and after deducting any liability in respect of reinsurance ceded to a reinsurer;

"onshore life insurance surplus", in relation to the non-participating fund and the investment-linked fund of an insurer, means the amount ascertained by taking the following steps:

(*a*) add the following:

(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 (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 relating to Singapore non-participating and Singapore investment-linked policies for the period for which the gains or profits are ascertained, both values being determined in accordance with the Insurance Act 1966 and after deducting any liability in respect of reinsurance ceded to a reinsurer;

(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 relating to Singapore non-participating and Singapore investment-linked policies;

(*b*) subtract from the total under paragraph (*a*), all of the following:

(i) distribution expenses and management expenses incurred in the production of the income 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 of those policies under reinsurance);

(iii) moneys paid or payable on the surrender of Singapore non-participating and Singapore investment-linked policies;

(iv) the net increase between the beginning and ending values of the policy liabilities of any life insurance fund relating to Singapore non-participating and Singapore investment-linked policies for the period for which the gains or profits are ascertained, both values being determined in accordance with the Insurance Act 1966 and after deducting any liability in respect of reinsurance ceded to a reinsurer;

"onshore life reinsurance business" means the business of reinsuring the liability of —

(*a*) a life policy of any life insurance fund; or

(*b*) an accident and health policy of any life insurance fund,

being a Singapore policy within the meaning of the Insurance Act 1966;

"onshore risk" means a risk or liability that is insured by a policy of a general insurance fund established and maintained under the Insurance Act 1966, being a Singapore policy within the meaning of that Act;

"participating fund" means an insurance fund established and maintained under section 16(3) of the Insurance Act 1966 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 16 of the Insurance Act 1966, but excludes liabilities ceded to a reinsurer;

"policy moneys" has the meaning given by the Insurance Act 1966;

"reinsurer" has the meaning given by section 2 of the Insurance Act 1966;

"surplus account", in relation to a participating fund of a life insurer, means the surplus account established and maintained under section 16(7)(*a*) of the Insurance Act 1966 as part of that fund.

[39/2017; 32/2019]

(13) For the purposes of paragraphs (*a*)(ii) and (*b*)(iv) of both definitions of "onshore life insurance surplus", and paragraphs (*a*)(ii) and (*b*)(iv) of both definitions of "offshore life insurance surplus" in subsection (12), if, during the period for which the gains or profits are ascertained, any life insurance business is transferred by or to the insurer, then —

(*a*) in a case where the business is transferred by the insurer, the liabilities of the insurer immediately before the date of the transfer, in respect of policies that form part of that business, are to be added to the ending value mentioned in each of those provisions; and

(*b*) in a case where the business is transferred to the insurer, the liabilities of the transferor immediately before the date of the transfer, in respect of policies that form part of that business, are to be added to the beginning value mentioned in each of those provisions.

[39/2017]

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 is deemed to be the share to which the member 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 is to be computed in accordance with section 35 by treating the member's share of the income of the syndicate as if it were income of a trade, business, profession or vocation carried on or exercised by the member.

(2) Sections 36 (as it applies by the operation of section 36C(1)) and 36C do 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*) 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.

(2A) Sections 36 (as it applies by the operation of section 36A(2)) and 36A do 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*) 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.

[32/2019]

(2B) For the year of assessment 2015 and every subsequent year of assessment, section 37A applies, 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.

[37/2014]

(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.

[37/2014]

(3) Section 53 applies, 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.

(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 the non-resident member is a member must be aggregated with that of all other non-resident members of Lloyd's of those syndicates, and is assessable in the name of the agent.

(5) The agent must —

(*a*) when required by the Comptroller by notice in the *Gazette* under section 62(1) or by written notice 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, or such extended time as the Comptroller may allow.

[Act 33 of 2022 wef 04/11/2022]

(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.

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 is to 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 are 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 the non-resident person in respect of the carriage of passengers, mail, livestock and goods, as shown by the certificate; and

(*b*) the depreciation allowable against such profits is similarly 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 the non-resident person in respect of the carriage of passengers, mail, livestock and goods, as shown by the certificate.

(3) The certificate referred to in subsection (2) —

(*a*) must be one issued by or on behalf of the income tax authority of the place of residence of the non-resident person;

(*b*) is 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 the non-resident person's 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*) must 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.

(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 are 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, the non-resident person is 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 the non-resident person's 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 1995) 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 does not apply to the profits of that ship and no tax is chargeable on them.

[2/2016]

(7) Despite 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 or she 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 must 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.

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, the non-resident person is assessable to tax as if the non-resident person were a non-resident shipowner and section 27 applies, 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 21 years of age, such income or assets are 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 is deemed to be income of the settlor and not income of any other person.

(3) Subsection (2) does 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 or her.

(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 the settlor's 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 or she is not entitled thereunder, then the amount of such income or accumulated income so made use of is 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 is 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 is 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 must be decided by the Comptroller whose decision is final.

(7) This section applies to every settlement wheresoever it was made or entered into and whether it was made or entered into before or after 1 January 1960 and (where there is more than one settlor or more than one person who made the settlement) has effect in relation to each settlor as if he or she were the only settlor.

(8) In this section —

"child" includes a stepchild, 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 the settlor maintains wholly or partly at his or her 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 Comptroller's opinion 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 the employee's death such remuneration or pension or lump sum as in the Comptroller's opinion 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 is 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 is 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 is 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 is 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 is to 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*).

Valuation of cost of trading stock converted from non-trade or capital asset

32A.—(1) Where, at any time on or after 16 November 2021, any property of a person that is not trading stock becomes wholly or in part trading stock of the person's trade or business, then, in computing the gains or profits arising from the sale or disposal of such trading stock, the open market value of the property or part of the property as at the date it becomes trading stock is treated as the cost of the trading stock.

[27/2021]

(2) For the purpose of subsection (1), property is treated as having become trading stock if the property is held for sale or disposal in the ordinary course of a trade or business.

[27/2021]

(3) To avoid doubt, the reference to trading stock in subsection (1) does not include property the sale or disposal of which results in a gain or loss that is capital in nature.

[27/2021]

(4) Where property has become wholly or in part trading stock under subsection (1), then the person must, at the time of lodgment of the person's return of income for the year of assessment relating to the

basis period in which the property becomes trading stock, or such later time as the Comptroller may allow, give notice of the occurrence and specify the particulars of the occurrence in such form and manner as the Comptroller may specify.

[27/2021]

(5) The Minister may by rules made under section 7, exempt any person or class of persons from subsection (4), subject to such conditions as may be specified in the rules.

[27/2021]

(6) Rules made for the purposes of subsection (5) may be made to take effect from (and including) 16 November 2021.

[27/2021]

(7) In this section —

"open market value", in relation to any property, means —

(*a*) the amount that would be realised if the property had been sold in the open market; or

(*b*) where the Comptroller is satisfied by reason of the special nature of the property that it is not practicable to determine the amount mentioned in paragraph (*a*), such other value as appears to the Comptroller to be reasonable in the circumstances;

"trading stock", in relation to a trade or business —

(*a*) means property of any description (whether movable or immovable) —

(i) that is sold in the ordinary course of trade or business; or

(ii) that would be so sold if it were mature or if its manufacture, preparation or construction were complete; but

(*b*) does not include any material used in the manufacture, preparation or construction of any property mentioned in paragraph (*a*).

[27/2021]

Comptroller to disregard certain transactions and dispositions

33.—(1) Subsection (2) applies 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 that is payable by or that 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.

[41/2020]

(2) Without affecting any validity that the arrangement may have in any other respect or for any other purpose, the Comptroller must disregard or vary the arrangement and make any adjustment that the Comptroller considers appropriate, including (but not limited to) 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.

[41/2020]

(3) Subsection (1)(*c*) includes increasing any qualifying deduction by a transferor company to be transferred to a claimant company under section 37B, in order to reduce or avoid any liability imposed or which would otherwise have been imposed on the claimant company by this Act.

[41/2020]

(4) Nothing in this section prevents the applicability of subsection (1) to a case, or any action of the Comptroller under subsection (2) in a case, from being questioned in an appeal against an assessment in accordance with Part 18.

[41/2020]

(5) In this section —

"arrangement" means any scheme, trust, grant, covenant, agreement, disposition and transaction and includes all steps by which it is carried into effect;

"claimant company" and "transferor company" have the meanings given by section 37B(19);

"qualifying deduction" has the meaning given by section 37B(14).

[41/2020]

(6) This section applies to any arrangement made or entered into before, on or after 7 December 2020, but not one made or entered into before 29 January 1988.

[41/2020]

(7) This section does not apply to any arrangement carried out for bona fide commercial reasons and had not as one of its main purposes the avoidance or reduction of tax.

[41/2020]

Surcharge on adjustments under section 33

33A.—(1) This section applies where, in the year of assessment 2023 or a subsequent year of assessment —

(*a*) the Comptroller imposes a liability to tax or an additional amount of tax on a person for that year of assessment under section 33;

(*b*) the Comptroller recomputes any gain, profit or loss of, any capital allowance allowed to, or any deduction for a donation made by, a person for that year of assessment under section 33 which results in the imposition of a liability to tax or an additional amount of tax on that person for any year of assessment; or

(*c*) as a result of an adjustment under section 33, any qualifying deduction that has been transferred under section 37B by a transferor company to a claimant company is reduced or disregarded, and the Comptroller makes an assessment on the claimant company for an amount of tax or an additional amount of tax.

[41/2020]

(2) In a case mentioned in subsection (1)(*a*) or (*b*), a surcharge equal to 50% of the amount of tax or the additional amount of tax is

imposed on the person, and is recoverable by the Comptroller from the person as a debt due to the Government.

[41/2020]

(3) In a case mentioned in subsection (1)(*c*), a surcharge equal to 50% of the amount of tax or the additional amount of tax assessed on the claimant company is imposed on the transferor company, and is recoverable by the Comptroller from the transferor company as a debt due to the Government.

[41/2020]

(4) Despite any objection under section 76 to or an appeal lodged under Part 18 against an adjustment made under section 33 or any assessment, the surcharge must be paid —

(*a*) within one month after the date a written notice of the surcharge is served in accordance with section 8(1) on the person to whom the surcharge is imposed; and

(*b*) in the manner stated in the notice.

[41/2020]

(5) The Comptroller may, in the Comptroller's discretion, and subject to any term and condition (including the imposition of interest on the surcharge) as the Comptroller may impose, extend the time within which payment is to be made.

[41/2020]

(6) Sections 86(1) to (6), 87(1) and (2), 89, 90 and 91 apply to the collection and recovery of a surcharge and any interest imposed under subsection (5), as they apply to the collection and recovery of tax.

[41/2020]

(7) The Comptroller may, for good cause, remit wholly or in part any surcharge or interest payable under this section.

[41/2020]

(8) If, upon an objection under section 76 to or an appeal lodged under Part 18, an assessment made pursuant to any adjustment made under section 33 is varied or annulled, then the surcharge is correspondingly increased, reduced or annulled (as the case may be), and —

(*a*) if the surcharge is increased, subsection (2) or (3) (as the case may be) and subsections (4), (5), (6) and (7) apply to

the increased amount of the surcharge as they apply to the surcharge; or

(*b*) if the surcharge is reduced or annulled and it has already been paid to the Comptroller, the amount of the reduction or the entire amount (including any interest paid on the amount) must be refunded.

[41/2020]

(9) In this section, "claimant company", "qualifying deduction" and "transferor company" have the meanings given by section 33(5).

[41/2020]

Decision of Comptroller no bar to appeal

34. Nothing in section 32 prevents the decision of the Comptroller in the exercise of any discretion given to him or her by that section from being questioned in an appeal against an assessment in accordance with Part 18.

[41/2020]

Adjustment on change of basis of computing profits of financial instruments resulting from FRS 39 or SFRS for Small Entities

34A.—(1) Despite 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, 14G 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.

[39/2017]

(2) Despite subsection (1), the profit or loss or expense in respect of the financial instrument referred to in the following paragraphs is, for the purposes of sections 10, 14, 14G and 37, to 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, the

qualifying person's income therefrom is treated in the manner set out in section 10(12);

(*b*) where a qualifying person derives interest from debt securities or loans, and the interest is chargeable to tax under section 10(1)(*d*), such interest is to be computed based on the contractual interest rate and not the effective interest rate;

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(*c*) any amount of profit or expense in respect of a loan for which no interest is payable is 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 is 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 is 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 is disregarded;

(*g*) where a bank or qualifying finance company within the meaning of section 14G 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 14G applies 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*), is 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 is 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 is not deductible.

(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, the person is not treated as a qualifying person from the year of assessment relating to the basis period during which the person is first required to prepare financial accounts in accordance with FRS 39.

(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, the person is not treated as a qualifying person from the year of assessment relating to the basis period during which the person first prepares financial accounts in accordance with SFRS for Small Entities.

(3B) A person is not entitled to make an election under subsection (3) if the person is already subject to this section because the person did not make an election in accordance with subsection (4A), or the person had revoked under subsection (5) the person's election made in accordance with subsection (4A).

(3C) A person is not entitled to make an election under subsection (3A) if the person is already subject to this section because the person did not make an election in accordance with subsection (4), or the person had revoked under subsection (5) the person's election made in accordance with subsection (4).

(4) The election referred to in subsection (3) must be made by the person by written notice 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.

(4A) The election referred to in subsection (3A) must be made by the person by written notice 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.

(5) A person who has made an election under subsection (3) or (3A) may at any time revoke the election by written notice to the Comptroller; and if the person so revokes, the person is 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.

(6) The revocation under subsection (5) is irrevocable.

(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 is 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.

(8) The provisions of this section pertaining to FRS 39 have effect for any basis period beginning on or after 1 January 2005; and the provisions of this section pertaining to SFRS for Small Entities have effect for any basis period beginning on or after 1 January 2011.

(9) For the purposes of this section, the Minister may make regulations —

(*a*) to provide for such transitional, supplementary and consequential matters as the Minister may consider necessary or expedient; and

(*b*) generally to give effect to or for carrying out the purposes of this section.

(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 meaning given by section 43H(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 Committee under Part 3 of the Accounting Standards Act 2007, as amended from time to time;

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"Monetary Authority of Singapore" means the Monetary Authority of Singapore established under section 3 of the Monetary Authority of Singapore Act 1970;

"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, but excludes a person who is treated under section 34AA(6) as a qualifying person for that year of assessment for the purposes of section 34AA;

"SFRS for Small Entities" means the financial reporting standard known as Singapore Financial Reporting Standard for Small Entities made by the Accounting Standards Committee under Part 3 of the Accounting Standards Act 2007, as amended from time to time.

[45/2018]

[Act 36 of 2022 wef 01/04/2023]

(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) has

the same meaning as in FRS 39 or SFRS for Small Entities (as the case may be).

(12) This section does not apply to any profit, loss or expense in respect of any financial instrument of an insurer as defined in section 34AAA(1), to be brought into account for the basis period for a year of assessment, being a basis period that begins on or after 1 January 2023, or such earlier basis period as may be approved by the Comptroller in a particular case.

[Act 33 of 2022 wef 04/11/2022]

Adjustment on change of basis of computing profits of financial instruments resulting from FRS 109 or SFRS(I) 9

34AA.—(1) Despite the provisions of this Act but subject to section 34G(3), (4) and (5), the amount of any profit, loss 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, 14G and 37, respectively, is that which, in accordance with FRS 109 or SFRS(I) 9 (as the case may be), is recognised in determining any profit, loss or expense in respect of that financial instrument for that year of assessment.

[39/2017; 45/2018]

(2) To avoid doubt, subsection (1) does not apply to anything recognised in accordance with FRS 109 or SFRS(I) 9 (as the case may be), that is capital in nature.

[39/2017; 45/2018]

(3) Despite subsection (1), for the purposes of sections 10, 14, 14G and 37, the profit, loss or expense in respect of a financial instrument mentioned in each of the following paragraphs must be dealt with in accordance with that paragraph:

(*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 of that certificate, the person's income from that certificate or sale must be treated in the manner set out in section 10(12);

(*b*) where a qualifying person derives interest from debt securities or loans, the interest that is chargeable to tax under section 10(1)(*d*) is the amount computed at the

contractual interest rate and not at the effective interest rate;

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(*c*) any amount of profit or expense in respect of a loan for which no interest is payable must be disregarded;

(*d*) where the creditor and debtor of a loan did not deal with each other at arm's length, the interest income chargeable to tax, and the interest expense allowable as a deduction, are the amounts of such income and expense that are computed at the contractual interest rate and not at the effective interest rate;

(*e*) in a case where section 14(1)(*a*) applies, only interest expense incurred in respect of the money borrowed and computed at the contractual interest rate is allowed as a deduction under that provision;

(*f*) any amount of profit or loss in respect of a hedging instrument acquired under a bona fide commercial arrangement for the sole purpose of hedging against any risk associated with the underlying asset or liability must be disregarded, if the underlying asset or liability is employed or intended to be employed as capital;

(*g*) any amount of expected credit losses of a financial instrument that is not credit-impaired, being losses that are recognised in accordance with FRS 109 or SFRS(I) 9 (as the case may be) in determining the profit or loss of such instrument, must be disregarded;

(*h*) in a case where the qualifying person is a bank or qualifying finance company, the provisions in section 14G apply in relation to a provision made by the qualifying person for an expected credit loss arising from loans or securities that are not credit-impaired, as those provisions apply in relation to a provision for doubtful debts arising from the person's loans or for diminution in the value of the person's investments in securities;

(*i*) where an equity instrument on revenue account of a qualifying person that is measured at fair value through

other comprehensive income is disposed of, an amount prescribed as the gain or loss to the qualifying person on such disposal, is chargeable to tax, or is to be allowed as a deduction;

(*j*) a gain from discounts or premiums on debt securities, being a gain chargeable to tax under section 10(1)(*d*) —

(i) is treated as accruing only on the maturity or redemption of the debt securities; and

(ii) is treated as 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;

(*k*) 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 is treated to be incurred and deductible only when it is paid on the maturity or redemption of the debt securities and —

(i) for debt securities issued in the basis period relating to the year of assessment 2008 or subsequent years of assessment, is treated as 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) for debt securities issued before the basis period relating to the year of assessment 2008, is treated as equal to the part of the difference in sub-paragraph (i) that would be attributable to the year of assessment 2008 and subsequent years of assessment;

(*l*) 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 is not deductible;

(*m*) where a financial instrument on revenue account of a qualifying person (being a financial liability measured at fair value through profit or loss) matures or is sold, bought back or redeemed, any gain or loss to the qualifying person that is realised on such maturity or from such sale, buy back or redemption (being a gain or loss that is recognised in other comprehensive income in accordance with FRS 109 or SFRS(I) 9 (as the case may be)) is chargeable to tax, or is to be allowed as a deduction.

[39/2017; 45/2018]

(4) To avoid doubt, subsection (3)(*d*) does not affect the operation of section 34D.

[39/2017]

(5) In a case where —

(*a*) a loan on revenue account is transferred by a qualifying person (called in this subsection the transferor) to another person (called in this subsection the transferee);

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(*b*) the transfer is not pursuant to a qualifying amalgamation within the meaning of section 34C(2) in relation to which an election is made under section 34C(4);

(*c*) a provision for an expected credit loss arising from that loan that is credit-impaired, being a loss that is recognised in accordance with FRS 109 or SFRS(I) 9 (as the case may be) in determining the profit or loss of such loan, is also transferred by the transferor to the transferee; and

(*d*) a deduction of an amount in respect of the provision mentioned in paragraph (*c*) was previously allowed under

section 14 (read with this section or section 34A) to the transferor,

then, despite any provision in this Act —

(*e*) in a case where both the transferor and the transferee are on the date of the transfer in the business of lending money, the deduction previously allowed to the transferor is treated, for the purposes of section 14, as having been allowed to the transferee under that section; and

(*f*) in any other case, the provision for the expected credit loss mentioned in paragraph (*c*) that is transferred by the transferor and allowed a deduction under paragraph (*d*) is treated as a trading receipt of the transferor for the basis period in which the date of transfer falls.

[39/2017; 45/2018]

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(6) A person who is not a qualifying person under paragraph (*a*) or (*b*) of the definition of that term in subsection (15), may apply to the Comptroller for approval to be a qualifying person; and if the Comptroller approves the application, that person is a qualifying person starting from the year of assessment of the basis period in which the approval is granted or such later year of assessment as the Comptroller may approve.

[39/2017]

(7) If —

(*a*) any gain, loss or expense in respect of a financial instrument of a qualifying person to which subsection (1) applies is recognised under FRS 109 or SFRS(I) 9 (as the case may be) on a certain date;

(*b*) it is not possible to determine, on the date the Comptroller makes an assessment of the amount of chargeable income of that person for the year of assessment of the basis period in which the date mentioned in paragraph (*a*) falls, whether that gain, loss or expense is capital or revenue in nature;

(*c*) because of this, the gain was not charged with tax or a deduction was allowed for that loss or expense, as the case may be; and

(*d*) the Comptroller later discovers (called the discovery time) that the gain ought to have been charged with tax as it is revenue in nature, or a deduction ought not to have been allowed for the loss or expense as it is capital in nature, as the case may be,

then, and despite anything in this Act but subject to subsection (9), the amount of the gain, loss or expense, together with the additional amount mentioned in subsection (8), is treated as the person's income for the year of assessment within which the discovery time falls.

[39/2017; 45/2018]

(8) The additional amount in subsection (7) is the amount of any other gain, loss or expense in respect of the same financial instrument —

(*a*) that was not charged with tax, or for which a deduction was allowed, for one or more past years of assessment, for the same reason as that in subsection (7)(*b*); and

(*b*) that is ascertained in accordance with the regulations made under subsection (13).

[39/2017]

(9) For any qualifying person, no assessment may be made in respect of the income mentioned in subsection (7) more than 4 years immediately after the end of the year of assessment of the basis period in which the financial instrument is disposed of by the qualifying person.

[39/2017]

(10) If —

(*a*) any gain, loss or expense in respect of a financial instrument of a qualifying person to which subsection (1) applies is recognised under FRS 109 or SFRS(I) 9 (as the case may be) on a certain date;

(*b*) it is not possible to determine, on the date the Comptroller makes an assessment of the amount of chargeable income

of that person for the year of assessment of the basis period in which the date mentioned in paragraph (*a*) falls, whether that gain, loss or expense is capital or revenue in nature;

(*c*) because of this, the gain was charged with tax or a deduction was not allowed for that loss or expense, as the case may be; and

(*d*) the Comptroller later discovers (called the discovery time), with or without a claim made by the qualifying person, that the gain ought not to have been charged with tax as it is capital in nature, or a deduction ought to have been allowed for the loss or expense as it is revenue in nature, as the case may be,

then, and despite anything in this Act but subject to subsection (12), the amount of the gain, loss or expense, together with the additional amount mentioned in subsection (11), is to be allowed as a deduction against the income of the person for the year of assessment within which the discovery time falls.

[39/2017; 45/2018]

(11) The additional amount in subsection (10) is the amount of any other gain, loss or expense in respect of the same financial instrument —

(*a*) that was charged with tax, or for which a deduction was not made, for one or more past years of assessment, for the same reason as that in subsection (10)(*b*); and

(*b*) that is ascertained in accordance with the regulations made under subsection (13).

[39/2017]

(12) For any qualifying person, no claim mentioned in subsection (10)(*d*) may be made more than 4 years immediately after the end of the year of assessment of the basis period in which the financial instrument is disposed of by the qualifying person.

[39/2017]

(13) For the purposes of this section, the Minister may make regulations to give effect to this section, including —

(*a*) [*Deleted by Act 45 of 2018*]

(*b*) providing for the computation of the additional amounts mentioned in subsections (8) and (11); and

(*c*) providing for any transitional, supplementary or consequential matter, including —

(i) treating a specified amount of any profit in respect of a financial instrument of a person, being an amount recognised under FRS 109 or SFRS(I) 9 (as the case may be) as such profit as of a date before the date the person becomes a qualifying person, as the person's income for a specified year of assessment; and

(ii) allowing a specified amount of any loss or expense in respect of a financial instrument of a person, being an amount recognised under FRS 109 or SFRS(I) 9 (as the case may be) as such loss or expense as of a date before the date the person becomes a qualifying person, as a deduction against the person's income for a specified year of assessment.

[39/2017; 45/2018]

(14) The regulations under subsection (13) may prescribe different amounts for the purposes of subsection (3)(*i*) for different descriptions of instruments.

[39/2017]

(15) In this section —

"bank", "loan" and "qualifying finance company" have the meanings given by section 14G(7);

"contractual interest rate", in relation to any financial instrument, means the applicable interest rate specified in the financial instrument;

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

"FRS 109" means the financial reporting standard known as Financial Reporting Standard 109 (Financial Instruments) that is made, and amended from time to time, under Part 3 of the Accounting Standards Act 2007;

"qualifying person", in relation to any year of assessment, means —

(*a*) in the case of a year of assessment for a basis period beginning on or after 1 January 2018, a person who is required to prepare or maintain financial accounts in accordance with FRS 109 or SFRS(I) 9 for that basis period;

(*b*) in the case of a year of assessment for a basis period beginning on a date before 1 January 2018, a person mentioned in paragraph (*a*) who prepares or maintains financial accounts in accordance with FRS 109 or SFRS(I) 9 (as the case may be) for that basis period; or

(*c*) in any case, a person who is treated as a qualifying person under subsection (6);

"SFRS(I) 9" means the financial reporting standard known as Singapore Financial Reporting Standard (International) 9 (Financial Instruments) that is made, and amended from time to time, under Part 3 of the Accounting Standards Act 2007.

[39/2017; 45/2018]

(16) Any term used in this section and not defined in this section but defined in FRS 109 or SFRS(I) 9, has the same meaning as in FRS 109 or SFRS(I) 9, as the case may be.

[45/2018]

(17) This section does not apply to any profit, loss or expense in respect of any financial instrument of an insurer as defined in section 34AAA(1), to be brought into account for the basis period for a year of assessment, being a basis period that begins on or after 1 January 2023, or such earlier basis period as may be approved by the Comptroller in a particular case.

[Act 33 of 2022 wef 04/11/2022]

Change of basis for computing profits from financial instruments for insurers

34AAA.—(1) Despite the provisions of this Act but subject to section 34G(3), (4) and (5), the amount of any profit, loss or expense in respect of any financial instrument of a company licensed under the Insurance Act 1966 to carry on insurance business in Singapore

(called in this section an insurer), to be brought into account for the basis period for a year of assessment (being a basis period beginning on or after 1 January 2023, or such earlier basis period as may be approved by the Comptroller in a particular case) for the purposes of sections 10, 14 and 37, is that which —

(*a*) is recognised and valued in accordance with the Insurance Act regulations; and

(*b*) is reflected in the statement of profit and loss that is part of the insurer's MAS return for that basis period.

(2) Subsection (1) does not apply to anything recognised and valued in accordance with the Insurance Act regulations that is capital in nature.

(3) Without limiting subsection (1), that subsection applies to any financial instrument of —

(*a*) the shareholders' fund established in Singapore of an insurer; or

(*b*) the surplus account of a participating fund of an insurer that is a life insurer.

(4) Subsection (1) does not apply to any financial instrument of a participating fund (other than the surplus account of the participating fund) of an insurer that is a life insurer.

(5) Despite subsection (1), for the purposes of sections 10, 14 and 37, the profit, loss or expense of an insurer in respect of a financial instrument mentioned in each of the following paragraphs must be dealt with or computed (as the case may be) in accordance with that paragraph:

(*a*) where the insurer derives interest from debt securities or loans, the interest that is chargeable to tax under section 10(1)(*d*) is the amount computed at the contractual interest rate and not at the effective interest rate;

(*b*) any amount of profit or expense in respect of a loan for which no interest is payable must be disregarded;

(*c*) where the creditor and debtor of a loan did not deal with each other at arm's length, the interest income chargeable to tax, and the interest expense allowable as a deduction, are the amounts of such income and expense that are computed at the contractual interest rate and not at the effective interest rate;

(*d*) where the insurer incurs interest expense on loans or debt securities to which section 14(1)(*a*) would otherwise apply, only such part of the interest expense that is incurred in respect of the moneys borrowed and computed at the contractual interest rate is allowed as a deduction under that provision;

(*e*) any amount of profit or loss in respect of a hedging instrument acquired under a bona fide commercial arrangement for the sole purpose of hedging against any risk associated with the underlying asset or liability must be disregarded, if the underlying asset or liability is employed or intended to be employed as capital;

(*f*) where a loan (whether on revenue or capital account) is not reflected as a credit-impaired financial asset in the insurer's audited financial statements for the accounting period the last day of which falls within the basis period concerned, any amount of impairment losses in respect of that loan, being losses that are recognised and valued in accordance with the Insurance Act regulations and reflected in the statement of profit and loss that is part of an MAS return, must be disregarded;

(*g*) where a loan (being one on capital account) is reflected as a credit-impaired financial asset in the insurer's audited financial statements for the accounting period the last day of which falls within the basis period concerned, any amount of impairment losses in respect of that loan, being losses that are recognised and valued in accordance with the Insurance Act regulations and reflected in the statement of profit and loss that is part of an MAS return, must be disregarded;

(*h*) where a loan (whether on revenue or capital account) and interest receivable on that loan are not reflected as a credit-impaired financial asset in the insurer's audited financial statements for the accounting period the last day of which falls within the basis period concerned, any amount of impairment losses in respect of the interest receivable on that loan, being losses that are recognised and valued in accordance with the Insurance Act regulations and reflected in the statement of profit and loss that is part of an MAS return, must be disregarded;

(*i*) where a receivable (other than interest receivable on a loan) is not reflected as a credit-impaired financial asset in the insurer's audited financial statements for the accounting period the last day of which falls within the basis period concerned, any amount of impairment losses in respect of that receivable, being losses that are recognised and valued in accordance with the Insurance Act regulations and reflected in the statement of profit and loss that is part of an MAS return, must be disregarded;

(*j*) a gain from discounts or premiums on debt securities, being a gain chargeable to tax under section 10(1)(*d*) —

(i) is treated as accruing only on the maturity or redemption of the debt securities; and

(ii) is treated as 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;

(*k*) in a case where the insurer 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 is treated —

(i) to be incurred and deductible only when it is paid on the maturity or redemption of the debt securities; and

(ii) as 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;

(*l*) in a case where —

(i) the insurer 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 insurer; 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, must be disregarded.

(6) To avoid doubt, subsection (5)(*c*) does not affect the operation of section 34D.

(6A) In a case where —

(*a*) a loan on revenue account is transferred by an insurer (called in this subsection the transferor) to another person (called in this subsection the transferee);

(*b*) the transfer is not pursuant to a transfer of businesses by the transferor to the transferee in relation to which section 34CA applies;

(*c*) a provision for an impairment loss arising from that loan, being a loss that is recognised and valued in accordance with the Insurance Act regulations in determining the profit or loss of such loan and reflected in the transferor's statement of profit and loss that is part of an MAS return, is also transferred by the transferor to the transferee; and

(*d*) a deduction of an amount in respect of the provision mentioned in paragraph (*c*) was previously allowed under section 14 (read with this section) to the transferor,

then, despite any provision of this Act —

(*e*) in a case where both the transferor and transferee are on the date of the transfer in the business of lending money, the deduction previously allowed to the transferor is treated, for the purposes of section 14, as having been allowed to the transferee under that section; and

(*f*) in any other case, the provision for the impairment loss mentioned in paragraph (*c*) that is transferred by the transferor and allowed a deduction under paragraph (*d*) is treated as a trading receipt of the transferor for the basis period in which the date of transfer falls.

[Act 30 of 2023 wef 30/10/2023]

(7) If —

(*a*) any gain, loss or expense in respect of a financial instrument of an insurer was (by reason of subsection (1)) that which was recognised and valued in accordance with the Insurance Act regulations and reflected in the statement of profit and loss that was part of an MAS return on a certain date;

(*b*) it was not possible to determine, on the date the Comptroller made an assessment of the amount of chargeable income of that insurer for the year of assessment of the basis period in which the date mentioned in paragraph (*a*) fell, whether that gain, loss or expense was capital or revenue in nature;

(*c*) because of this, the gain was not charged with tax or a deduction was allowed for that loss or expense, as the case may be; and

(*d*) the Comptroller later discovers (called in this subsection the discovery time) that the gain ought to have been charged with tax as it was revenue in nature, or a deduction ought not to have been allowed for the loss or expense as it was capital in nature, as the case may be,

then, and despite anything in this Act but subject to subsection (9), the amount of the gain, loss or expense, together with the additional

amount mentioned in subsection (8), is treated as the insurer's income for the year of assessment within which the discovery time falls.

(8) The additional amount in subsection (7) is the amount of any other gain, loss or expense in respect of the same financial instrument —

(*a*) that was not charged with tax, or for which a deduction was allowed, for one or more past years of assessment, for the same reason as that in subsection (7)(*b*); and

(*b*) that is ascertained in accordance with the regulations made under subsection (13).

(9) No assessment may be made in respect of the income mentioned in subsection (7) more than 4 years immediately after the end of the year of assessment of the basis period in which the financial instrument is disposed of by the insurer.

(10) If —

(*a*) any gain, loss or expense in respect of a financial instrument of an insurer was (by reason of subsection (1)) that which was recognised and valued in accordance with the Insurance Act regulations and reflected in the statement of profit and loss that was part of an MAS return on a certain date;

(*b*) it was not possible to determine, on the date the Comptroller made an assessment of the amount of chargeable income of that insurer for the year of assessment of the basis period in which the date mentioned in paragraph (*a*) fell, whether that gain, loss or expense was capital or revenue in nature;

(*c*) because of this, the gain was charged with tax or a deduction was not allowed for that loss or expense, as the case may be; and

(*d*) the Comptroller later discovers (called in this subsection the discovery time), with or without a claim made by the insurer, that the gain ought not to have been charged with tax as it was capital in nature, or a deduction ought to have

been allowed for the loss or expense as it was revenue in nature, as the case may be,

then, and despite anything in this Act but subject to subsection (12), the amount of the gain, loss or expense, together with the additional amount mentioned in subsection (11), is to be allowed as a deduction against the insurer's income for the year of assessment within which the discovery time falls.

(11) The additional amount in subsection (10) is the amount of any other gain, loss or expense in respect of the same financial instrument —

(*a*) that was charged with tax, or for which a deduction was not made, for one or more past years of assessment, for the same reason as that in subsection (10)(*b*); and

(*b*) that is ascertained in accordance with the regulations made under subsection (13).

(12) No claim mentioned in subsection (10)(*d*) may be made more than 4 years immediately after the end of the year of assessment of the basis period in which the financial instrument is disposed of by the insurer.

(13) For the purposes of this section, the Minister may make regulations to give effect to this section, including —

(*a*) providing for the computation of the additional amounts mentioned in subsections (8) and (11); and

(*b*) providing for any transitional, supplementary or consequential matter, including —

(i) treating a specified amount of any profit in respect of a financial instrument of a specified insurer, being an amount recognised and valued in accordance with the Insurance Act regulations and reflected in the statement of profit and loss that is part of an MAS return as such profit as of the day immediately before the first day of the basis period in relation to which this section first applies to the insurer, as the insurer's income for a specified year of assessment; and

(ii) allowing a specified amount of any loss or expense in respect of a financial instrument of a specified insurer, being an amount recognised and valued in accordance with the Insurance Act regulations and reflected in the statement of profit and loss that is part of an MAS return as such loss or expense as of the day immediately before the first day of the basis period in relation to which this section first applies to the insurer, as a deduction against the insurer's income for a specified year of assessment.

(14) In this section —

"contractual interest rate", in relation to any financial instrument, means the applicable interest rate specified in the financial instrument;

"credit-impaired financial asset" has the meaning given by FRS 109 or SFRS(I) 9, as the case may be;

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

"FRS 109" and "SFRS(I) 9" have the meanings given by section 34AA(15);

"Insurance Act regulations" means regulations made for the purposes of section 16(5) of the Insurance Act 1966;

"MAS return", in relation to an insurer, means the statements of account and other statements relating to the insurer's business prepared and lodged with the Monetary Authority of Singapore under section 94(3) of the Insurance Act 1966;

"Monetary Authority of Singapore" means the Monetary Authority of Singapore established under section 3 of the Monetary Authority of Singapore Act 1970;

"participating fund" and "surplus account" have the meanings given by section 26(12).

[Act 33 of 2022 wef 04/11/2022]

Chargeability of profit or loss from foreign exchange differences

34AB.—(1) This section applies where a person is a party to a transaction that is or is to be settled in a currency that is different from the functional currency in which the person's financial statements are kept.

[45/2018]

(2) Despite the provisions of this Act, for the purpose of sections 10 and 14, any change in the value of any receivable or payable from the transaction that is reflected in the person's financial statements, being a change arising from movements in the rates of the 2 currencies, is treated as —

(*a*) a gain accruing to the person; or

(*b*) a deductible expense,

as the case may be, in the basis period in which the change is recognised as a gain or loss (as the case may be) in the profit and loss account that is part of those financial statements.

[45/2018]

(3) To avoid doubt, subsection (2) —

(*a*) applies whether or not the gain or loss is realised; and

(*b*) does not apply to a transaction the gain or loss from which is capital in nature.

[45/2018]

(4) Subsection (2) does not apply to a transaction relating to a financial instrument to which section 34A, 34AA or 34AAA applies.

[45/2018]

[Act 33 of 2022 wef 04/11/2022]

(5) This section does not apply to a person who made an election to the Comptroller, at the time of lodgment of the person's return of income for the year of assessment 2004, for any of the person's recognised gains or losses mentioned in subsection (2) that were unrealised, not to be treated as the person's gain or loss for that year of assessment and every subsequent year of assessment, for the purposes of this Act.

[45/2018]

(6) However, the person mentioned in subsection (5) may in the person's return of income for any year of assessment, make an irrevocable election to the Comptroller to be subject to this section, and, if the election is approved by the Comptroller, this section applies to that person for that year of assessment and every subsequent year of assessment.

[45/2018]

Islamic financing arrangements

34B.—(1) This section applies to any prescribed Islamic financing arrangement entered into on or after 17 February 2006 between any person and a financial institution.

(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 43J 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.

(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 must be excluded in determining for the purposes of this Act the consideration for the sale and purchase of the asset.

(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.

(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 the Minister may consider necessary or expedient; and

(*c*) generally to give effect to or for carrying out the purposes of this section.

(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.

Amalgamation of companies

34C.—(1) This section only applies to a qualifying amalgamation.

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", "FRS 103", "SFRS(I) 1-38" and "SFRS(I) 3" mean the financial reporting standards known respectively as —

(*a*) Financial Reporting Standard 38 (Intangible Assets);

(*b*) Financial Reporting Standard 103 (Business Combinations);

(*c*) Singapore Financial Reporting Standard (International) 1-38 (Intangible Assets); and

(*d*) Singapore Financial Reporting Standard (International) 3 (Business Combinations),

that are made by the Accounting Standards Committee under Part 3 of the Accounting Standards Act 2007, as amended from time to time;

[Act 36 of 2022 wef 01/04/2023]

"qualifying amalgamation" means —

(*a*) any amalgamation of companies where the notice of amalgamation under section 215F of the Companies Act 1967 or a certificate of approval under section 14A of the Banking Act 1970 is issued on or after 22 January 2009; and

(*b*) such other amalgamation of companies as the Minister, or such person as the Minister may appoint, may approve.

[32/2019]

(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 1967;

(*b*) the date of lodgment mentioned in section 14A(4) of the Banking Act 1970; 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.

Election for section to apply

(4) An amalgamated company in a qualifying amalgamation must, 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.

(5) An election under subsection (4) must be made by an amalgamated company by written notice to the Comptroller and is irrevocable.

(6) Upon such election, the trades and businesses carried on in Singapore of all the amalgamating companies are 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 is, subject to subsection (14), treated as property on revenue account of the amalgamated company; and

(*b*) any property on capital account of each amalgamating company is, subject to subsection (16), treated as property on capital account of the amalgamated company,

and the amalgamated company is 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.

Effect of cancellation of shares

(7) Where an amalgamating company (called the firstmentioned company) holds shares in another amalgamating company (called the second-mentioned company), and the shares of the second-mentioned company are cancelled on the amalgamation, the following provisions apply:

(*a*) the firstmentioned 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 firstmentioned company;

(*b*) if —

(i) the firstmentioned 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 may be given for any interest or other borrowing costs incurred by the amalgamated company on or after the date of amalgamation on such liability.

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 are, subject to section 24(4), deemed to have made an election under section 24(3), and section 24(3)(*a*) to (*e*) applies, 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.

(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 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.

(8B) Subsection (8A) does 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.

(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.

(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, subject to subsection (18), apply:

(*c*) section 19B(4) and (5) does not apply to the amalgamating company;

(*d*) the writing-down allowances under section 19B continue to be available to the amalgamated company as if no transfer had taken place;

(*e*) the charge under section 19B(4) and (5) is to 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.

(11) Despite 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 is 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.

(12) Despite subsection (11), the value as reflected in the financial accounts of the amalgamated company on the date of amalgamation is 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.

(13) Any gains or profits of the trade or business of the amalgamating company referred to in subsection (12) are chargeable to tax for the year of assessment which relates to the basis period in which the date of amalgamation falls.

(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.

(15) The amount of consideration referred to in subsection (14) is to be used to compute the gains or profits of the trade or business of the amalgamating company and such gains or profits are chargeable to tax for the year of assessment which relates to the basis period in which the date of amalgamation falls.

(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.

(17) The amount of consideration referred to in subsection (16) is to be deducted as an expense in computing the gains or profits of the trade or business of the amalgamated company.

(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*) applies 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 is 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) is to 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 is 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.

(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) is to be determined by the Comptroller.

Deductions for intellectual property rights

(20) No deduction under section 19B is allowed to the amalgamated company for any intellectual property rights recognised in accordance with FRS 38 and FRS 103, or with SFRS(I) 1-38 and SFRS(I) 3, as a result of the amalgamation but which were not in existence prior to the amalgamation.

[32/2019]

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 —

(*c*) is allowed a deduction for the amount of the debt, expenditure or loss (as the case may be) if —

(i) the amalgamating company would have been allowed the deduction but for the amalgamation; and

(ii) the amalgamated company is not otherwise allowed the deduction; and

(*d*) is 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.

(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 is chargeable to tax on the amount of the debt recovered or impairment loss that is reversed if —

(*c*) the amalgamating company would have been chargeable to tax on such amount but for the amalgamation; and

(*d*) the amalgamated company is not otherwise chargeable to tax on such amount.

(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 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).

(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.

(25) Any deduction referred to in subsection (23) may 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.

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 is deemed to be a qualifying person for the purpose of section 34A, and section 34A has 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 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 is to be assessed on or allowed to the amalgamated company.

Amalgamated company as qualifying company under section 43(6C)

(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(6C) 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(6C) applies 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(6C) applies to the amalgamated company if, and only if, the firstmentioned year of assessment falls within such period as may be prescribed by the Minister, and if it does not, then section 43(6) applies to the amalgamated company.

[45/2018]

(28) The Minister may, for different descriptions of amalgamations or companies, prescribe different periods for the purposes of subsection (27)(*b*).

Rights and obligations of amalgamated company

(29) Where any amalgamating company ceases to exist on the date of amalgamation, the amalgamated company must comply with all obligations, meet all liabilities, and is 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.

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 37B or 37D;

(*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 1967 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.

Transfer of businesses by insurer

34CA.—(1) This section applies to a case where —

(*a*) a licensed insurer that is a company incorporated in Singapore (called in this section the transferor) transfers the whole of its insurance business along with all businesses ancillary to it if any (collectively called in this section the insurance business), to another company incorporated in Singapore (called in this section the transferee) under Division 1 of Part 3AA of the Insurance Act 1966, and the scheme for the transfer under section 117 of that Act takes effect on a single date (called in this section date A) that is on or after 1 November 2021;

(*b*) the conditions for the application of this section to the transfer in paragraph (*a*) as set out in subsection (3) are satisfied;

(*c*) the transferor also transfers all of its other trades and businesses (each called in this section a non-insurance business), if any, to the transferee, and the transfer of every non-insurance business takes effect on a single date (called in this section date B) that is no earlier than 12 months before date A and no later than 12 months after date A;

(*d*) the transferee has obtained approval under subsection (4) to the application of this section to the transfer of every non-insurance business in paragraph (*c*);

(*e*) the conditions of the approval in subsection (5) are satisfied; and

(*f*) the transferee makes an election under subsection (6) for the application of this section to the transfer of those businesses.

Interpretation

(2) In this section —

"effective date", in relation to a transferred business, means —

(*a*) where the transferred business is the insurance business — date A; and

(*b*) where the transferred business is any non-insurance business — date B;

"first 2 years of assessment", in relation to a transferor, means the year of assessment relating to the basis period during which the transferor is incorporated and the year of assessment immediately following that year of assessment;

"FRS 38", "FRS 103", "SFRS(I) 1-38" and "SFRS(I) 3" mean the financial reporting standards known respectively as —

(*a*) Financial Reporting Standard 38 (Intangible Assets);

(*b*) Financial Reporting Standard 103 (Business Combinations);

(*c*) Singapore Financial Reporting Standard (International) 1-38 (Intangible Assets); and

(*d*) Singapore Financial Reporting Standard (International) 3 (Business Combinations),

that are made by the Accounting Standards Committee under Part 3 of the Accounting Standards Act 2007, as amended from time to time;

[Act 36 of 2022 wef 01/04/2023]

"licensed insurer" has the meaning given by section 2 of the Insurance Act 1966;

"transferred business" means the insurance business or any of the non-insurance businesses, as the case may be.

Conditions for transfer of insurance business

(3) In subsection (1)(*b*), the conditions are —

(*a*) all the properties, rights and privileges of the insurance business are transferred to and vest in the transferee on date A;

(*b*) all the liabilities and obligations of the insurance business are transferred to and become the liabilities and obligations of the transferee on date A;

(*c*) the transferor permanently ceases to carry on the insurance business on date A;

(*d*) the transferor is wound up or dissolved before the prescribed date; and

(*e*) such other conditions as may be prescribed by regulations under subsection (31).

Approval for transfer of non-insurance business

(4) The transferee must, within 90 days from date A or date B (whichever is earlier) or such further period as the Minister or such person as the Minister may appoint may allow, apply to the Minister

or person for approval for this section to apply to the transfer of the non-insurance business or businesses in subsection (1)(*c*).

(5) The Minister or appointed person may give his or her approval subject to such conditions (including conditions subsequent) as he or she considers appropriate.

Election

(6) The transferee must, within 90 days from date A or date B (whichever is later) or such further period as the Comptroller may allow, elect for this section to apply to the transfers of businesses in subsection (1).

(7) An election under subsection (6) must be made by the transferee by written notice to the Comptroller and is irrevocable.

(8) From (and including) the effective date, the transferred business is treated as carried on in Singapore by the transferee and —

(*a*) subject to subsection (14), any property on revenue account of the transferor relating to the transferred business is treated as property on revenue account of the transferee; and

(*b*) subject to subsection (16), any property on capital account of the transferor relating to the transferred business is treated as property on capital account of the transferee,

and the transferee is treated as having acquired the property on the date on which the transferor acquired it for the amount that was incurred by the transferor in respect of that property.

Transfer of property

(9) Where there is a transfer of property in respect of the transferred business from the transferor to the transferee on the effective date in respect of which allowances or writing-down allowances have been made to the transferor under sections 18C to 21 (other than section 19D), the transferor and the transferee are, subject to section 24(4), considered as having made an election under section 24(3), and section 24(3)(*a*) to (*e*) applies with the necessary modifications, whether or not —

(*a*) the transferee is a company over which the transferor has control;

(*b*) the transferor is a company over which the transferee has control; or

(*c*) both the transferor and transferee are companies under the control of a common person.

(10) In the application of section 24(3)(*a*) to (*e*) under subsection (9) —

(*a*) a reference in that provision to a buyer is to the transferee; and

(*b*) a reference in that provision to a seller is to the transferor.

(11) Where there is a transfer of a building or structure in respect of the transferred business from the transferor to the transferee on the effective date for which an allowance has been made to the transferor under section 18C, the annual allowances provided under that section continue to be available to the transferee as if the transferee had incurred the qualifying capital expenditure that was incurred in carrying out the approved construction or approved renovation (as the case may be) mentioned in that section.

(12) Subsection (11) does not apply unless the building or structure is used before the transfer by the transferor and after the transfer by the transferee, in the production of income chargeable under the provisions of this Act.

(13) Where —

(*a*) there is a transfer of property in respect of the transferred business (being intellectual property rights in respect of which writing-down allowances have been made to the transferor under section 19B) from that transferor to the transferee on the effective date; and

(*b*) before the transfer in the case of that transferor and from any time on or after the transfer in the case of that transferee, the property is used in the production of income chargeable under the provisions of this Act,

the following provisions apply but subject to subsection (18):

(*c*) section 19B(4) and (5) does not apply to the transferor;

(*d*) the writing-down allowances under section 19B continue to be available to the transferee as if no transfer had taken place;

(*e*) the charge under section 19B(4) and (5) is to be made on the transferee on any event occurring on or after the effective date as would have fallen to be made on the transferor if the transferor 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 transferee.

(14) Where there is a transfer of property in respect of the transferred business from the transferor to the transferee, being property on revenue account of the transferor but not on revenue account of the transferee, the consideration for the transfer of the property by the transferor is taken as the amount which it would have realised if the property had been sold in the open market on the effective date.

(15) The amount of consideration mentioned in subsection (14) is to be used to compute the gains or profits of the transferred business of the transferor and such gains or profits are chargeable to tax for the year of assessment which relates to the basis period in which the effective date falls.

(16) Where there is a transfer of property in respect of the transferred business from the transferor to the transferee, being property not on revenue account of the transferor but on revenue account of the transferee, the consideration for the acquisition of the property by the transferee is taken as the amount which it would have incurred if the property had been purchased in the open market on the effective date or the actual amount paid, whichever is lower.

(17) The amount of consideration mentioned in subsection (16) is to be deducted as an expense in computing the gains or profits of the transferred business of the transferee.

(18) Where the transferee ceases to carry on the transferred business in Singapore after the effective date but instead carries on that business outside Singapore, then in the case of intellectual property rights transferred pursuant to the transfer of that business and in respect of which subsection (13) applies, the charge under section 19B(4) or (5) (as the case may be) is to be made on the transferee as if the property has been sold on the date of cessation of the transferred business in Singapore; and for the purpose of computing the charge under section 19B(5), the value thereof is the amount which it would have realised if the property had been sold in the open market on the date of cessation of the transferred business in Singapore.

(19) Any question arising under subsections (14), (16) and (18) regarding the open market value attributable to property is to be determined by the Comptroller.

(20) No deduction under section 19B is allowed to the transferee for any intellectual property rights in respect of the transferred business that are recognised in accordance with FRS 38 and FRS 103, or with SFRS(I) 1-38 and SFRS(I) 3, as a result of the transfer of the business but which were not in existence prior to the transfer of the business.

(21) Where the transferee continues to carry on the transferred business and at any time —

(*a*) writes off as bad the amount of a debt in respect of the transferred business, or provides impairment loss in respect of such debt, that the transferee acquires from the transferor on the effective date;

(*b*) incurs an expenditure in respect of the transferred business, other than the expenditure to which prescribed sections of this Act apply; or

(*c*) incurs a loss in respect of the transferred business,

the transferee —

(*d*) is allowed a deduction for the amount of the debt, expenditure or loss (as the case may be) if —

(i) the transferor would have been allowed the deduction but for the transfer of the business; and

(ii) the transferee is not otherwise allowed the deduction; and

(*e*) is chargeable to tax on the amount of the debt recovered or impairment loss that is reversed if —

(i) the transferor would have been chargeable to tax on such amount but for the transfer of the business; and

(ii) the transferee is not otherwise chargeable to tax on such amount.

(22) Where —

(*a*) the transferor has been allowed a deduction in respect of any debt written off as bad, or any impairment loss, in respect of the transferred business; and

(*b*) the transferee continues to carry on the transferred business,

the transferee is chargeable to tax on the amount of the debt recovered or impairment loss that is reversed if —

(*c*) the transferor would have been chargeable to tax on such amount but for the transfer of the business; and

(*d*) the transferee is not otherwise chargeable to tax on such amount.

(23) Where the transferor has any capital allowance, donation or loss attributable or apportioned to the transferred business remaining unabsorbed on the effective date, then sections 23 and 37 apply, with the necessary modifications, as if the transferee is the transferor 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 transferee, subject to the conditions in subsection (24).

(24) The conditions in subsection (23) are —

(*a*) the transferor was carrying on the transferred business until the effective date; and

(*b*) the transferee continues to carry on the transferred business on the effective date.

(25) Any deduction mentioned in subsection (23) may only be made against the income of the transferee from the transferred business.

(26) For the purpose of bringing into account the profit, loss or expense for the basis period for a year of assessment beginning before 1 January 2023 in respect of any financial instrument that has been transferred by the transferor to the transferee as part of the transfer of a business —

(*a*) where the transferor was a qualifying person to which section 34AA applies (called in this subsection a section 34AA qualifying person) for the year of assessment of the basis period in which the effective date falls — the transferee is (unless the transferee was already one) deemed to be a section 34AA qualifying person for that year of assessment, and section 34AA has effect on the transferee from (and including) the effective date;

(*b*) where the transferor was not a section 34AA qualifying person for the year of assessment of the basis period in which the effective date falls, but the transferee was a section 34AA qualifying person for that year of assessment — the regulations under section 34AA that provide for the transition of a person to the tax treatment under section 34AA have effect on the transferor for that year of assessment as if the transferor and transferee were a single section 34AA qualifying person, and any positive or negative adjustment which is not of a capital nature as a result of the application of such regulations is to be assessed on or allowed to the transferee;

(*c*) where the transferor was a qualifying person to which section 34A applies (called in this subsection a section 34A qualifying person) for the year of assessment of the basis period in which the effective date falls — the transferee is (unless the transferee was already a section 34A qualifying

person, or a section 34AA qualifying person, for that year of assessment) deemed to be a section 34A qualifying person for that year of assessment, and section 34A has effect on the transferee from (and including) the effective date; or

(*d*) where the transferor was neither a section 34A qualifying person, nor a section 34AA qualifying person, for the year of assessment of the basis period in which the effective date falls, but the transferee was a section 34A qualifying person for that year of assessment — the regulations under section 34A that provide for the transition of a person to the tax treatment under section 34A have effect on the transferor for that year of assessment as if the transferor and the transferee were a single section 34A qualifying person, and any positive or negative adjustment which is not of a capital nature as a result of the application of such regulations is to be assessed on or allowed to the transferee.

Transferee as qualifying company under section 43(6C)

(27) Where the transferee is a qualifying company for the purpose of section 43(6C) in any year of assessment, then, for that year of assessment —

(*a*) in a case where the earlier of date A and date B does not fall within either of the basis periods of the first 2 years of assessment of the transferor, section 43(6) rather than section 43(6C) applies to the transferee; and

(*b*) in a case where the earlier of date A and date B falls within either of the basis periods of the first 2 years of assessment of the transferor, section 43(6C) applies to the transferee if, and only if, the firstmentioned year of assessment falls within such period as may be prescribed by the Minister, and if it does not, then section 43(6) applies to the transferee.

(28) The Minister may, for different descriptions of transfers of businesses or companies, prescribe different periods for the purposes of subsection (27)(*b*).

(29) Starting on the effective date for the transferred business, the transferee must comply with all obligations, meet all liabilities, and is entitled to all rights, powers and privileges, of the transferor under this Act in respect of the business with respect to the year of assessment relating to the basis period in which the effective date falls, and all preceding years of assessment as if the transferee is the transferor.

Application of section 26(5) and (13)

(30) To avoid doubt, section 26(5) and (13) (if applicable) applies in relation to the transfer of the insurance business in subsection (1)(*a*).

Regulations

(31) The Minister may make regulations to —

(*a*) provide for the deduction of expenses, allowances, losses, donations and any other deductions otherwise than in accordance with this Act;

(*b*) provide for the manner and extent to which expenses, allowances, losses, donations and any other deductions may be allowed under this Act;

(*c*) provide for the manner and extent to which any qualifying deduction may be allowed under section 37B or 37D;

(*d*) provide for the rate of exchange to be used for the purpose of section 62B;

(*e*) provide for the modification and exception to any prescribed section of this Act or the Economic Expansion Incentives (Relief from Income Tax) Act 1967 as it applies to a transferee and a transferor;

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

[Act 30 of 2023 wef 30/10/2023]

(*g*) prescribe any matter required or permitted to be prescribed under this section.

(32) Regulations made under subsection (31) may be made to take effect from (and including) a date no earlier than 1 November 2021.

[Act 33 of 2022 wef 01/11/2021]

Transactions not at arm's length

34D.—(1) Subsection (1A) applies where —

(*a*) 2 persons are related parties;

(*b*) conditions are made or imposed between them in their commercial or financial relations (called in this section actual commercial or financial relations) which differ from conditions which would be made or imposed if they were not related parties and dealing independently with one another in comparable circumstances (called in this section arm's length conditions); and

(*c*) had the arm's length conditions been made or imposed —

(i) the amount of the income of one of those persons for a year of assessment that accrued in or is derived from Singapore, or is received in Singapore from outside Singapore, would be greater;

(ii) the amount of any deduction that may be allowed to one of those persons for a year of assessment would be less; or

(iii) the amount of any loss of one of those persons for a year of assessment would be less.

[39/2017]

(1A) The Comptroller may make one or more of the following adjustments in that case, as appropriate:

(*a*) increase the amount of the income of the person mentioned in subsection (1)(*c*)(i) for the year of assessment;

(*b*) reduce the amount of the deduction that may be allowed to the person mentioned in subsection (1)(*c*)(ii) for the year of assessment;

(*c*) reduce the amount of the loss of the person mentioned in subsection (1)(*c*)(iii) for the year of assessment.

[39/2017]

(1B) The identification of the arm's length conditions in subsection (1)(*b*) must be carried out —

(*a*) on the basis of the actual commercial or financial relations between the 2 persons; and

(*b*) by taking into account both the form and substance of those relations, but disregarding the form of those relations to the extent it is inconsistent with their substance.

[39/2017]

(1C) Despite subsection (1B) —

(*a*) if persons who were not related parties would in comparable circumstances enter into substantially different commercial or financial relations than the actual commercial or financial relations, then the identification of the arm's length conditions must be carried out on the basis of the firstmentioned relations; and

(*b*) if persons who were not related parties would in comparable circumstances not enter into commercial or financial relations, then the identification of the arm's length conditions must be carried out on the basis of the absence of commercial or financial relations.

[39/2017]

(1D) The amount of income that is increased under subsection (1A)(*a*) is treated as accruing in or derived from Singapore or received in Singapore from outside Singapore, as the case may be.

[39/2017]

(1E) The amount of loss that is reduced under subsection (1A)(*c*) is treated as not having been incurred.

[39/2017]

(2) Where a person carries on business through a permanent establishment, this section applies as if the person and the permanent establishment are 2 separate and distinct persons.

(2A) Nothing in this section prevents the applicability of subsection (1) to a case, or the Comptroller's decision under subsection (1A) on a case, from being questioned in an appeal against an assessment in accordance with Part 18.

[39/2017]

(3) [*Deleted by Act 33 of 2022 wef 04/11/2022*]

Surcharge on transfer pricing adjustments

34E.—(1) Where the Comptroller, in relation to the year of assessment 2019 or any subsequent year of assessment —

(*a*) increases the amount of the income of a person under section 34D(1A)(*a*);

(*b*) reduces the amount of any deduction allowed to a person under section 34D(1A)(*b*); or

(*c*) reduces the amount of any loss of a person under section 34D(1A)(*c*),

a surcharge equal to 5% of the amount of the increase or reduction (as the case may be) is recoverable by the Comptroller from the person as a debt due to the Government.

[39/2017]

(2) Despite any objection to or an appeal lodged against an assessment made pursuant to any adjustment under section 34D(1A), the surcharge must be paid —

(*a*) within one month after the date a written notice of the surcharge is served in accordance with section 8(1) on the person imposed with the surcharge; and

(*b*) in the manner stated in the written notice.

[27/2021]

(3) The Comptroller may, in the Comptroller's discretion, and subject to such terms and conditions (including the imposition of interest) as the Comptroller may impose, extend the time within which payment is to be made.

[39/2017]

(4) Sections 86(1) to (6), 87(1) and (2), 89, 90 and 91 apply to the collection and recovery of a surcharge and any interest imposed under subsection (3), as they apply to the collection and recovery of tax.

[39/2017]

(5) The Comptroller may, for any good cause, remit wholly or in part any surcharge payable under this section.

[39/2017]

(6) If, upon an objection under section 76 or an appeal under Part 18, an assessment made pursuant to an adjustment under section 34D(1A) is varied or annulled, then the surcharge is correspondingly increased, reduced or annulled (as the case may be), and —

(*a*) if the surcharge is increased, subsections (1) to (5) apply to the increased amount of the surcharge as they apply to the surcharge; or

(*b*) if the surcharge is reduced or annulled and it has already been paid to the Comptroller, the amount of the reduction or the entire amount (including any interest paid on the amount) must be refunded.

[39/2017]

Transfer pricing documentation

34F.—(1) This section applies to the basis period for the year of assessment 2019 and every subsequent year of assessment.

[39/2017]

(2) This section applies to a company, firm or trust —

(*a*) if the gross revenue of the company, firm or trust derived from its trade or business for the basis period concerned is more than $10 million; or

(*b*) if documentation under subsection (3) is required to be prepared for a transaction undertaken by the company, the firm, or the trustee of the trust on its behalf, in the basis period immediately before the basis period concerned.

[39/2017]

(3) Unless exempt by rules made under section 7, each of the following, namely:

(*a*) the company;

(*b*) the person making a return of the income of the firm;

(*c*) the trustee of the trust,

must prepare documentation (called in this section transfer pricing documentation) that complies with subsection (5) for each transaction undertaken by the company, the firm or the trustee on behalf of the trust (as the case may be), with a related party in the basis period concerned.

[39/2017]

(4) In subsection (3)(*b*), the person making a return of the income of a firm is, in the case of a partnership, the person responsible for doing so under section 71.

[39/2017]

(5) The transfer pricing documentation —

(*a*) must be prepared no later than the time for the making of the return of the income of the company, the firm or the trustee in relation to the trust for the year of assessment;

(*b*) must contain such details as may be prescribed by rules made under section 7 of the commercial or financial relations of the parties as respects the transaction, the conditions made or imposed between them as respects the transaction, as well as an explanation as to whether those conditions are arm's length conditions within the meaning of section 34D(1)(*b*); and

(*c*) must comply with all other requirements as to their form and content as may be prescribed by rules made under section 7.

[39/2017]

(6) The person in subsection (3)(*a*), (*b*) or (*c*) must retain in safe custody transfer pricing documentation prepared by the person for each transaction, for a period of at least 5 years from the end of the basis period in which the transaction took place.

[39/2017]

(7) The Comptroller may, by written notice served on a person in subsection (3)(*a*), (*b*) or (*c*) personally or by registered post, require

the person to furnish to the Comptroller a copy of any transfer pricing documentation prepared by the person, and the person must comply with the requirement within 30 days starting from the date the notice is served on the person.

[39/2017]

(8) A person who —

(*a*) without reasonable excuse, fails to comply with subsection (3), (6) or (7); or

(*b*) in purported compliance with subsection (7), provides to the Comptroller any documentation that the person knows to be false or misleading in a material particular,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding $10,000.

[39/2017]

(9) The Comptroller may compound any offence under subsection (8).

[39/2017]

(10) In this section, "firm" includes a partnership.

[39/2017]

[Act 33 of 2022 wef 04/11/2022]

Modification of provisions for companies redomiciled in Singapore

34G.—(1) This section applies to a body corporate incorporated outside Singapore that is registered as a company limited by shares under Part 10A of the Companies Act 1967 (called in this section a redomiciled company).

[39/2017; 45/2018]

Interpretation

(2) In this section —

"FRS 109" and "SFRS(I) 9" have the meanings given by section 34AA(15);

"registration" means registration under section 359(1) of the Companies Act 1967;

"registration date", in relation to a redomiciled company, means the date of its registration specified in the notice of transfer of registration issued to it under section 359(3) of the Companies Act 1967.

[39/2017; 32/2019]

Deductions for bad debts and impairment losses for debts

(3) Despite sections 10(1), 14(1)(*d*), 34AA(1) and 34AAA(1), where a redomiciled company has any debt owed to it in respect of a trade or business outside Singapore, that was incurred before its registration date and, at any time on or after that date, the debt is written off as bad or impairment loss is provided for that debt —

(*a*) no deduction is allowed for the debt or any provision made for it; and

(*b*) any amount recovered from the debt, or any reversal of the impairment loss, is not chargeable to tax.

[39/2017; 45/2018]

[Act 33 of 2022 wef 04/11/2022]

Deductions for impairment losses

(4) Despite sections 10(1), 34AA(1) and 34AAA(1), where a redomiciled company incurred before its registration date any impairment loss from any financial asset on revenue account acquired for the purpose of any trade or business outside Singapore, any amount of the loss that is reversed after that date is not chargeable to tax.

[39/2017; 45/2018]

[Act 33 of 2022 wef 04/11/2022]

(5) Where a redomiciled company incurs on or after its registration date any impairment loss, in the course of carrying on a trade or business in Singapore, from any financial asset on revenue account that was acquired by the company for the purpose of any trade or business outside Singapore before that date —

(*a*) the company is allowed a deduction for that loss to the extent that it becomes credit-impaired within the meaning of FRS 109 or SFRS(I) 9, as the case may be; and

(*b*) any amount of that loss that is subsequently reversed is chargeable to tax to the extent of the deduction allowed under paragraph (*a*).

[39/2017; 45/2018; 32/2019]

(6) Subsections (4) and (5) do not apply to an impairment loss from a debt to which subsection (3) applies.

[39/2017]

Deductions for expenses

(7) No deduction is allowed under section 14 for any expense incurred by a redomiciled company before its registration date for the purpose of any trade or business outside Singapore and for which it has been allowed or given any deduction or relief under any law of a country outside Singapore that levies tax of a similar character to income tax (by whatever name called).

[39/2017; 45/2018]

Deductions for trading stocks

(8) For the purposes of determining the amount of deduction to be allowed to a redomiciled company under any provision of this Act for any trading stock that it acquired before its registration date for the purpose of any trade or business outside Singapore, the value of the trading stock is the lower of the following:

(*a*) the cost of the trading stock to the company;

(*b*) the net realisable value of the trading stock on that date.

[39/2017; 45/2018]

Deductions under sections 14A, 14C, 14EA, 14N, 14P and 14R

(9) Despite anything in sections 14A, 14C, 14EA, 14N, 14P and 14R, a redomiciled company that has never, at any time before its registration date, carried on any trade or business in Singapore, may only make a claim for a deduction under any of those sections for any cost, payment or expenditure incurred or made before its registration date, if —

(*a*) such cost, payment or expenditure is incurred or made for the purpose of a trade or business in Singapore; and

(*b*) the company has not carried on the same trade or business outside Singapore at any time before its registration date.

[45/2018]

[Act 30 of 2023 wef 30/10/2023]

(10) The deduction under subsection (9) may only be allowed for the year of assessment relating to the basis period in which the trade or business is commenced in Singapore.

[39/2017]

Allowances for machinery or plant under section 19

(11) Where a redomiciled company —

(*a*) incurred capital expenditure before its registration date to acquire any machinery or plant for the purpose of any trade or business outside Singapore; and

(*b*) uses the machinery or plant for the purposes of a trade or business in Singapore on or after that date,

then an initial allowance may be made to the company for that capital expenditure, and an annual allowance may be made to the company for the depreciation by wear and tear of that machinery or plant, in accordance with section 19 as modified under subsection (12).

[39/2017; 45/2018]

(12) Section 19 applies in relation to the making of initial and annual allowances to a redomiciled company under subsection (11), and to initial and annual allowances so made, subject to the following modifications:

(*a*) the allowances may only be made under that section if the trade or business is carried on in Singapore on or after its registration date;

(*b*) the capital expenditure is treated as having been incurred for the provisioning of the machinery or equipment for that trade or business;

(*c*) except as provided under paragraph (*d*), the allowances under that section may only be made in respect of the lower of the following:

(i) the net book value of the machinery or plant as of the registration date;

(ii) the market value of the machinery or plant as of that date,

and that lower amount is treated as the capital expenditure incurred in acquiring that machinery or plant, and the original cost of the machinery or plant;

(*d*) for the purposes of making the initial allowance under section 19(1) to the company for any machinery or plant that is acquired under a hire-purchase agreement, the reference in that provision to the capital expenditure is a reference to an amount computed by the formula $\frac{A}{B} \times C$, where —

(i) A is —

(A) in the first year of claim for that allowance, the sum of all deposits and instalment payments (excluding finance charges) made up to the end of the basis period in which the date of commencement of the trade or business falls; and

(B) in each subsequent year of claim for that allowance, the sum of all instalment payments (excluding finance charges) made in the basis period to which the claim relates;

(ii) B is the sum of all deposits and instalment payments (excluding any finance charges) under the hire-purchase agreement; and

(iii) C is the lower amount of the machinery or plant mentioned in paragraph (*c*);

(*e*) for the purposes of making the initial allowance to the company, the capital expenditure is treated as having been incurred by the company on the first day on which it carries on that trade or business;

(*f*) subsections (1B), (2)(*b*), (3), (4), (5) and (5B) of section 19 do not apply;

(*g*) such other modifications as may be prescribed.

[39/2017]

(13) Except as provided under subsection (11), no allowance may be made under section 19 to a redomiciled company to which subsection (11)(*a*) and (*b*) applies, in relation to any capital expenditure mentioned in subsection (11)(*a*).

[39/2017]

Allowances for machinery, plant, etc., under section 19A

(14) Where a redomiciled company —

(*a*) incurred capital expenditure before its registration date to acquire any item mentioned in section 19A(1), (2), (3), (4), (5), (6), (7) or (8) or develop a website mentioned in section 19A(10), for the purpose of any trade or business outside Singapore; and

(*b*) uses such item or website for the purposes of a trade or business in Singapore on or after that date,

then an allowance may be made to the company, in lieu of the allowances under section 19 (as applied by subsection (11)), for the capital expenditure under section 19A(1), (2), (3), (4), (5), (6), (7), (8) or (10) (whichever is applicable), as modified under subsection (15).

[39/2017; 45/2018]

(15) Section 19A applies in relation to the making of an allowance under subsection (14), and to any allowance so made, subject to the following modifications:

(*a*) the allowance may only be made under that section if the trade or business is carried on in Singapore on or after the registration date;

(*b*) the capital expenditure is treated as having been incurred for the provision of the item or website for that trade or business;

(*c*) the allowance may only be made in respect of the lower of the following:

(i) the net book value of the item or website as of the registration date;

(ii) the market value of the item or website as of that date,

and that lower amount is treated as the capital expenditure incurred on the provision of the item or website for the trade or business, and the original cost of the item in section 19A(10C) (if applicable);

(*d*) subsections (1B), (1C), (1D), (1E), (1F), (1G), (2A) to (2K), (9), (9A), (13A) and (16) to (18) of section 19A do not apply;

(*e*) such other modifications as may be prescribed.

[39/2017; 32/2019; 41/2020]

(16) Except as provided under subsection (14), no allowance may be made under section 19A to a redomiciled company to which subsection (14)(*a*) and (*b*) applies, in relation to any capital expenditure mentioned in subsection (14)(*a*).

[39/2017]

Writing-down allowances for intellectual property rights under section 19B

(17) Where a redomiciled company —

(*a*) incurred capital expenditure before its registration date to acquire any intellectual property rights for the purpose of any trade or business outside Singapore; and

(*b*) uses those rights for the purpose of a trade or business in Singapore on or after that date,

then writing-down allowances may be made to the company for the capital expenditure, in accordance with section 19B as modified by subsection (18).

[39/2017; 45/2018]

(18) Section 19B applies in relation to the making of writing-down allowances to a redomiciled company under subsection (17), and to writing-down allowances so made, subject to the following modifications:

(*a*) the allowances may only be made under that section if the trade or business is carried on in Singapore on or after the registration date;

(*b*) the capital expenditure is treated as having been incurred for the acquisition of those intellectual property rights for use in that trade or business;

(*c*) the allowances may only be made in respect of the lower of the following:

(i) the acquisition cost of the intellectual property rights less accumulated amortisation and impairment losses as of the registration date;

(ii) the open-market price of the rights as of that date,

and that lower amount is treated as the capital expenditure incurred in acquiring those rights;

(*d*) subsections (1), (1A), (1AA)(*b*), (1AC) to (1AH), (1B) to (1BC), (1C), (1D), (1E), (2B) to (2E), (8), (9), (10D) to (10K) and (12) of section 19B do not apply;

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(*e*) the election under section 19B(1AB) must be made at the time of lodgment of the company's return of income for the year of assessment relating to the later of the following:

(i) the basis period in which the registration date falls;

(ii) the basis period in which the date of commencement of the trade or business falls;

(*f*) such other modifications as may be prescribed.

[39/2017]

(19) In subsection (18)(*c*), "open-market price", in relation to intellectual property rights, has the meaning given by section 19B(10F), with the reference to the acquisition date of those rights substituted with a reference to the registration date of the company.

[39/2017]

(20) Except as provided under subsection (17), no writing-down allowance may be made under section 19B to a redomiciled company

to which subsection (17)(*a*) and (*b*) applies in relation to any capital expenditure mentioned in subsection (17)(*a*).

[39/2017]

Ascertainment of profits of insurers

(20A) Where —

(*a*) a body corporate incorporated outside Singapore that is registered as a redomiciled company carried on insurance business (not being life business) outside Singapore at any time before its registration date;

(*b*) the redomiciled company carries on the same insurance business (not being life business) in Singapore on or after its registration date; and

(*c*) the registration date of the redomiciled company falls within a period for which its gains or profits from that insurance business in Singapore are to be ascertained for the purposes of this Act,

then, for the purposes of applying section 26(3) to the period mentioned in paragraph (*c*), the liabilities of the redomiciled company immediately before the registration date in respect of the common policies, are to be added to the beginning value mentioned in section 26(3)(*b*).

[45/2018]

(20B) If —

(*a*) a body corporate incorporated outside Singapore that is registered as a redomiciled company carried on life business outside Singapore at any time before its registration date;

(*b*) the redomiciled company carries on the same life business in Singapore on or after its registration date; and

(*c*) the registration date of the redomiciled company falls within a period for which its gains or profits from that life business in Singapore are to be ascertained for the purposes of this Act,

then, for the purposes of applying section 26(6) to the period mentioned in paragraph (*c*), the liabilities of the redomiciled company immediately before the registration date in respect of the common policies, are to be added to the beginning value mentioned in paragraphs (*a*)(ii) and (*b*)(iv) of both definitions of "onshore life insurance surplus", and paragraphs (*a*)(ii) and (*b*)(iv) of both definitions of "offshore life insurance surplus" in section 26(12).

[45/2018]

(20C) In subsections (20A) and (20B) —

(*a*) "life business" means the business of insuring or reinsuring the liability of a life policy or accident and health policy as defined in the Insurance Act 1966;

(*b*) a redomiciled company carries on the same insurance business (not being life business) or life business in Singapore that it carried on outside Singapore if the policies which it assumes the risks or undertakes the liabilities of, or for which it collects or receives premiums, when carrying on life business or an insurance business (not being life business) in Singapore —

(i) are policies that are, or are part of; or

(ii) include policies that are, or are part of,

the policies which it assumed the risks or undertook the liabilities of, or for which it collected or received premiums, when carrying on life business or an insurance business (not being life business) outside Singapore; and

(*c*) a reference to common policies is a reference to the policies mentioned in sub-paragraph (*b*)(i) or (ii), as the case may be.

[45/2018]

Section 43(6C) inapplicable

(21) Section 43(6C) does not apply to a redomiciled company.

[39/2017; 45/2018]

Regulations

(22) The Minister may make regulations necessary or convenient to be prescribed for carrying out or giving effect to this section and section 34H, and in particular, make regulations to provide for such transitional, supplementary or consequential matters as the Minister considers necessary or expedient.

[39/2017]

Tax credits for approved redomiciled companies

34H.—(1) This section applies where —

(*a*) an approved redomiciled company has income (called in this section income A) that is chargeable to tax in one or more years of assessment beginning with the year of assessment for the basis period in which its registration date falls; and

(*b*) the company's place of incorporation levies on the company tax of a similar character to income tax (by whatever name called) on an estimate of income A (called in this section income B).

[39/2017]

(2) The approved redomiciled company must be allowed, in accordance with subsection (4), a tax credit against tax payable in respect of the part of income A that is derived or received in the basis period for each year of assessment specified by the Minister to the company at the time of its approval (called in this section a specified year of assessment).

[39/2017]

(3) The total amount of tax credits to be allowed to the approved redomiciled company for all of its specified years of assessment is an amount C that is computed by the formula (B - B1) × D, where —

(*a*) B is the amount of income B;

(*b*) B1 is the part of income B which is derived wholly from any agreement or arrangement entered into on or after the registration date, as well as any other income prescribed by regulations made under section 34G; and

(*c*) D is the lower of the following:

(i) the rate by which the part of income A derived or received in the basis period in which its registration date falls is chargeable to tax;

(ii) the rate by which income B is chargeable to the tax described in subsection (1)(*b*).

[39/2017]

(4) Where, throughout a basis period for a specified year of assessment, the approved redomiciled company —

(*a*) is resident in Singapore; and

(*b*) satisfies all of the conditions specified by the Minister to it at the time of its approval,

then there is to be allowed, against the amount of tax chargeable on income E, a credit of an amount that is the lower of the following:

(*c*) the amount of tax;

(*d*) an amount computed by deducting from the amount C, the total amount of tax credits previously allowed under this section against the tax chargeable on the income of the company.

[39/2017]

(5) In subsection (4), a company's income E for a year of assessment is the amount of the part of income A derived or received in the basis period for that year of assessment after deducting the following:

(*a*) the expenses and donations allowable under this Act for that year of assessment that are attributable to or apportioned to the part of income A;

(*b*) any capital allowances for that year of assessment attributable to the part of income A whether or not any claim for those allowances has been made;

(*c*) any balance of the expenses, allowances and donations which have not been deducted under this subsection for the

purpose of determining income E for any previous year of assessment.

[39/2017]

(6) The balance of any expenses, allowances or donations mentioned in subsection (5) may only be used to determine the company's income E for a subsequent specified year of assessment, and is not available as a deduction against any other income of the company.

[39/2017]

(7) However, any balance mentioned in subsection (6) that remains —

(*a*) after ascertaining the company's income E for the last of the specified years of assessment; or

(*b*) as of the date of revocation of the approval of the company,

may be deducted against any other income of the company for a subsequent year of assessment, or the year of assessment for the basis period in which the approval is revoked or a subsequent basis period (whichever is applicable), in accordance with section 23 or 37, as the case may be.

[39/2017]

(8) Any balance of the amount C after a tax credit has been allowed for the last of the specified years of assessment must be disregarded.

[39/2017]

(9) If, at any time after the registration date, and during a period specified by the Minister to it at the time of its approval, the approved redomiciled company ceases to carry on any trade or business in Singapore, an amount computed using the formula $\frac{F-G}{F} \times H$, is recoverable by the Comptroller from the company as a debt due to the Government, where —

(*a*) F is the total number of its specified years of assessment or 5, whichever is larger;

(*b*) G is the total number of complete years where the company carried on a trade or business in Singapore; and

(*c*) H is the total amount of tax credits already allowed against the tax chargeable on the income of the company under this section.

[39/2017]

(10) If the Comptroller is satisfied that —

(*a*) the approved redomiciled company gave to the Comptroller information that is false in any material particular, or omitted any material particular from any information or document given to the Comptroller; and

(*b*) as a result of the false information or omission, an amount of tax credit was allowed against tax chargeable on the company's income under this section,

then an amount equal to the amount of tax credit so allowed is recoverable by the Comptroller from the company as a debt due to the Government.

[39/2017]

(11) The amount recoverable under subsection (9) or (10) must be paid at the place stated in the notice served by the Comptroller on the approved redomiciled company within 30 days after the service of the notice.

[39/2017]

(12) The Comptroller may, in the Comptroller's discretion, and subject to such terms and conditions as the Comptroller may impose, extend the time within which payment is to be made.

[39/2017]

(13) Sections 86(1) to (6), 87(1) and (2), 89, 90 and 91 apply to the collection and recovery by the Comptroller of the amount recoverable under subsection (9) or (10) as they apply to the collection and recovery of tax.

[39/2017]

(14) In this section —

"approved redomiciled company" means a redomiciled company within the meaning of section 34G(1) that is approved by the Minister for the purposes of this section;

"place of incorporation", in relation to an approved redomiciled company, means the jurisdiction where the company was

domiciled at the time it applied for registration under Part 10A of the Companies Act 1967;

"registration" means registration under section 359(1) of the Companies Act 1967;

"registration date", in relation to an approved redomiciled company, means the date of its registration specified in the notice of transfer of registration issued to it under section 359(3) of the Companies Act 1967.

[39/2017]

Adjustments arising from adoption of FRS 115 or SFRS(I) 15

34I.—(1) This section applies where —

(*a*) a person prepares or maintains the person's financial accounts for any basis period for a year of assessment in accordance with FRS 115 or SFRS(I) 15 for the first time (called in this section the initial year of assessment);

(*b*) as a result of the application of FRS 115 or SFRS(I) 15 (as the case may be), an adjustment has to be made to the amount of revenue in the person's financial accounts in any previous basis period (called in this section the adjusted revenue amount); and

(*c*) the amount W of the person (or, if the person is a partnership, a partner of the person) for the year of assessment for that previous basis period arrived at using an amount of profit that includes the adjusted revenue amount (called in this section amount A) as the starting point, is different from the amount arrived at using an amount of profit that does not include the adjusted revenue amount (called in this section amount B) as the starting point.

[39/2017; 45/2018]

(1A) In subsection (1)(*c*), the amount W of a person or partner for a year of assessment is ascertained by the formula X + Y – Z, where —

(*a*) X is the chargeable income of the person or partner for that year of assessment;

(*b*) Y is all exempt income of the person or partner for that year of assessment; and

(*c*) Z is the sum of each deduction or allowance for any expenditure, donation or loss, that remains unabsorbed after ascertaining the chargeable income or any exempt income.

[45/2018]

(2) Despite any provision of this Act, if amount A exceeds amount B, the excess amount is treated as income of the person or partner (as the case may be) for the initial year of assessment and is subject to one or more tax treatments in accordance with subsection (3).

[39/2017]

(3) For the purposes of subsection (2) —

(*a*) if the income amount C of the person or partner for the initial year of assessment is subject to a single tax treatment, then the excess amount is subject to that tax treatment;

(*b*) if different parts of the income amount C of the person or partner for the initial year of assessment are subject to different tax treatments, then different parts of the excess amount are subject to the different tax treatments, and the part of the excess amount that is subject to each of those tax treatments is computed by the formula $\frac{D}{E} \times F$, where —

(i) D is the sum of —

(A) the part of the income amount C of the person or partner for that year of assessment that is subject to that tax treatment; and

(B) the deduction allowed or allowance made for each expenditure, donation or loss in ascertaining the chargeable income or any exempt income of the person or partner for that year of assessment, and attributable to the production of, or apportioned to, that part;

(ii) E is the sum of —

(A) the income amount C of the person or partner for that year of assessment; and

(B) the deduction allowed or allowance made for each expenditure, donation or loss in ascertaining the chargeable income or any exempt income of the person or partner for that year of assessment, and attributable to the production of, or apportioned to, the income amount C or a part of it; and

(iii) F is the excess amount.

[39/2017; 45/2018]

(4) Despite any provision of this Act, if amount B exceeds amount A, a deduction of the excess amount must be made against the total income of the person or partner (as the case may be) or one or more parts of it for the initial year of assessment according to subsection (5).

[39/2017]

(5) For the purposes of subsection (4) —

(*a*) if the income amount C of the person or partner for the initial year of assessment is subject to a single tax treatment, then the excess amount must be deducted against the income amount C;

(*b*) if different parts of the income amount C of the person or partner for the initial year of assessment are subject to different tax treatments, then different parts of the excess amount must be deducted against the different parts of the income amount C, and the part of the excess amount that must be deducted against each part of the income amount C is computed by the formula $\frac{D}{E} \times F$, where —

(i) D is the sum of —

(A) the part of the income amount C of the person or partner for that year of assessment that is subject to that tax treatment; and

(B) the deduction allowed or allowance made for each expenditure, donation or loss in ascertaining the chargeable income or any exempt income of the person or partner for that year of assessment, and attributable to the production of, or apportioned to, that part;

(ii) E is the sum of —

(A) the income amount C of the person or partner for that year of assessment; and

(B) the deduction allowed or allowance made for each expenditure, donation or loss in ascertaining the chargeable income or any exempt income of the person or partner for that year of assessment, and attributable to the production of, or apportioned to, the income amount C or a part of it; and

(iii) F is the excess amount.

[39/2017; 45/2018]

(5A) To avoid doubt, the deduction or allowance mentioned in subsection (3)(*b*)(i)(B) or (ii)(B), or subsection (5)(*b*)(i)(B) or (ii)(B), excludes any deduction or allowance (or any part of any deduction or allowance) that remains unabsorbed after ascertaining the chargeable income or exempt income mentioned in that provision.

[45/2018]

(6) In this section —

(*a*) income is subject to a tax treatment if it is —

(i) subject to tax at one rate of tax; or

(ii) exempt from tax;

(*b*) a reference to the income amount C of a person or partner for a year of assessment is a reference to the amount of income computed by the formula G + H, where —

(i) G is the part of the chargeable income of the person or partner for the year of assessment that is of the

type of income governed by FRS 115 or SFRS(I) 15, as the case may be; and

(ii) H is the part of the exempt income of the person or partner for the year of assessment that is of the type of income governed by FRS 115 or SFRS(I) 15, as the case may be; and

(*c*) a reference to deducting an amount against any income that is subject to a tax treatment is —

(i) if the tax treatment is that mentioned in paragraph (*a*)(i), allowing that amount as a deduction against the income; or

(ii) if the tax treatment is that mentioned in paragraph (*a*)(ii), reducing the income by that amount.

[39/2017; 45/2018]

(7) In this section —

"FRS 115" means the financial reporting standard known as Financial Reporting Standard 115 (Revenue from Contracts with Customers) issued by the Accounting Standards Committee under the Accounting Standards Act 2007;

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"person" has the meaning given by section 2(1), and includes a partnership;

"SFRS(I) 15" means the financial reporting standard known as Singapore Financial Reporting Standards (International) 15 (Revenue from Contracts with Customers), issued by the Accounting Standards Committee under the Accounting Standards Act 2007.

[39/2017; 45/2018]

[Act 36 of 2022 wef 01/04/2023]

Tax treatment arising from adoption of FRS 116 or SFRS(I) 16

34J.—(1) Where an MSI recipient (called in this section an electing recipient) makes an election in accordance with subsection (10) to adopt the tax treatment under this section, then, despite any other

provision of this Act, that tax treatment applies in relation to the electing recipient in accordance with this section.

[32/2019]

(2) If, in any applicable period, a sublease by the electing recipient of a sublease asset is recognised by the electing recipient as a finance lease in accordance with FRS 116 or SFRS(I) 16, any income of the electing recipient derived under that sublease in that applicable period is taken as having been derived from a finance lease for the purpose of section 10C.

[32/2019]

(3) If, in any applicable period, a sublease by the electing recipient of a sublease asset is recognised by the electing recipient as an operating lease in accordance with FRS 116 or SFRS(I) 16, any income of the electing recipient derived under that sublease in that applicable period is taken as not having been derived from a finance lease for the purpose of section 10C.

[32/2019]

(4) The electing recipient is not entitled to any deduction under Part 5 in a year of assessment for any outgoing or expense incurred during an applicable period in relation to a qualifying asset of which it is a lessee, against any income derived by it from any use of that qualifying asset.

[32/2019]

(5) Where the electing recipient makes an election under subsection (10) at the time of lodgment of the return of income for the year of assessment for the basis period in which 12 December 2018 falls, then —

(*a*) for the year of assessment for the basis period in which that date falls — the capital allowances to be made to it under section 19, 19A or 22 for any qualifying asset of which it is a lessee, are to be reduced by an amount computed by the formula

$$\frac{A}{365} \times B,$$

where —

(i) A is the number of days between 12 December 2018 and the last day of the basis period for that year of assessment (both days inclusive); and

(ii) B is the amount of the capital allowances for that year of assessment for that qualifying asset;

(*b*) for the year of assessment for the basis period in which that date falls — no allowance may be made to, and no charge may be made on, the electing recipient under section 20 or 21 for any event mentioned in section 20(1) that occurs in the period between 12 December 2018 and the last day of the basis period for that year of assessment (both days inclusive), in relation to any qualifying asset of which it is a lessee; and

(*c*) for any subsequent year of assessment other than the last year of assessment —

(i) the electing recipient is not entitled to any allowance under section 19, 19A or 22; and

(ii) no allowance may be made to, and no charge may be made on, the electing recipient under section 20 or 21 for any event mentioned in section 20(1) that occurs in the basis period for that year of assessment,

in relation to any qualifying asset of which it is a lessee.

[32/2019]

(6) Where the electing recipient makes the election under subsection (10) at the time of lodgment of the return of income for the year of assessment for any basis period other than that in which 12 December 2018 falls, then, for every year of assessment beginning with the basis period in which it makes the election and before the last year of assessment —

(*a*) the electing recipient is not entitled to any allowance under section 19, 19A or 22; and

(*b*) no allowance may be made to, and no charge may be made on, the electing recipient under section 20 or 21 for any event mentioned in section 20(1) that occurs in the basis period for that year of assessment,

in relation to any qualifying asset of which it is a lessee.

[32/2019]

(7) For the last year of assessment, the capital allowances under section 19, 19A or 22 for any qualifying asset of which the electing recipient is a lessee, and which was leased for its trade or business before the date it ceases to be an MSI recipient, are to be —

(*a*) computed on the residue of the capital expenditure or reducing value of the qualifying asset (as the case may be) after deducting all such allowances (including initial and annual allowances) that have or would (but for subsection (5) or (6)) have been made to the electing recipient for all past years of assessment, even if no such allowance was made; and

(*b*) reduced by an amount computed by the formula

$$\frac{A}{365} \times B,$$

where —

(i) A is the number of days between the first day of the basis period of the last year of assessment and the day before the day the electing recipient ceases to be an MSI recipient (both days inclusive); and

(ii) B is the amount of the capital allowances for the last year of assessment as computed in accordance with paragraph (*a*).

[32/2019]

(8) For the last year of assessment, no allowance may be made to, and no charge may be made on, the electing recipient under section 20 or 21 for any event mentioned in section 20(1) that occurs between the first day of the basis period of that year of assessment and the day

before the day it ceases to be an MSI recipient (both days inclusive), in relation to any qualifying asset of which it is a lessee.

[32/2019]

(9) For each subsequent year of assessment after the last year of assessment, the capital allowances under section 19, 19A or 22 for any qualifying asset of which the electing recipient is a lessee, and which was leased for its trade or business before the day it ceases to be an MSI recipient, are to be computed on the residue of the capital expenditure or reducing value of the qualifying asset (as the case may be) after deducting —

(*a*) all such allowances (including initial and annual allowances) that have or would (but for subsection (5) or (6)) have been made to the electing recipient for all past years of assessment, even if no such allowance was made; and

(*b*) the total amount of such allowances that would have been made to the electing recipient for the last year of assessment without the reduction under subsection (7)(*b*).

[32/2019]

(10) An MSI recipient may make an election to adopt the tax treatment under this section by providing a written notice to the Comptroller of this —

(*a*) at the time of lodgment of the return of income for the year of assessment relating to a basis period during which its financial accounts are prepared in accordance with FRS 116 or SFRS(I) 16; or

(*b*) within such further time as the Comptroller may allow.

[32/2019]

(11) An election made under subsection (10) is irrevocable.

[32/2019]

(12) If —

(*a*) the tax treatment under this section has been applied in relation to a ship that is provisionally registered under the Merchant Shipping Act 1995, and that is operated by an electing recipient that is a shipping enterprise (called in this

subsection and subsections (12A) and (13) the provisionally-registered ship); and

(*b*) the electing recipient subsequently fails to obtain a permanent certificate of registry under that Act in respect of that ship,

then the Comptroller must, in relation to every year of assessment for which the tax treatment under this section has already been applied in relation to the provisionally-registered ship —

(*c*) make an assessment or additional assessment under section 74 on the electing recipient; or

(*d*) revise an assessment already made and give a refund to the electing recipient for any tax overpaid,

as the case may be, as if the tax treatment had not been applied for that year of assessment in relation to both the provisionally-registered ship and relevant assets.

[32/2019; 41/2020]

(12A) Subsection (12) does not apply in relation to a ship in respect of which the electing recipient derives the income mentioned in section 13A(1), (1B), (1CA), (1CD), (1CE), (1CF), (1CG), (1CH), (1CI), (1CJ), (1CK) or (1CL) (modified by replacing a reference to a Singapore ship with a reference to a provisionally registered ship) on or after 19 February 2020, but not before that date.

[41/2020]

(13) In subsection (12), "relevant assets" means —

(*a*) if, at the end of the basis period for the year of assessment mentioned in that subsection, the electing recipient operates only the provisionally-registered ship and no other Singapore ship, all sublease assets and qualifying assets of the electing recipient; or

(*b*) if, at the end of the basis period for the year of assessment mentioned in that subsection, the electing recipient operates one or more other Singapore ships in addition to the provisionally-registered ship, any on-board

equipment integral to the operation of the provisionally-registered ship but no other ship.

[32/2019]

(14) In this section —

"applicable period" means —

(*a*) the later of the following:

(i) the period between 12 December 2018 and the last day of the basis period in which that date falls (both days inclusive);

(ii) the basis period in which the electing recipient makes the election under subsection (10);

(*b*) each basis period that is subsequent to the period mentioned in paragraph (*a*) and before the period mentioned in paragraph (*c*); or

(*c*) the period starting on the first day of the basis period in which the electing recipient ceases to be an MSI recipient, and ending on (and including) the day before the day of such cessation;

"approved container investment enterprise" means an approved container investment enterprise mentioned in section 43P;

"approved international shipping enterprise" means an approved international shipping enterprise mentioned in section 13E;

"approved shipping investment enterprise" means an approved shipping investment enterprise mentioned in section 13P;

"container" has the meaning given by section 43P(7);

"FRS 116" means the financial reporting standard issued by the Accounting Standards Committee under Part 3 of the Accounting Standards Act 2007 and known as Financial Reporting Standard 116 (Leases);

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"intermodal equipment" has the meaning given by section 43P(7);

"last year of assessment" means the year of assessment for the basis period in which the electing recipient ceases to be an MSI recipient;

"Maritime Sector Incentive recipient" or "MSI recipient" means a shipping enterprise, an approved international shipping enterprise, an approved shipping investment enterprise, or an approved container investment enterprise;

"qualifying asset" means —

(*a*) in the case of an electing recipient that is a shipping enterprise, any of the following:

(i) any Singapore ship;

(ii) any on-board equipment integral to the operation of Singapore ships;

(iii) any container;

(iv) any intermodal equipment or any other equipment integral to the operation of containers;

(*b*) in the case of an electing recipient that is an approved international shipping enterprise, any of the following:

(i) any ship;

(ii) any on-board equipment integral to the operation of ships;

(iii) any container;

(iv) any intermodal equipment or any other equipment integral to the operation of containers;

(*c*) in the case of an electing recipient that is an approved shipping investment enterprise, any of the following:

(i) any ship;

(ii) any on-board equipment integral to the operation of ships; and

(*d*) in the case of an electing recipient that is an approved container investment enterprise, any of the following:

(i) any container;

(ii) any intermodal equipment or any other equipment integral to the operation of containers,

but excludes anything that is used solely in the basis period concerned to derive income that is not income that is subject to exemption or a concessionary rate of tax under section 13A, 13E, 13P or 43P;

"SFRS(I) 16" means the financial reporting standard issued by the Accounting Standards Committee under Part 3 of the Accounting Standards Act 2007 and known as Singapore Financial Reporting Standard (International) 16 (Leases);

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"ship" has the meaning given by section 2(1) of the Merchant Shipping Act 1995;

"shipping enterprise" means a company that owns or operates one or more Singapore ships;

"Singapore ship" means —

(*a*) a ship in respect of which a permanent certificate of registry has been issued under the Merchant Shipping Act 1995 and whose registry is not closed or deemed to be closed or suspended; or

(*b*) a ship that is provisionally registered under that Act;

"sublease asset" means —

(*a*) in the case of an electing recipient that is a shipping enterprise, any Singapore ship or container;

(*b*) in the case of an electing recipient that is an approved international shipping enterprise, any ship or container;

(*c*) in the case of an electing recipient that is an approved shipping investment enterprise, any ship; and

(*d*) in the case of an electing recipient that is an approved container investment enterprise, any container or intermodal equipment,

but excludes anything that is used solely in the basis period concerned to derive income that is not income that is subject to exemption or a concessionary rate of tax under section 13A, 13E, 13P or 43P.

[32/2019]

PART 8

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 (called in this Act the statutory income) is the full amount of the person's income for the year preceding the year of assessment from each source of income after the deduction provided under subsection (2).

(2) There is to 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).

(2A) A deduction under subsection (2) is to 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.

(3) For the purposes of subsection (2), the balance of allowance for the earliest year of assessment is deemed to have been deducted first, followed by the balance of allowance for the next earliest year of assessment, and so on.

(4) Where the Comptroller is satisfied that any person usually makes up the person's accounts to a day other than 31 December, the Comptroller 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.

(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 is to be computed on such basis as the Comptroller in his or her discretion thinks fit.

(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 is lawful to make such a division, and apportionment or aggregation, and any apportionment under this section is to be made in proportion to the number of days in the respective periods, unless the Comptroller, having regard to any special circumstances, otherwise directs.

(8) The statutory income of an executor of a deceased person for any year of assessment is 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 is allowed in respect of any income included in the computation of the

statutory income if such income is received by, distributed to or applied to the benefit of any beneficiary of the estate within the calendar year in which the income is derived, or such longer period that the Comptroller may permit in any particular case or class of cases.

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(10) The statutory income of any beneficiary of such estate is the amount so received by, or distributed to the beneficiary, or applied to the beneficiary's 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 is to 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 the trustee's 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 does not form part of the trustee's statutory income for that year of assessment.

[37/2014]

(12A) Subsection (12) only applies to income derived on or after 1 September 2014.

[37/2014]

(12B) An election under subsection (12) must 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 expiry of the time the return of income is to be delivered or within such extended time as the Comptroller may allow.

[37/2014]

(12C) An election under subsection (12) is irrevocable.

[37/2014]

(12D) To avoid doubt, subsection (12) does not affect the operation of section 43(2) (read with section 43(2A)(*ba*)) in relation to a designated unit trust that is also an approved REIT exchange-traded fund within the meaning of section 43(10).

[45/2018]

(13) No deduction under section 14 is 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.

[37/2014]

(13A) No deduction under section 14 is 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.

[37/2014]

(14) In subsections (12), (13), (13A), (14A), (14B), (14C) and (14D) —

"compensatory payment" has the meaning given by section 10H(12);

"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 2001 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);

(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;

"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;

"former designated unit trust" means a unit trust that, immediately before 21 February 2014, was a designated

unit trust under this section in force immediately before that date;

"securities" has the meaning given by section 10(23);

"unit" and "unit trust" have the meanings given by section 10A.

[37/2014; 32/2019]

(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.

[37/2014]

(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 of the fund manager;

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(*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 20 February 2014 remains unchanged.

[37/2014]

(14C) Despite 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 is not 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.

[37/2014]

(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.

[37/2014]

(14E) Subsections (12), (13) and (13A) do not apply to a trust that is constituted on or after 1 April 2019.

[37/2014]

(14F) In the case of a trust that is constituted before 1 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 1 April 2019; or

(*b*) whose trustee did not make an election for subsection (12) to apply to the trustee's income for any basis period beginning on or after that date,

subsections (12), (13) and (13A) do not apply to that trust for the year of assessment to which that basis period relates and for every subsequent year of assessment.

[37/2014]

(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.

[37/2014]

(14H) In the case of a trust that is constituted before 1 April 2019 whose trustee did not make an election for subsection (12) to apply to the trustee's income for the basis period immediately preceding the basis period in which 1 April 2019 falls, subsections (12), (13) and (13A) do 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.

[37/2014]

(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.

[37/2014]

(15) The statutory income for any year of assessment of any beneficiary under a trust is 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) Despite subsection (15), the statutory income for any year of assessment of a beneficiary of a trust (called in this subsection the first trust), where the beneficiary is itself a trustee of an approved REIT exchange-traded fund, is that share of the statutory income of the trustee of the first trust that corresponds to the share of the income of the first trust to which the beneficiary is entitled for the year preceding the year of assessment.

[45/2018]

(15B) To avoid doubt, section 43(2) (read with section 43(2A)(*ba*)) applies to the statutory income under subsection (15A) of the beneficiary.

[45/2018]

(15C) 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 is reduced by the amount entitled.

[45/2018]

(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);

(*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);

(*ba*) in relation to a trustee of an approved REIT exchange-traded fund within the meaning of section 43(10), any income from a trade or business carried on by the trustee, other than a distribution received from a real estate investment trust that is in turn made out of income of the kinds mentioned in section 43(2A)(*a*)(i), (ii), (iii), (iv) and (v); or

(*c*) in relation to a trustee of any other trust, any income from any trade or business carried on by the trustee.

[34/2016; 45/2018]

Cessation of source of income commenced before 1 January 1969

35A.—(1) This section only applies 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 1 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, the person's statutory income therefrom is —

(*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) does not apply to a company which ceases to carry on any trade or business on or after 15 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 is 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 is deemed to be the share to which the partner was entitled during that period in the income of the partnership, such income being ascertained in accordance with the provisions of this Act, and must 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 is computed in accordance with section 35 by treating the partner's 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 the partner.

(1A) Sections 13G, 13P, 43N and 43P 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.

(1B) Despite anything in sections 14E, 19B and 19C, 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.

(1C) Regulations under subsections (1A) and (1B) may make provision —

(*a*) for the manner in which a concessionary rate of tax under sections 43N and 43P may be accorded to a partner of a partnership being an individual;

(*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.

[34/2016]

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 are 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 is treated as done by, to or in relation to the partners; and

(*c*) the property of the partnership is treated as held by the partners as partnership property.

(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.

(3) In ascertaining the income of a limited liability partnership for the purpose of section 36(1)(*a*), section 10D applies to income from any business of the making of investments as if the limited liability partnership is a company.

(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 must not exceed —

(*a*) in the case of a relevant deduction allowed to the partner 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 the partner 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 the partner, 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 the partner, an amount equal to the amount ascertained in accordance with the formula

$$A - B - C - D - E,$$

where A is the partner's contributed capital in that year of assessment;

B is the past relevant deductions already allowed to the partner;

C is the relevant deduction allowed to the partner in that year of assessment under section 35(2);

D is the relevant deduction allowed to the partner in that year of assessment under section 37(3)(*a*); and

E is the transferred deduction transferred by the partner in that year of assessment.

(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 the partner exceeds the partner's contributed capital, the excess is 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 is deemed to be a loss incurred by the partner in the trade, business, profession or vocation of the limited liability partnership.

(6) Subsections (4) and (5) do 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.

(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 is deemed to be —

(*c*) where that person is admitted to the limited liability partnership as a partner, sold to that person by all the remaining partners; or

(*d*) where that person withdraws from the limited liability partnership as a partner, sold by that person to all the remaining partners.

(8) The precedent partner of a limited liability partnership must 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 written notice, a return of the contributed capital of each partner of the limited liability partnership for any year of assessment.

(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.

(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 the partner's assessable income from any other source for the immediate preceding year of assessment under section 37D(1) or any of the 3 immediate preceding years of assessment under section 37D(1A); 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 the partner to a spouse under section 37E;

"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 the partner has contributed (in cash or in kind but not including any loan by the partner 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 the partner is entitled as a partner of the limited liability partnership but which the partner 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 meaning given by 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 the partner's 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 the partner to a claimant company under section 37B or to a spouse under section 37C.

[39/2017; 41/2020]

Registered business trusts

36B.—(1) For the purposes of this Act, except as otherwise provided, references to a company include 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 apply to a registered business trust except that —

(i) any reference to the shareholders of a company is a reference to the unitholders of a registered business trust;

(ii) the unitholders of a registered business trust at any date are not 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 are 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 are deemed to be held by that deceased unitholder;

(*b*) for the purpose of section 24(1) —

(i) a body of persons is 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 firstmentioned registered business trust;

(ii) a registered business trust is 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 37B —

(i) a registered business trust is 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 is a reference to the units in a registered business trust; and

(iii) any reference to residual assets or residual profits in a company is a reference to the residual assets and residual profits of a registered business trust; and

(*d*) for the purposes of section 13W, any reference to ordinary shares in an investee company which are legally and beneficially owned by a divesting company is a reference to ordinary shares in the investee company which are trust property of the registered business trust.

[37/2014]

(2) The statutory income of a registered business trust is to be computed in accordance with section 35(11).

(3) Sections 35(15) and 43(2) do not apply to any registered business trust or unitholders of any registered business trust.

(4) In this section, "business trust", "registered business trust", "trustee-manager", "unit" and "unitholder" have the meanings given by the Business Trusts Act 2004.

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.

(2) In ascertaining the income of a limited partnership for the purpose of section 36(1)(*a*), section 10D applies to income from any business of the making of investments as if the limited partnership were a company.

(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 must not exceed —

(*a*) in the case of a relevant deduction allowed to the limited partner 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 the limited partner 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 the limited partner, 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 the limited partner, an amount equal to the amount ascertained in accordance with the formula

$$A - B - C - D - E,$$

where A is the limited partner's contributed capital in that year of assessment;

B is the past relevant deductions already allowed to the limited partner;

C is the relevant deduction allowed to the limited partner in that year of assessment under section 35(2);

D is the relevant deduction allowed to the limited partner in that year of assessment under section 37(3)(*a*); and

E is the transferred deduction transferred by the limited partner in that year of assessment.

(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 the limited partner exceeds the limited partner's contributed capital, the excess is 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 is deemed to be a loss incurred by the limited partner in the trade, business, profession or vocation of the limited partnership.

(5) Subsections (3) and (4) do 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.

(6) The precedent partner of a limited partnership must make and deliver, together with a return of the income of the limited partnership under section 71 or when required by the Comptroller by written notice, a return of the contributed capital of each partner of the limited partnership for any year of assessment.

(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.

(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 the limited partner in the limited partnership that is made against the limited partner's assessable income from any other source for the immediate preceding year of assessment under section 37D(1) or any of the 3 immediate preceding years of assessment under section 37D(1A); 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 partner in the limited partnership that is transferred by the limited partner to a spouse under section 37E;

"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 the limited partner has contributed (in cash or in kind but not including any loan by the limited partner 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 the limited partner is entitled as a limited partner of the limited partnership but which the limited partner has not, directly or indirectly, received (whether as a distribution or a loan from the limited partnership or otherwise);

"limited partner" has the meaning given by the Limited Partnerships Act 2008;

"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 meaning given by 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 the limited partner 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 the limited partner in the limited partnership that is made against the limited partner's 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 the limited partner in the limited partnership that is transferred by the limited partner to a claimant company under section 37B or to a spouse under section 37C.

[39/2017; 41/2020]

PART 9

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 is the remainder of the person's statutory income for that year after the deductions allowed in this Part have been made.

(2) For the purposes of this section, unless otherwise provided in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act 1967, 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 must apportion any sum allowable under subsection (3)(*b*), (*c*), (*d*) or (*f*) among the different rates of tax on such basis as the Comptroller considers reasonable.

(3) Subject to subsections (2) and (3B), there is to 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;

(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 the Minister may appoint, of an approved donation of —

(i) any artefact or work of art made by that person in the year preceding the year of assessment to an approved museum;

(ii) any sculpture or work of art for public display made by that person 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 that person in the year preceding the year of assessment,

and for this purpose, "approved" means approved by the Minister or such person as the Minister may appoint;

(*c*) an amount equivalent to twice the amount of any donation of money made by that person 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 the Minister

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 1906 and approved by the Chief Valuer appointed under the State Lands Act 1920, of any donation of any immovable property made by that person in the year preceding the year of assessment to any institution of a public character.

(3A) For the purpose of subsection (3), a reference to "twice the value" or "twice the amount" in subsection (3)(*b*) to (*f*) is 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 2026 (both dates inclusive),

2.5 times the value or 2.5 times the amount, as the case may be; or

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(*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.

[2/2016; 45/2018; 27/2021]

(3B) No deduction may 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 1 January 2012 unless the person 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.

(3C) A donation made on or after 18 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 firstmentioned purpose should fail), is 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 must revert to the donor or be given to any other person (other than the recipient).

(3D) To avoid 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.

(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.

(3F) Subject to subsection (3G), a donation referred to in subsection (3)(*b*), (*c*), (*d*), (*e*) or (*f*) is eligible for a deduction under that provision even if the donor or another person receives or will receive a benefit in consequence of making the donation.

(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 excludes an amount equivalent to the value of the benefit.

(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.

(3I) To avoid 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.

(3J) In subsection (3G), a person is connected with the donor if —

(*a*) the person is a relative of the donor within the meaning of section 37N(12);

(*b*) the person, or a person who is the person's relative within the meaning of section 37N(12), directly or indirectly controls the donor;

(*c*) the person is controlled, directly or indirectly, by the donor; or

(*d*) the person and the donor, directly or indirectly, are under the control of a common person.

(3K) No approval may be granted for the purposes of subsection (3)(*d*) for a donation made on or after 21 February 2017.
[39/2017]

(4) A deduction under subsection (3)(*a*)(i) is to 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;

(*c*) thirdly, against statutory income from any other source.

(5) A deduction under subsection (3)(*a*)(i) is to 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.

(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 37B or to a spouse under section 37C or 37E, or deducted against income for the immediate preceding year of assessment under section 37D(1) or any of the 3 immediate preceding years of assessment under section 37D(1A), is available for deduction against the person's statutory income for subsequent year of assessment under subsection (3)(*a*)(i).

[39/2017; 41/2020]

(7) A deduction under this section to any person in respect of any sum allowable under subsection (3)(*b*), (*c*), (*d*), (*e*) or (*f*) is only allowed against the person's statutory income after the deduction under subsection (3)(*a*) and sections 37AA and 37N.

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(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*) is to be allowed —

(*a*) as far as possible against the person's statutory income of the first year of assessment after the year in which the donation was made by the person; and

(*b*) so far as the deduction cannot be so allowed, after deducting any of such sum transferred to a claimant company under section 37B or to a spouse under section 37C, then from the person's statutory income of the next year of assessment,

and so on, except that any balance of the donation not deducted against the person's statutory income of the fifth year of assessment

after the year of assessment relating to the basis period in which the donation was made is disregarded.

(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 is deemed to have been deducted first.

(10) For the purposes of subsection (3), the loss incurred during any year is 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 is —

(*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; or

(*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 the person in the name of the trade, business or profession to which the accounts relate,

a reference to —

(*d*) 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

(*e*) such other period as the Comptroller, having regard to any special circumstance, otherwise directs.

(11) No deduction is 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) Despite 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 is 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).

(13) A loss or donation disregarded under subsection (12) must not be allowed in any subsequent year of assessment.

(14) For the purposes of subsection (12) —

(*a*) the shareholders of a company at any date are not 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 are 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 are deemed to be held by that deceased shareholder.

(15) For the purpose of subsection (14), where any part of a share of a shareholder is not fully paid up, there is to 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.

(16) The Minister or such person as the Minister may appoint may, where there is a substantial change in the shareholders of a company and the Minister or appointed person 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).

(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) is allowed against the person's statutory income of the year of assessment in which such donation would otherwise be deductible under that subsection.

(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.

(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.

(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 is 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 the Minister may appoint may deregister the organisation.

(18BA) The Comptroller may for any good cause remit the whole or any part of the financial penalty payable under subsection (18B). *[37/2014]*

(18C) Despite anything to the contrary in this Act or any other written law, a registered grant-making philanthropic organisation must 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.

(18D) In subsection (3)(*c*)(ii), "grant-making philanthropic organisation" means —

(*a*) a charity registered or exempt from registration under the Charities Act 1994; or

(*b*) a not-for-profit organisation approved under section 13R.

(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 is 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) is 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.

Adjustment of capital allowances, losses or donations between income subject to tax at different rates

37A.—(1) This section applies where —

(*a*) a company has income subject to tax at different rates of tax for the year of assessment concerned, and there are UALD in respect of income that is subject to tax at one of those rates of tax;

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(*b*) a company has income subject to tax at one rate of tax for the year of assessment concerned and income subject to tax at a different rate of tax for an earlier year of assessment, and there are UALD in respect of the second-mentioned income;

[41/2020]

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(*c*) a body of persons has income subject to tax at different rates of tax for the year of assessment concerned (being the year of assessment 2023 or a subsequent year of assessment), and there are UALD in respect of income that is subject to tax at one of those rates of tax; or

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(*d*) a body of persons has income subject to tax at one rate of tax for the year of assessment concerned (being the year of assessment 2023 or a subsequent year of assessment) and income subject to tax at a different rate of tax for an earlier

year of assessment, and there are UALD in respect of the second-mentioned income.

[Act 33 of 2022 wef 04/11/2022]

(2) For the purposes of subsection (1), income may be subject to tax at different rates of tax even if the income is derived from carrying on the same trade or business.

[41/2020]

(3) Subsection (1)(*b*) and (*d*) does not include a case where one of the rates of tax is that in section 43(1)(*a*) and the other rate of tax is also that in section 43(1)(*a*), but amended.

[41/2020]

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(4) Where the UALD relate to income of the company that is subject to tax at the lower rate of tax, then those UALD are to be deducted against the income of the company subject to tax at the higher rate of tax (if it is chargeable income) in accordance with the following provisions:

(*a*) in a case where the amount of those UALD does not exceed that chargeable income multiplied by the adjustment factor —

(i) that chargeable income is reduced by an amount arrived at by dividing the amount of those UALD by the adjustment factor; and

(ii) the amount of those UALD is accordingly nil;

(*b*) in any other case —

(i) the amount of those UALD is reduced by an amount arrived at by multiplying the amount of that chargeable income by the adjustment factor, and —

(A) the remaining UALD; or

(B) if the remaining UALD are then reduced by one or more applications of subsection (6)(*b*) — the remaining UALD (if any) after such reduction or reductions,

are added to, and 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

(ii) that chargeable income is accordingly nil.

[41/2020]

(5) Where the UALD relate to income of the company or body of persons that is subject to tax at the higher rate of tax, then those UALD are to be deducted against the income of the company or body of persons subject to tax at the lower rate of tax (if it is chargeable income) in accordance with the following provisions:

(*a*) in a case where the amount of those UALD does not exceed that chargeable income divided by the adjustment factor —

(i) that chargeable income is reduced by an amount arrived at by multiplying the amount of those UALD by the adjustment factor; and

(ii) the amount of those UALD is accordingly nil;

(*b*) in any other case —

(i) the amount of those UALD is reduced by an amount arrived at by dividing the amount of that chargeable income by the adjustment factor, and —

(A) the remaining UALD; or

(B) if the remaining UALD are then reduced by one or more applications of subsection (6)(*b*) — the remaining UALD (if any) after such reduction or reductions,

are added to, and 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

(ii) that chargeable income is accordingly nil.

[41/2020]

[Act 33 of 2022 wef 04/11/2022]

(6) Where, in a case mentioned in subsection (1)(*a*), the company has income subject to tax at 3 or more rates of tax (called in this subsection applicable tax rates), then for the purposes of subsection (4) or (5) —

(*a*) the company may elect its income that is subject to tax at one of the applicable tax rates as its income that is subject to tax at a lower or higher rate of tax, as the case may be;

(*b*) the UALD in respect of the company's income that is subject to tax at the lower or higher rate of tax (as the case may be), that have been reduced in accordance with subsection (4)(*b*) or (5)(*b*), may be further deducted in accordance with that provision against the company's remaining income that is subject to tax at an applicable tax rate; and

(*c*) paragraph (*b*) continues to apply until the amount of the UALD becomes nil or the company has no more income subject to tax at an applicable rate against which the deduction may be made.

[41/2020]

(7) Where —

(*a*) the income in respect of which there are UALD is subject to tax at the lower rate of tax; and

(*b*) the company ceases to derive that income in the basis period for the year of assessment concerned,

subsection (4) applies, with the necessary modifications, to the UALD mentioned in paragraph (*a*) for the purpose of deducting them against the income of the company subject to tax at the higher rate of tax (if it is chargeable income) for any year of assessment subsequent to the year of assessment concerned.

[41/2020]

(8) Where —

(*a*) the income in respect of which there are UALD is subject to tax at the higher rate of tax; and

(*b*) the company or body of persons ceases to derive that income in the basis period for the year of assessment concerned,

subsection (5) applies, with the necessary modifications, to the UALD mentioned in paragraph (*a*) for the purpose of deducting them against the income of the company or body of persons subject to tax at the lower rate of tax (if it is chargeable income) for any year of assessment subsequent to the year of assessment concerned.

[41/2020]

[Act 33 of 2022 wef 04/11/2022]

(9) Nothing in this section is to be construed as affecting the application of section 23 or 37 unless otherwise provided in this section.

[41/2020]

(10) If, during the basis period for any year of assessment (called in this subsection the relevant year of assessment), a company only derives income that is exempt from tax, then subsection (5) applies, with the necessary modifications, 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*).

[41/2020]

(11) In this section —

"adjustment factor" means the factor ascertained in accordance with the formula

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

where —

(*a*) A is the higher rate of tax; and

(*b*) B is the lower rate of tax;

"allowances" means allowances under section 16, 17, 18B, 18C, 19, 19A, 19B, 19C, 19D, 20, 21, 22 or 23, including unabsorbed allowances that arose in any year of assessment before the year of assessment 1994;

"donations" means donations that are deductible including any unabsorbed donations allowable under section 37;

"losses" means losses that are deductible under section 37 including unabsorbed losses incurred in respect of any year of assessment before the year of assessment 1994;

"rate of tax" means —

(*a*) the rate of tax under section 43(1)(*a*);

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(*b*) in the case of a company, the concessionary rate of tax in accordance with —

(i) any order made under section 13(12); or

(ii) section 43A, 43C, 43D of this Act as in force before 29 December 2016, 43D, 43F of this Act as in force before 29 December 2016, 43E, 43H of this Act as in force before 29 December 2016, 43F, 43G, 43K of this Act as in force before 29 December 2016, 43L of this Act as in force before 1 November 2006, 43M of this Act as in force before 3 December 2003, 43H, 43I, 43J, 43K, 43S of this Act as in force before 29 December 2016, 43T of this Act as in force before 29 December 2016, 43U of this Act as in force before 26 October 2017, 43V of this Act as in force before 29 December 2016, 43L, 43M, 43N, 43O, 43P, 43Q, 43R, 43S, 43T, 43U, 43V, 43W or 43X, or the regulations made under any of those sections, as the case may be; or

[Act 33 of 2022 wef 04/11/2022]

(*c*) in the case of a body of persons, the concessionary rate of tax in accordance with regulations made under section 43H;

[Act 33 of 2022 wef 04/11/2022]

"UALD" or "unabsorbed allowances, losses or donations", in relation to the income of a company or body of persons that is subject to tax at a particular rate of tax, means the balance of such allowances, losses or donations after deducting the expenses, donations, allowances or losses allowable under this Act against that income.

[37B

[41/2020; 27/2021]

[Act 33 of 2022 wef 04/11/2022]

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

37AA.—(1) For the purpose of ascertaining the assessable income for any year of assessment of a person mentioned in subsection (2) that is approved as an approved donor for the purpose of this section, there is to be deducted an amount computed in accordance with subsection (4) of all donations of money for a purpose specified by the Minister or authorised body to the approved recipients, and made in the year immediately preceding the year of assessment, by the approved donor to all persons approved as approved recipients for the purpose of this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(11) No deduction may be made under subsection (1) to an approved donor in respect of any donation made to an approved

recipient unless the approved donor provides to the approved recipient any information within the time and in the form and manner specified by the Comptroller.

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

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

(*b*) a reference in section 37(3C) to a recipient under section 37(3)(*b*)(i) or (ii), (*c*), (*d*), (*e*) or (*f*) is to an approved recipient;

(*c*) a reference in section 37(10A)(*a*) and (*c*) to the person making the donation is to the approved donor;

(*d*) such other modifications as may be prescribed by rules made under subsection (13).

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

(*a*) the manner in which a person must be related (directly or indirectly) to a section 13O company or a section 13U vehicle, to be an approved donor;

(*b*) the conditions of approval of an approved recipient;

(*c*) the matters in section 37(3H) as applied by subsection (12);

(*d*) any other matter for giving full effect to or for carrying out the purposes of this provision.

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

[Act 30 of 2023 wef 01/01/2024]

Group relief for Singapore companies

37B.—(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.

(2) A transfer of a qualifying deduction for any year of assessment may 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).

(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.

(4) A Singapore company that beneficially holds, directly or indirectly, at least 75% of the total number of issued ordinary shares in another Singapore company, does not satisfy 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.

(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 is 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 is 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.

(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.

(7) Qualifying deductions must 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*);

(*c*) any donation specified in subsection (14)(*c*).

(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 is to be allowed in such manner as the Comptroller thinks reasonable and proper.

(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 is —

(*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 meaning given by 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.

(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 is, for the purpose of subsection (9)(*a*),

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

where A, B and C have the meanings given by 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 is, for the purpose of subsection (9)(*b*),

$$\frac{A}{D} \times E - G,$$

where A, D and E have the meanings given by 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.

(11) Every transferor company and every claimant company of the same group must, 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.

(12) An election under subsection (11) must 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.

(13) Despite 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 —

(*c*) allow the company to make an election under subsection (11); and

(*d*) 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.

(14) For the purposes of this section, subject to subsection (15) and sections 35, 37 and 37A, 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.

(15) Despite subsection (14), the following companies are not entitled to transfer the following items of qualifying deductions:

(*a*) any company to which section 10D 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 1967 in force immediately before 28 April 2004 or section 97V of the Economic Expansion Incentives (Relief from Income Tax) Act 1967 in force immediately before 19 April 2016 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;

(*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 1967;

(*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.

[37/2014; 11/2016; 32/2019]

(15A) This section does not entitle —

(*a*) a company that is a life insurer to transfer to another company that is a life insurer, any qualifying deduction relating to any income from a participating fund of the firstmentioned life insurer that is apportioned to policyholders in accordance with regulations made under section 43(9) or 43C; or

(*b*) a company that is a life insurer to claim any qualifying deduction of another company that is a life insurer against any income of the firstmentioned insurer from a participating fund that is apportioned to policyholders in accordance with regulations made under section 43(9) or 43C.

[27/2021]

(16) Despite 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, the Comptroller may make an assessment upon the company under section 74 on the amount which, in the Comptroller's opinion, ought to have been charged to tax.

(17) Section 37A applies, 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 37A(4) and (5) to —

(*a*) unabsorbed allowances, losses or donations is a reference to qualifying deductions;

(*b*) corresponding allowances, losses or donations is 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) is 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 is a reference to chargeable income of a claimant company.

[41/2020]

(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.

(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 37F and investment allowance under Part 8 of the Economic Expansion Incentives (Relief from Income Tax) Act 1967;

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"claimant company" or "transferor company" means a Singapore company that claims or transfers, respectively, any qualifying deduction under subsection (1) but does not include a company approved as —

(*a*) a technology company under section 94(2) of the Economic Expansion Incentives (Relief from Income Tax) Act 1967 in force immediately before 28 April 2004;

(*b*) a venture company under section 97B(2) of the Economic Expansion Incentives (Relief from Income Tax) Act 1967 in force immediately before 28 April 2004;

(*c*) a technology investment company under section 97C(2) of the Economic Expansion Incentives (Relief from Income Tax) Act 1967 in force immediately before 28 April 2004;

(*d*) an overseas investment company under section 97C(4) of the Economic Expansion Incentives (Relief from Income Tax) Act 1967 in force immediately before 28 April 2004; or

(*e*) a start-up company under section 97T(2) of the Economic Expansion Incentives (Relief from Income Tax) Act 1967 in force immediately before 19 April 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;

"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 —

(*c*) a fixed amount or at a fixed rate per cent of the amount of the borrowing; or

(*d*) 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.

[37C

[37/2014; 11/2016; 32/2019]

Transfer of qualifying deduction between spouses

37C.—(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.

(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.

[37/2014]

(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.

[37/2014]

(2) Qualifying deductions are to 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*);

(*c*) any donation specified in subsection (8)(*c*).

(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 is to be transferred first before any allowance, loss or donation arising to the transferor in a later year of assessment.

(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.

(5) Any individual transferring or claiming a qualifying deduction under this section must 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.

(6) An election made by an individual under subsection (5) is irrevocable unless the Comptroller otherwise allows and must be accompanied by such particulars as the Comptroller may require.

(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, the Comptroller may make an assessment upon that individual under section 74 on the amount which, in the Comptroller's opinion, ought to have been charged to tax.

(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.

[37D

Carry-back of capital allowances and losses

37D.—(1) Subject to the provisions of this section, a person may deduct any qualifying deduction for any year of assessment against the person's assessable income for the immediate preceding year of assessment.

(1A) Subject to the other provisions of this section, a person may, instead of deducting any qualifying deduction for the year of assessment 2020 or 2021 (called in this section the subject YA) in accordance with subsection (1), deduct the qualifying deduction for the subject YA against the person's assessable income for the 3 years of assessment immediately preceding the subject YA.

[27/2021]

(1B) A qualifying deduction for the subject YA under subsection (1A) must be deducted in the following order:

(*a*) the qualifying deduction must first be made against the person's assessable income for the third year of assessment immediately preceding the subject YA;

(*b*) any balance of the qualifying deduction after the deduction in paragraph (*a*) must then be made against the person's assessable income for the second year of assessment immediately preceding the subject YA;

(*c*) any balance of the qualifying deduction after the deduction in paragraph (*b*) must then be made against the person's assessable income for the year of assessment immediately preceding the subject YA.

[27/2021]

(1C) Where a person is entitled to make 2 or more of the qualifying deductions set out in the first column of the following table against the person's assessable income for a particular year of assessment, then the deductions must be made in the order set out in the second

column of the table, and each deduction must as far as possible be made against such assessable income (or any balance of such income after an earlier deduction) by the amount set out opposite that deduction in the third column of the table:

First column	*Second column*	*Third column*
A qualifying deduction under subsection (1)	First	Full amount of the qualifying deduction
A qualifying deduction for the year of assessment 2020 under subsection (1A)	Second	Full amount of the qualifying deduction or its balance as described in subsection (1B)
A qualifying deduction for the year of assessment 2021 under subsection (1A)	Third	Full amount of the qualifying deduction or its balance as described in subsection (1B)

[27/2021]

(1D) Any election made by a person under subsection (6) for the deduction of any qualifying deduction for the year of assessment 2020 to be in accordance with subsection (1A) as in force immediately before 17 February 2021, is treated as an election made for the deduction of such qualifying deduction to be in accordance with subsection (1A) as in force on that date.

[27/2021]

(2) Qualifying deductions are to be deducted in the following order:

(*a*) any allowance specified in subsection (9)(*a*);

(*b*) any loss specified in subsection (9)(*b*).

(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.

(3A) Despite subsection (3), where a person makes an election under subsection (6) for the deduction of any qualifying deduction for the year of assessment 2020 or 2021 in accordance with subsection (1A), the amount of the qualifying deduction to be deducted against the assessable income for any of the 3 years of assessment immediately preceding it is the lower of —

(*a*) the amount of the qualifying deduction available for deduction for the second-mentioned year of assessment under subsection (1B); and

(*b*) the amount of the person's assessable income for the second-mentioned year of assessment or any balance of the assessable income as determined in accordance with the table in subsection (1C) against which the deduction may be made.

[41/2020; 27/2021]

(4) Subject to the provisions of this section, section 37A (as it applies in a case mentioned in section 37A(1)(*b*)) applies, 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 (as the case may be) any of the 3 immediate preceding years of assessment, as if —

(*a*) the qualifying deduction for the year of assessment is qualifying deduction for an earlier year of assessment;

(*b*) the income for the immediate preceding year of assessment or (as the case may be) any of the 3 immediate preceding years of assessment is income for the year of assessment concerned; and

(*c*) in section 37A(4) and (5) —

(i) a reference to unabsorbed allowances, losses or donations or UALD is a reference to qualifying deduction;

(ii) a reference to corresponding allowances, losses or donations is a reference to allowances or losses; and

(iii) a reference to chargeable income of the company is a reference to assessable income for the immediate preceding year of assessment or (as the case may be) any of the 3 immediate preceding years of assessment of the company.

[41/2020]

(4AA) Subject to the provisions of this section, section 37A (as it applies in a case mentioned in section 37A(1)(*d*)) applies, with the necessary modifications, to the deduction of any qualifying deduction by a body of persons for the year of assessment 2023 or a subsequent year of assessment, against its assessable income for the immediate preceding year of assessment, as if —

(*a*) the qualifying deduction for the year of assessment were a qualifying deduction for an earlier year of assessment;

(*b*) the income for the immediate preceding year of assessment were income for the year of assessment concerned; and

(*c*) in section 37A(5) —

(i) a reference to UALD were a reference to the qualifying deduction;

(ii) a reference to corresponding allowances, losses or donations were a reference to allowances or losses; and

(iii) a reference to chargeable income of the body of persons were a reference to assessable income for the immediate preceding year of assessment of the body of persons.

[Act 33 of 2022 wef 04/11/2022]

(4A) For the purposes of applying section 37A to the provisions of this section under subsection (4) or (4AA), any reference to "rate of tax" in section 37A is 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 body of persons; or

[Act 33 of 2022 wef 04/11/2022]

(*c*) the concessionary rate of tax applicable to the assessable income which is deducted by any qualifying deduction,

as the case may be.

[41/2020]

[Act 33 of 2022 wef 04/11/2022]

(5) The amount of qualifying deduction to be deducted for any year of assessment must not exceed $100,000; and in the case of a company or body of persons is 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.

[Act 33 of 2022 wef 04/11/2022]

(5A) [*Deleted by Act 39 of 2017*]

(6) Any person deducting any qualifying deduction for any year of assessment against the person's assessable income for the immediate preceding year of assessment under subsection (1) or any of the 3 immediate preceding years of assessment under subsection (1A) must 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 the individual; and

(*b*) in the case of any other person, not later than the time of lodgment of the person's return of income for the year of assessment,

or within such further time as the Comptroller may allow.

[39/2017; 41/2020]

(7) Any election made under subsection (6) is irrevocable and must be accompanied by such particulars as the Comptroller may require.

(8) Where the Comptroller discovers that any deduction made under subsection (1) against the assessable income of any person for any year of assessment is or has become excessive, the Comptroller may make an assessment on the person on the amount which, in the Comptroller's 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 expiry of that year of assessment.

[41/2020]

(8A) Despite subsection (8), where the Comptroller discovers that any deduction made under subsection (1A) of any qualifying deduction for a subject YA against the assessable income of a person for the year of assessment 2017, 2018, 2019 or 2020 (whichever is applicable) has become excessive, the Comptroller may make an assessment on the person on the amount which, in the Comptroller's opinion, ought to have been charged to tax in the year of assessment 2017, 2018, 2019 or 2020, as the case may be —

(*a*) in the case of a qualifying deduction for the year of assessment 2020 — on or before 31 December 2024; or

(*b*) in the case of a qualifying deduction for the year of assessment 2021 — on or before 31 December 2025.

[27/2021]

(9) For the purposes of this section, subject to sections 35, 37 and 37A, 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 37B or 37C; 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 37B or 37C.

(10) Despite 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 1967 in force immediately before 19 April 2016 is not deductible.

[11/2016]

(11) Despite subsection (9), any allowance specified in subsection (9)(*a*) made to a person for any year of assessment is not deductible against assessable income for the immediate preceding year of assessment or (as the case may be) any of the 3 immediate preceding years of assessment if the person did not carry on that trade, business or profession in the basis period for the year of assessment in which the allowance is claimed.

[39/2017; 41/2020]

(12) Despite 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 is not deductible against income for the immediate preceding year of assessment or (as the case may be) any of the 3 immediate preceding years of assessment 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 the year of assessment in which the allowance is claimed.

[39/2017; 41/2020]

(13) For the purposes of subsection (12) —

(*a*) the shareholders of a company at any date are not 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 are 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 are deemed to be held by that deceased shareholder.

(14) For the purpose of subsection (13)(*a*), where any part of a share of a shareholder is not fully paid up, there is to 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.

(15) The Minister or such person as the Minister may appoint may, where there is a substantial change in the shareholders of a company and the Minister or appointed person 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).

(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.

(16A) This section does not entitle any qualifying deduction of a life insurer for any year of assessment to be deducted against any income of the insurer for any preceding year of assessment from a participating fund that is apportioned to policyholders in accordance with regulations made under section 43(9) or 43C, unless the qualifying deduction is —

(*a*) a qualifying deduction in respect of any income from that participating fund that is apportioned to policyholders in accordance with those regulations; or

(*b*) a qualifying deduction in respect of any income of the insurer from another participating fund that is also apportioned to policyholders in accordance with those regulations.

[27/2021]

(16B) This section also does not entitle any qualifying deduction of a life insurer for any year of assessment in respect of any income of the insurer from a participating fund that is apportioned to policyholders in accordance with regulations made under section 43(9) or 43C, to be deducted against any income of the insurer for any preceding year of assessment, other than income from a participating fund that is apportioned to policyholders in accordance with regulations made under section 43(9) or 43C.

[27/2021]

(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 37F, investment allowance under Part 8 of the Economic Expansion Incentives (Relief from Income Tax) Act 1967 and any deductions claimed under section 37B;

[Act 39 of 2023 wef 29/12/2023]

(*b*) in relation to an individual, assessable income of the individual as determined under section 37 after deducting any deductions claimed under section 37C; and

(*c*) in relation to any other person, assessable income of the person as determined under section 37;

"concessionary rate of tax", in relation to a body of persons, means any rate of tax lower than the rate specified in section 43(1)(*a*) in accordance with regulations made under section 43H;

[Act 33 of 2022 wef 04/11/2022]

"concessionary rate of tax", in relation to a company, 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);

(*b*) section 43A, 43C, 43D of this Act as in force before 29 December 2016, 43D, 43F of this Act as in force before 29 December 2016, 43E, 43H of this Act as in force before 29 December 2016, 43F, 43G, 43K of this Act as in force before 29 December 2016, 43L of this Act as in force before 1 November 2006, 43H, 43I, 43J, 43K, 43S of this Act as in force before 29 December 2016, 43T of this Act as in force before 29 December 2016, 43U of this Act as in force before 26 October 2017, 43V of this Act as in force before 29 December 2016, 43L, 43M, 43N, 43O, 43P, 43Q, 43R, 43S, 43T, 43U, 43V, 43W or 43X, or the regulations made under any of those sections, as the case may be; or

(*c*) section 21(9) or (13) or 23(1)(*b*) (as the case may be) of the Economic Expansion Incentives (Relief from Income Tax) Act 1967.

[34/2016; 39/2017; 45/2018; 27/2021]

[Act 33 of 2022 wef 04/11/2022]

(18) This section does not apply to —

(*a*) any company to which section 10D 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 the person not otherwise deductible under section 14.

[37E

Carry-back of capital allowances and losses between spouses

37E.—(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.

(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.

[37/2014]

(1A) [*Deleted by Act 33 of 2022 wef 04/11/2022*]

(1B) [*Deleted by Act 33 of 2022 wef 04/11/2022*]

(1C) [*Deleted by Act 33 of 2022 wef 04/11/2022*]

(2) Qualifying deductions are to be transferred to a claimant spouse in the following order:

(*a*) any allowance specified in subsection (10)(*a*);

(*b*) any loss specified in subsection (10)(*b*).

(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.

(3A) [*Deleted by Act 33 of 2022 wef 04/11/2022*]

(4) The amount of qualifying deduction for any year of assessment to be transferred by a transferor to a claimant spouse must not exceed an amount equal to

$$\$100,000 - \mathrm{A},$$

where A is any amount deducted by the transferor against his or her assessable income for the immediate preceding year of assessment under section 37D.

(4A) [*Deleted by Act 33 of 2022 wef 04/11/2022*]

(5) No transfer is allowed under subsection (1) in any year of assessment if the transferor has assessable income for the immediate preceding year of assessment but no claim for relief has been made under section 37D.

[Act 33 of 2022 wef 04/11/2022]

(6) No transfer is allowed under subsection (1) 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 37C.

[Act 33 of 2022 wef 04/11/2022]

(7) Any individual transferring or claiming a qualifying deduction under this section must 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.

(8) An election made by an individual under subsection (7) is irrevocable and must be accompanied by such particulars as the Comptroller may require.

(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, the Comptroller may make an assessment on the claimant spouse on the amount which, in the Comptroller's 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 expiry of that year of assessment.

(9A) [*Deleted by Act 33 of 2022 wef 04/11/2022*]

(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 37D or transferred under section 37C; 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 37D or transferred under section 37C.

(11) Despite 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 1967 in force immediately before 19 April 2016 is not transferable.

(12) Despite subsection (10), any allowance specified in subsection (10)(*a*) made to a transferor for any year of assessment is not transferable if the transferor did not carry on that trade, business

or profession in the basis period for the immediate preceding year of assessment.

[Act 33 of 2022 wef 04/11/2022]

(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 37C and 37D.

[37F

Deduction for incremental expenditure on research and development

37F.—(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 is to be allowed to that company, on due claim, a deduction against its assessable income computed in accordance with this section.

(2) For the purposes of this section, the company must keep an account to be known as its research and development account.

(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 must be credited to the research and development account on the last day of that basis period the lowest of —

(*c*) an amount computed in accordance with the specified formula;

(*d*) the difference between $300,000 and the amount standing to the research and development account on the last day of that basis period; and

(*e*) $150,000.

(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 8 of the Economic Expansion Incentives (Relief from Income Tax) Act 1967 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 37B (if any) and qualifying deduction allowed to the company under section 37D 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 (6C) for the year of assessment.

[45/2018]

(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 is to be deducted from the assessable income of the company for that year of assessment an amount equal to the lowest of —

(*c*) the incremental qualifying research and development expenditure incurred by that company during the basis period;

(*d*) the amount of credit standing in the research and development account as at the first day of the basis period; and

(*e*) the assessable income of the company for that year of assessment.

(6) As soon as an amount is deducted against the assessable income of a company under subsection (5), the research and development account must be debited with such amount.

(7) Any deduction under this section must 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 must 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.

(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.

(9) A company to which a deduction has been given under this section must deliver to the Comptroller a copy of the audited account made up to any date specified by the Comptroller whenever called upon to do so by written notice.

(9A) No deduction is allowed to a company under this section for any year of assessment if a deduction for that expenditure has been allowed under section 14D(2) for that year of assessment.

(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 37A;

"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 14C;

(*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.

[37G

Cash payout under Productivity and Innovation Credit Scheme

37G.—(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,

for which a deduction or an allowance is allowable or can be made to the qualifying person under any of the provisions of this Act

mentioned in subsection (2A) (as qualified by that subsection), the qualifying person may, in lieu of one or more of the deductions or allowances or any part thereof, and in respect of —

(*c*) the expenditure qualifying for it or them; or

(*d*) any part of such expenditure,

(called in this section 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.

[37/2014]

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

(*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 expiry of the time the qualifying person must deliver a return of the qualifying person's 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 expiry of the time the qualifying person must deliver a return of the qualifying person's income for that year of assessment or within such extended time as the Comptroller may allow;

(*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

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

[37/2014; 15/2016]

(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 14O for which a deduction may be given under that section;

(ii) expenditure that falls within the definition of "qualifying design expenditure" under section 14P 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 14Q; or

(iv) expenditure on the licensing from another person of any qualifying intellectual property rights for which a deduction may be given under section 14T;

(*b*) section 14A;

(*c*) section 14C in respect of expenditure that falls within the definition of "qualifying expenditure" under section 14D;

(*d*) section 14D;

(*e*) section 14O;

(*f*) section 14P;

(*g*) section 14Q;

(*ga*) section 14T;

(*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;

(*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

(*j*) section 37J.

[37/2014]

(3) For the year of assessment 2011 and the year of assessment 2012, the amount of cash payout is 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).

(3A) In subsection (3), the amount under paragraph (*a*)(ii) is 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) is 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 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 is

$$A \times 60\%,$$

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.

[37/2014; 15/2016]

(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.

[15/2016]

(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.

[15/2016]

(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 the qualifying person, or an IPR instalment agreement to acquire any intellectual property rights for use in the qualifying person's trade or business;

(*b*) allowances may be made to the qualifying person under section 19, 19A(1), (2), (2A), (2B) or (2BAA) or 19B for capital expenditure to be incurred under the agreement; and

(*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,

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

[37/2014]

(4B) The irrevocable written election under subsection (4A) must —

(*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 expiry of the time the qualifying

person must deliver a return of the qualifying person's 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 expiry of the time the qualifying person must deliver a return of the qualifying person's income for that year of assessment or within such extended time as the Comptroller may allow;

(*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

(*c*) be accompanied by such information and supporting documents to be given in such form and manner as the Comptroller may specify.

[37/2014; 15/2016]

(4C) Where an election under subsection (4A) is made, then subsections (3), (4), (4AA) and (4AB) 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 the

qualifying person, 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 the qualifying person under that agreement in the basis period for that year of assessment.

[15/2016]

(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.

[15/2016]

(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.

[15/2016]

(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.

[34/2016]

(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, must 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 the qualifying person incurred capital expenditure under the agreement for that equipment or those rights;

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

(i) A × 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 which the agreement is signed 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%; or

(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 must be made in such form and be accompanied by such information and supporting document relating to the capital expenditure as the Comptroller may specify;

(*e*) to avoid doubt, a claim may be made for any year of assessment after the year of assessment 2018.

[37/2014; 15/2016]

(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.

[15/2016]

(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 is 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.

[37/2014]

(8) Despite 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,

the qualifying person is not allowed to exercise an election under subsection (1) or (4A) in respect of such expenditure.

(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, the qualifying person is only allowed to make an election under subsection (1) or (4A) in respect of that expenditure if the qualifying person proves to the Comptroller's satisfaction that the PIC automation equipment is in use for the purposes of the qualifying person's trade, profession or business.

[37/2014]

(8B) The Comptroller may, subject to such conditions as the Comptroller may impose, waive the application of subsection (8A) if the Comptroller 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.

[37/2014]

(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) is eligible for a deduction or an allowance against the income of the qualifying person for any year of assessment.

(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,

the following provisions apply:

(*c*) the qualifying person must give written notice 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;

(*d*) 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 is recoverable by the Comptroller from the qualifying person as a debt due to the Government;

(*e*) in the case of a PIC automation equipment that is the subject of a hire-purchase agreement, no cash payout may 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.

[37/2014]

(10A) The Minister, or such person the Minister 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).

(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 apply:

(*e*) the qualifying person must give written notice to the Comptroller of such event in the manner specified by the Comptroller within 30 days from the date of such event;

(*f*) an amount computed in accordance with the following formula is recoverable by the Comptroller from the qualifying person as a debt due to the Government:

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

(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 apply:

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

(*d*) 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)(*f*) is recoverable by the Comptroller from the qualifying person as a debt due to the Government;

(*e*) for the purposes of paragraph (*d*), 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;

(*f*) 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 is, instead of the amount computed in accordance with subsection (4E)(*b*), an amount computed in accordance with the formula

$$\text{Cash payout computed in accordance with subsection (4E)}(b) \times \frac{\text{Number of complete years the intellectual property rights were held by the qualifying person}}{5}$$

(12) Where any tax, duty, interest or penalty is due under this Act, the Goods and Services Tax Act 1993, the Property Tax Act 1960 or the Stamp Duties Act 1929 by the 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 is reduced by the amount so due.

(13) Any amount reduced under subsection (12) is deemed to be tax, duty, interest or penalty paid by the qualifying person under the relevant Act and must (if it is due under an Act other than this Act) be paid by the Comptroller to the Comptroller of Goods and Services Tax, the Comptroller of Property Tax or the Commissioner of Stamp Duties, as the case may be.

(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), 14C, 14D(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 is, despite anything in that provision, reduced by the firstmentioned amount.

[37/2014; 34/2016]

(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), 14D(2), 14O, 14P, 14Q, 14T, 19A(2A), (2B) or (2BAA) or 19B(1A), (1B) or (1BAA), the amount of expenditure qualifying for the deduction or allowance under that provision must, despite 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 firstmentioned amount.

[37/2014]

(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) is recoverable by the Comptroller from the qualifying person as a debt due to the Government.

(16) The amount to be repaid under subsection (10), (11), (11A) or (15) is 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.

(17) The Comptroller may, in his or her discretion and subject to such terms and conditions as the Comptroller may impose, extend the time limit within which payment under subsection (16) is to be made.

(18) Sections 86(1) to (6), 87(1) and (2), 89, 90 and 91 apply to the collection and recovery by the Comptroller of the amounts recoverable under subsections (10), (11), (11A) and (15) as they apply to the collection and recovery of tax.

(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:

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%.

[15/2016]

(20) The Comptroller may disallow the increase under subsection (19) if the Comptroller 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).

(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 meanings given by section 14O(6);

"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 1967; 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 1967; and

(*b*) a partner under a contract for service of the qualifying person if the qualifying person is a partnership;

"PIC automation equipment" has the meaning given by 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;

(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

(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;

"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.

[Act 33 of 2022 wef 04/11/2022]

[37/2014]

[*Deleted by Act 33 of 2022 wef 04/11/2022*]

(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 (called in this subsection and subsection (21B) 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 is treated as employed by the qualifying person for the purpose of paragraph (*b*) of the definition.

[37/2014]

(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*) is not treated as being employed by the central hirer or the employer based on the payroll of the central hirer or employer for the part of the basis period referred to in subsection (21A).

[37/2014]

(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.

[37/2014]

(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.

[34/2016]

(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 is 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 is 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;

(*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 is applied to all the expenditure or cash price, or both (as the case may be), for the combined consecutive quarters for which the qualifying person 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 is a reference to the end of the combined consecutive quarters.

[37I
[37/2014]

Productivity and Innovation Credit bonus

37H.—(1) For each of the years of assessment 2013, 2014 and 2015, a person, being a company or firm (including a partnership) (called in this section an eligible person), is entitled to be given an amount in cash (called in this section the Productivity and Innovation Credit Scheme bonus or PIC bonus) if the Comptroller is satisfied, based on the return of the person's 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*) the person is carrying on a trade, profession or business in Singapore; and

(*c*) the person 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.

(2) The amount of the PIC bonus to be given to the eligible person for any year of assessment is the lower of the following:

(*a*) the amount of PIC expenditure incurred by the eligible person during the basis period for that year of assessment;

(*b*) $15,000 less any PIC expenditure incurred by the eligible person during the basis period or periods for the other year or years of assessment (whether earlier or later than the firstmentioned basis period) for which the eligible person has already been given the PIC bonus.

(3) Despite subsection (1), the eligible person is entitled to be given the PIC bonus for the year of assessment 2013, 2014 or 2015 before the expiry of the time the eligible person must deliver the return of the

eligible person's income for that year of assessment, if the eligible person has made an election under section 37G 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 (called in this section 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 37G in respect of the elected period; and

(*c*) the person is carrying on a trade, profession or business in Singapore.

(4) The amount of the PIC bonus to be given to the eligible person under subsection (3) is 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 the eligible person has already been given the PIC bonus;

(*b*) $15,000 less any PIC expenditure incurred by the eligible person during the basis period or periods for the other year or years of assessment (whether earlier or later than the firstmentioned basis period) for which the eligible person has already been given the PIC bonus.

(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 the eligible person's income for that year of assessment, the eligible person has not been given the maximum amount of

the PIC bonus which the eligible person may be given under subsection (2) for that year of assessment,

then the eligible person is 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 —

(*c*) is carrying on a trade, profession or business in Singapore; and

(*d*) 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.

(5A) For the purpose of subsections (1)(*c*) and (5)(*d*), 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 (called in this subsection and subsection (5B) 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 is treated as employed by the eligible person for the purpose of those provisions.

[37/2014]

(5B) In determining whether the central hirer or employer referred to in subsection (5A) satisfies subsection (1)(*c*) or (5)(*d*), the person referred to in subsection (5A)(*a*) or (*b*) is not treated as being employed by the central hirer or the employer based on the payroll of the central hirer or employer for the part of the basis period referred to in subsection (5A).

[37/2014]

(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) must 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.

(7) Despite 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 37G(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.

(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 apply:

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

(*d*) 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, is recoverable by the Comptroller from the person as a debt due to the Government;

(*e*) where the PIC automation equipment is the subject of a hire-purchase agreement, no PIC bonus may 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.

(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.

[37/2014]

(9) The Minister, or such person as the Minister 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).

(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 apply:

(*e*) the person must give written notice to the Comptroller of such event in the manner specified by the Comptroller within 30 days from the date of such event;

(*f*) an amount computed in accordance with the following formula is recoverable by the Comptroller from the person as a debt due to the Government:

$$\text{Amount of PIC bonus} \times \frac{\begin{pmatrix} 5 - \text{Number of complete years} \\ \text{the intellectual property rights} \\ \text{were held by the person} \end{pmatrix}}{5}.$$

(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 apply:

(*a*) the person must give written notice 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)(*f*) is 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 is the part of the PIC

bonus that corresponds to the intellectual property rights multiplied by the following:

$$\frac{\left(\begin{array}{c}\text{Number of complete years the intellectual}\\ \text{property rights were held by the person}\end{array}\right)}{5}.$$

(12) Where any tax, duty, interest or penalty is due under this Act, the Goods and Services Tax Act 1993, the Property Tax Act 1960 or the Stamp Duties Act 1929 by 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 the eligible person is reduced by the amount so due.

(13) Any amount reduced under subsection (12) is deemed to be tax, duty, interest or penalty paid by the eligible person under the relevant Act and must (if it is due under an Act other than this Act) be paid by the Comptroller to the Comptroller of Goods and Services Tax, the Comptroller of Property Tax or the Commissioner of Stamp Duties, as the case may be.

(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 the eligible person under this section,

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

(15) The amounts to be repaid under subsections (8), (10), (11) and (14) are 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.

(16) The Comptroller may, in his or her discretion and subject to such terms and conditions as the Comptroller may impose, extend the time limit within which payment under subsection (15) is to be made.

(17) Sections 86(1) to (6), 87(1) and (2), 89, 90 and 91 apply to the collection and recovery by the Comptroller of the amounts recoverable under subsections (8), (10), (11) and (14) as they apply to the collection and recovery of tax.

(18) In this section —

"IPR instalment agreement" has the meaning given by section 37G(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 1967; 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 1967; and

(*b*) a partner under a contract for service of the eligible person if the eligible person is a partnership;

"PIC automation equipment" has the meaning given by 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 the eligible person 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 14D	Section 14D(2)
(*c*)	Qualifying training expenditure as defined in section 14O	Section 14O(2)
(*d*)	Qualifying design expenditure as defined in section 14P	Section 14P(2)
(*e*)	Expenditure on the leasing of any PIC automation equipment, or procuring of cloud computing services as defined in section 14Q	Section 14Q(2)
(*f*)	Expenditure on the licensing from another of any intellectual property rights	Section 14T(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)

Expenditure	*Provision of Act*
(*h*) Capital expenditure on acquiring any intellectual property rights	Section 19B(1B).

[37IA
[37/2014]

Modification of sections 37G and 37H in their application to partnership

37I.—(1) A reference to a qualifying person in section 37G (including the person who has to satisfy the conditions for a cash payout), and a reference to an eligible person in section 37H (including the person who has to satisfy the conditions for the PIC bonus) is in each case, where the person is a partnership, 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.

(2) In subsection (1) —

"cash payout" means a payment under section 37G;

"PIC bonus" means a payment under section 37H.

[37IB

Enhanced deduction or allowance under Productivity and Innovation Credit Plus Scheme

37J.—(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),

is 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)
2. Qualifying expenditure as defined in section 14D	Section 14D(2)	Section 14D(2)
3. Qualifying training expenditure as defined in section 14O	Section 14O(2)	Section 14O(2A)
4. Qualifying design expenditure as defined in section 14P	Section 14P(2)	Section 14P(2AA)
5. Expenditure on the leasing of any PIC automation equipment, or procuring of cloud computing services as defined in section 14Q	Section 14Q(2)	Section 14Q(2A)

First column	*Second column*	*Third column*
Expenditure	*Year of assessment 2015*	*Year of assessment 2016, 2017 or 2018*
6. Expenditure on the licensing from another of any qualifying intellectual property rights as defined in section 14T	Section 14T(1)	Section 14T(4)
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).

[37/2014]

(2) The application under subsection (1)(*c*) —

(*a*) must 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*) must be accompanied by such information and supporting document, given in such form and manner, as the Comptroller may specify.

[37/2014]

(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.

[37/2014]

(4) All regulations made under subsection (3) must be presented to Parliament as soon as possible after publication in the *Gazette*.

[37/2014]

(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, 14D, 14O, 14P, 14Q, 14T, 19A or 19B (whichever is applicable) apply to the deduction or allowance.

[37/2014]

(6) In this section, "person" means a company or firm (including a partnership).

[37IC

[37/2014]

Abusive PIC arrangements

37K.—(1) Despite 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.

[37/2014]

(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).

[37/2014]

(3) Despite 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 is recoverable by the Comptroller from the person as a debt due to the Government.

[37/2014]

(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).

[37/2014]

(5) The amount that is recoverable under subsection (3) is payable at the place stated in the notice served by the Comptroller on the person within 30 days after the service of the notice.

[37/2014]

(6) The Comptroller may, in his or her discretion and subject to such terms and conditions as the Comptroller may impose, extend the time within which payment under subsection (3) is to be made.

[37/2014]

(7) Sections 86(1) to (6), 87(1) and (2), 89, 90 and 91 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.

[37/2014]

(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 (called in this section the relevant purpose).

[37/2014]

(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 are 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.

[37/2014]

(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 *A*'s 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 *A* needs for *A*'s 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 *A*'s 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.

[37/2014]

(11) This section applies only to arrangements made or entered into on or after 27 November 2014.

[37/2014]

(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 37H;

"PIC cash payout" means a payment under section 37G;

"PIC enhanced deduction" means a deduction or an allowance under section 14A(1B) or (1BA), 14D(2), 14O(2) or (2A), 14P(2) or (2AA), 14Q(2) or (2A), 14T(1) or (4), 19A(2B) or (2BAA), 19B(1B) or (1BAA), or 37J.

[37ID
[37/2014]

Promoters of abusive PIC arrangements

37L.—(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.

[37/2014]

(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.

[37/2014]

(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 are 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.

[37/2014]

(4) The examples of abusive PIC arrangements in section 37K(10) apply for the purposes of subsection (3).

[37/2014]

(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.

[37/2014]

(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.

[37/2014]

(7) The Comptroller may compound any offence under subsection (1).

[37/2014]

(8) In this section —

"PIC arrangements", "PIC cash payout", "PIC bonus" and "PIC enhanced deduction" have the meanings given by section 37K;

"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.

[37IE
[37/2014]

Penalties for false information, etc., resulting in payment under section 37G or 37H

37M.—(1) Any person who gives to the Comptroller any information under section 37G(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 the person or any other person as a result of the offence, or which would have been made to the person or any other person if the offence had not been detected.

(2) Any person who without reasonable excuse or through negligence gives to the Comptroller any information under section 37G(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 the person or any other person as a result of the offence, or which would have been made to the person or any other person if the offence had not been detected, and shall also be liable to a fine not exceeding $5,000 or to imprisonment for a term not exceeding 3 years or to both.

(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 the person or that other person is not entitled to —

(*a*) gives to the Comptroller any information under section 37G(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 the person or that other person as a result of the offence, or which would have been made to the person or that other person if the offence had not been detected, and shall also be liable to a fine not exceeding $10,000 or to imprisonment for a term not exceeding 3 years or to both.

(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 the person or that other person is not entitled to —

(*a*) prepares or maintains or authorises the preparation or maintenance of any false books of account or other records or falsifies or authorises the falsification of any books of account or 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 the person or that other person as a result of the offence, or which would have been made to the person or that other person if the offence had not been detected, and shall also be liable to a fine not exceeding $50,000 or to imprisonment for a term not exceeding 5 years or to both.

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

(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 37G(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.

(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 is presumed, unless the contrary is proved, to have made that false statement or entry with intent to obtain, or to assist the person on whose behalf the statement or entry is made to obtain, a cash payout or PIC bonus (or both) or a higher amount of cash payout or PIC bonus (or both), as the case may be.

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

(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.

[37/2014]

(6) In this section —

"cash payout" means a payment under section 37G;

"PIC bonus" means a payment under section 37H.

[37J

Deduction for qualifying investments in qualifying start-up companies

37N.—(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, the individual may apply to the Minister, or such person as the Minister may appoint,

between 1 July 2010 and 31 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 the individual in making the investments.

[2/2016]

(2) Where the Minister or the person appointed by the Minister is satisfied that the individual possesses the necessary experience, skills or expertise to nurture and grow a qualifying start-up company, the Minister or appointed person may approve, by written notice, the individual as a qualifying person, subject to such conditions as the Minister or appointed person may impose.

(2A) No approval may be granted under subsection (2) after 31 March 2020, and any approval granted to a qualifying person must commence between 1 July 2010 and 31 March 2020 (both dates inclusive).

[41/2020]

(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,

the qualifying person is to 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 the qualifying person's statutory income (excluding specified income) after making the deduction (if any) under section 37(3)(*a*).

(4) For the purposes of subsection (3), the qualifying investment must be made —

(*a*) either —

(i) during the period that is specified to the qualifying person; or

(ii) if the Minister or such person as the Minister may appoint so approves, during the period between 1 March 2010 and 30 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 the qualifying person 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 the qualifying person 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 1 March 2010 and 30 June 2010 (both dates inclusive), within one year from the date such qualifying investment or the first of such qualifying investments was made.

[37/2014; 2/2016; 41/2020]

(5) The amount of deduction allowable to a qualifying person under subsection (3) is 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.

(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 is to 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 the Minister may appoint;

(*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.

[2/2016]

(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 is to be taken of such expenditure incurred by the qualifying person in relation to the shares that are disposed.

(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*).

(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 the qualifying person's statutory income (excluding specified income) after making the deduction (if any) under section 37(3)(*a*) is not available as a deduction against the qualifying person's income for any subsequent year of assessment and is disregarded.

(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 the person 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 the person under this section in respect of those shares in any year of assessment does not form part of the person's costs of investment deductible under section 14 in computing the person's gains or profits from the disposal which is chargeable to tax.

(11) A qualifying person must 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 the qualifying person in any qualifying start-up company and such other particulars as may be required for the purposes of this section.

(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 the qualifying person 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 1 March 2010 and 30 June 2010 (both dates inclusive), the date of that qualifying investment or the first of such qualifying investments;

"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

(*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 the qualifying person's 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 or her spouse;

(*b*) his or her children, stepchildren, grandchildren, stepgrandchildren and their spouses;

(*c*) his or her parents, including step-parents;

(*d*) his or her grandparents, including stepgrandparents;

(*e*) his or her parents-in-law, including stepparents-in-law;

(*f*) his or her brother, stepbrother, sister, stepsister and their spouses;

(*g*) his or her spouse's grandparents, including stepgrandparents;

(*h*) his or her spouse's brother, stepbrother, sister, stepsister and their spouses;

(*i*) his or her parent's brother, stepbrother, sister, stepsister and their spouses;

(*j*) his or her parent-in-law's brother, stepbrother, sister, stepsister and their spouses;

(*k*) the children of the brother, stepbrother, sister or stepsister of his or her parent or step-parent, including stepchildren, and their spouses;

(*l*) the children of the brother, stepbrother, sister or stepsister of his or her parent-in-law or stepparent-in-law, including stepchildren, and their spouses;

(*m*) the children of his or her brother, stepbrother, sister or stepsister, including stepchildren, and their spouses; and

(*n*) the children of his or her spouse's brother, stepbrother, sister or stepsister, including stepchildren, 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;

"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*).

[37/2014; 41/2020]

(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.

(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.

[37K

Deduction for acquisition of shares of companies

37O.—(1) Subject to this section, where —

(*a*) a Singapore company (called in this section 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 (called in this section 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 1 April 2010 to 31 December 2025 (both dates inclusive) for any qualifying acquisition of ordinary shares in another company (called in this section the target company), the acquiring company may claim the deductions specified in subsection (1A), in accordance with this section.

[2/2016; 41/2020]

(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 17 February 2012 to 31 December 2025 (both dates inclusive).

[2/2016; 41/2020]

(2) Any claim for deduction under this section must 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 allow.

(3) For the purposes of subsections (1) and (2), capital expenditure for an acquisition of ordinary shares in a target company is treated as being incurred on the date of the acquisition of those shares.

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;

(*b*) any other acquisition the date of which falls in the same basis period of the acquiring company as that of the acquisition mentioned 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 mentioned in paragraph (*a*);

(*d*) any other acquisition the date of which falls in the same basis period of the acquiring company as that of the acquisition mentioned in paragraph (*c*) and is before 1 April 2016,

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.

[2/2016]

(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 December 2025 (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 mentioned in paragraph (*c*);

(*b*) any other acquisition made during the period from 1 April 2015 to 31 December 2025 (both dates inclusive) the date of which falls in the same basis period of the acquiring company as that of the acquisition mentioned in paragraph (*a*);

(*c*) an acquisition made during the period from 1 April 2015 to 31 December 2025 (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 mentioned 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 mentioned 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 mentioned in paragraph (*e*) and is before 1 April 2016.

[2/2016; 41/2020]

(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 mentioned 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 mentioned in paragraph (*c*) of that subsection is more than 50%; or

(*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

mentioned in paragraph (*e*) of that subsection is 75% or more.

[2/2016]

(5) An acquiring company may elect for its qualifying acquisitions to be, instead of those mentioned 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 mentioned 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*)

[2/2016]

(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).

[2/2016]

(6) The election under subsection (5) must 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 mentioned 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 allow.

[2/2016]

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 is the amount specified in subsection (8) for acquisitions mentioned in subsection (4), and the amount specified in subsection (8A) for acquisitions mentioned in subsection (4A), for each of 5 successive years of assessment (called in this section 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;

(*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 is —

(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 mentioned in subsection (4), and the amount specified in subsection (9A) for acquisitions mentioned 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

(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 mentioned in subsection (4), and the

amount specified in subsection (10A) for acquisitions mentioned in subsection (4A), for that year of assessment.

[2/2016; 34/2016]

(8) Subject to subsections (13) and (19), the amount referred to in subsection (7)(*a*) for an acquisition mentioned in subsection (4) is 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.

[2/2016]

(8A) Subject to subsections (13) and (19), the amount referred to in subsection (7)(*a*) for an acquisition mentioned in subsection (4A) is 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.

[2/2016]

(9) Subject to subsections (13) and (19), the amount mentioned in subsection (7)(*b*)(i) for an acquisition mentioned in subsection (4) is 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.

[2/2016]

(9A) Subject to subsections (13) and (19), the amount mentioned in subsection (7)(*b*)(i) for an acquisition mentioned in subsection (4A) is 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.

[2/2016]

(10) Subject to subsections (13) and (19), the amount mentioned in subsection (7)(*b*)(ii) for an acquisition mentioned in subsection (4) is calculated in accordance with the formula

$$0.05 \times \mathrm{D},$$

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.

[2/2016]

(10A) Subject to subsections (13) and (19), the amount mentioned in subsection (7)(*b*)(ii) for an acquisition mentioned in subsection (4A) is calculated in accordance with the formula

$$0.25 \times \mathrm{D},$$

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.

[2/2016]

(11) 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 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" mentioned in subsection (8) in respect of all such qualifying acquisitions exceeds $100 million, the amount by which the aggregate

exceeds $100 million is disregarded for the purposes of the deduction to be allowed under this section;

(*b*) where the aggregate mentioned in paragraph (*a*) does not exceed $100 million but the aggregate of the following exceeds $100 million:

(i) the aggregate mentioned in paragraph (*a*);

(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 is to be disregarded for the purposes of the deduction to be allowed under this section.

(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" mentioned 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 mentioned in paragraph (*a*) does not exceed $20 million but the sum of the following exceeds $20 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 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.

[2/2016; 34/2016]

(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.

[34/2016]

(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.

[34/2016]

(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.

[34/2016]

(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 mentioned in subsection (4)(*a*) or (*c*), and at least one acquisition mentioned in subsection (4A)(*a*), (*c*) or (*e*) that is made before 1 April 2016, but does not include any acquisition mentioned 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 mentioned in subsection (4);

(ii) the amount determined by the formula "0.25 × A" in subsection (8A) in respect of those acquisitions which are acquisitions mentioned 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 mentioned in paragraph (*a*) does not exceed $5 million but the sum of the following exceeds $5 million:

(i) the sum mentioned in paragraph (*a*);

(ii) the amount determined by the formula "0.05 × B" in subsection (9) in respect of those acquisitions which are acquisitions mentioned in subsection (4);

(iii) the amount determined by the formula "0.25 × B" in subsection (9A) in respect of those acquisitions which are acquisitions mentioned in subsection (4A);

(iv) the amount determined by the formula "0.05 × D" in subsection (10) in respect of those acquisitions which are acquisitions mentioned in subsection (4);

(v) the amount determined by the formula "0.25 × D" in subsection (10A) in respect of those acquisitions which are acquisitions mentioned in subsection (4A),

the excess is to be disregarded for the purposes of the deduction to be allowed under this section.

[2/2016; 34/2016]

(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.

[34/2016]

(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.

[2/2016; 34/2016]

(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 not a related party of any of the shareholders in the target company, the firstmentioned amount is substituted with the second-mentioned amount, and any question regarding the quantum of the second-mentioned amount is to be determined by the Comptroller.

[2/2016]

[Act 33 of 2022 wef 04/11/2022]

(14) A deduction under this section to an acquiring company must be made against the balance of its statutory income after the deductions allowed under sections 37(3), 37A and 37F.

(15) Section 14C(4) and (5) applies in relation to the deduction to be allowed in this section, as it applies in relation to the deduction of

the expenditure and payments referred to in section 14C(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 37G or 37R) is a reference to the deduction to be allowed in this section;
[Act 30 of 2023 wef 30/10/2023]

(*b*) a reference to a specified amount of the expenditure or payments in section 14C(4) is a reference to an amount computed in accordance with the 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 14C(5)) derived by the person from the trade or business carried on by the person 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 the person is subject to tax at 2 or more concessionary rates of tax, the higher or highest of those rates.

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 is subject to the following:

(*a*) the deduction in relation to any transaction costs incurred must 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 is 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 mentioned in paragraph (*a*)(i) for the deductions allowable in respect of the capital expenditure incurred on those acquisitions.

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 mentioned 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 mentioned 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 mentioned in subsection (4)(*b*) — a qualifying acquisition mentioned in subsection (4)(*a*);

(B) where the subject acquisition is one mentioned in subsection (4)(*d*) — a qualifying acquisition mentioned in subsection (4)(*c*);

(C) where the subject acquisition is one mentioned in subsection (4A)(*d*) — a qualifying acquisition mentioned in subsection (4A)(*c*); or

(D) where the subject acquisition is one mentioned in subsection (4A)(*f*) — a qualifying acquisition mentioned in subsection (4A)(*e*);

(*c*) where the subject acquisition is one mentioned 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 mentioned 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 mentioned in subsection (4A)(*a*).

[2/2016]

(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, the acquiring company has a Singapore company as its ultimate holding company on that date.

[2/2016]

[Act 33 of 2022 wef 04/11/2022]

(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 1929; 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.

[2/2016]

(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 1929.

[2/2016]

(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.

[2/2016]

(16E) For the purposes of subsections (16)(*c*)(v) and (*d*)(v) and (17)(*db*), 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, SFRS(I) 1-28, or SFRS for Small Entities) over the target company.

[2/2016; 32/2019; 27/2021]

(16F) In subsection (16E), "FRS 28", "SFRS(I) 1-28" and "SFRS for Small Entities" mean the financial reporting standards known respectively as —

(*a*) Financial Reporting Standard 28 (Investments in Associates and Joint Ventures);

(*b*) Singapore Financial Reporting Standard (International) 1-28 (Investments in Associates and Joint Ventures); and

(*c*) Singapore Financial Reporting Standard for Small Entities,

that are made by the Accounting Standards Committee under Part 3 of the Accounting Standards Act 2007, as amended from time to time.

[32/2019]

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(17) No deduction in respect of any qualifying acquisition of ordinary shares in a target company may 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 mentioned 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;

(*aa*) where the qualifying acquisition is one mentioned 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%;

(*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 mentioned 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;

(*d*) where the qualifying acquisition is one mentioned 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;

(*da*) where the qualifying acquisition is one mentioned 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;

(*db*) where the qualifying acquisition is one mentioned in subsection (4A)(*a*) or (*b*), the acquiring company or the acquiring subsidiary (as the case may be) fails to satisfy any condition prescribed under subsection (16E);

(*e*) the acquiring company or, if the acquiring company is a subsidiary of another company, its ultimate holding company, ceases to be a Singapore company; or

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(*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 1929; 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 17 February 2012; and

(B) whether directly or indirectly, in the case of a qualifying acquisition the date of which is on or after 17 February 2012.

[2/2016; 27/2021]

(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 may 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.

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 may 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 is only allowed under this section for; and

(*b*) references in subsections (7) to (10A) to any capital expenditure for a qualifying acquisition are accordingly references to,

the capital expenditure in respect of the number of such shares that corresponds to such increase.

[2/2016]

(19A) The Minister or such person as he may appoint may, for any particular qualifying acquisition made during the period from 17 February 2012 to 31 March 2020 (both dates inclusive), 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.

[2/2016; 41/2020]

(19B) If —

(*a*) any requirement under subsections (16A)(*d*) and (17)(*e*) has been waived (whether before, on or after 2 December 2019) for an acquiring company in respect of any qualifying acquisition under subsection (19A); and

(*b*) the acquiring company fails to comply with a condition subsequent imposed under subsection (19A) for such waiver,

then, if the Minister or the person appointed by the Minister is satisfied, having regard to the acquiring company's representation and all the relevant circumstances of the case, that it is just and reasonable to do so, the Minister or appointed person —

(*c*) may make a determination that the company is not entitled to any deduction in respect of the qualifying acquisition for each year of assessment beginning with a specified year of assessment; and

(*d*) must give a written notice of the determination to the Comptroller and the company.

[32/2019]

(19C) If a determination has been made under subsection (19B), then (despite anything in this section) —

(*a*) any deduction that has already been made to the acquiring company in respect of the qualifying acquisition for each year of assessment beginning with the specified year of assessment is treated for the purposes of this section as having been wrongly allowed, and the Comptroller may, subject to section 74, make an assessment or additional assessment on the company for those years of assessment to make good any tax shortfall; and

(*b*) no deduction may be made to the company for the qualifying acquisition —

(i) for any year of assessment after the year or years of assessment mentioned in paragraph (*a*); or

(ii) if no deduction has been made to the company for the specified year of assessment, for the specified year of assessment and each subsequent year of assessment.

[32/2019]

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 is to be added to, and is 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, is deemed to constitute the corresponding deduction for that year, and so on for subsequent years of assessment.

(21) No balance may 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 firstmentioned year of assessment; and such balance must not be allowed in any subsequent year of assessment.

Exemption

(22) The Minister or such person as the Minister may appoint may, where there is a substantial change in the shareholders of a company and the Minister or appointed person 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).

Deductions that ought not to have been allowed

(23) Despite 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 the Comptroller's judgment ought to have been charged, and this subsection also applies with the necessary modifications to any assessment which results in any unabsorbed allowances or losses.

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 itself 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.

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;

"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;

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"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 33 of 2022 wef 04/11/2022]

"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;

[*Deleted by Act 33 of 2022 wef 04/11/2022*]

"local employee" means an individual who —

(*a*) is a citizen of Singapore or a Singapore permanent resident;

(*b*) makes contributions in respect of the income derived from his or her employment with the acquiring company to the Central Provident Fund which are obligatory under the Central Provident Fund Act 1953; and

(*c*) is any of the following:

(i) an employee of the acquiring company;

(ii) for the year of assessment 2020 or a subsequent year of assessment — an individual who is engaged by the central hirer of a central hiring arrangement for a group of related parties which includes the acquiring company —

(A) who is deployed to work solely for the acquiring company; and

(B) whose salary and other remuneration is borne, directly or indirectly, by the acquiring company and not claimed by the central hirer as a deduction against the central hirer's own income;

(iii) for the year of assessment 2020 or a subsequent year of assessment — an employee of another person (called *B*) —

(A) who is seconded to the acquiring company under a bona fide commercial arrangement to work solely for the acquiring company; and

(B) whose salary and other remuneration is borne, directly or indirectly, by the acquiring company and not claimed by *B* as a deduction against *B*'s own income,

but excludes a director as defined in section 4 of the Companies Act 1967;

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"Singapore company" means a company 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 mentioned 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 meaning given by section 5A of the Companies Act 1967.

(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 mentioned 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.

(27) For the purposes of subsection (16A), a company is connected with another if —

(*a*) at least 75% of the total number of ordinary shares in one company are beneficially held, directly or indirectly, by the other; or

(*b*) 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.

[2/2016]

[Act 33 of 2022 wef 04/11/2022]

(28) For the purposes of subsections (18), (21) and (22) —

(*a*) the shareholders of the acquiring company at any date are not 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 are 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 are deemed to be held by that deceased shareholder.

(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.

[37L

Treatment of unabsorbed donations attributable to exempt income

37P.—(1) If —

(*a*) any donation allowable under this Act for the year of assessment 2012 or any preceding year of assessment (called in this section 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 1967 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 (called in this section 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 apply to the balance:

(*c*) subject to paragraphs (*e*) to (*i*) and subsection (2), the balance is to be deducted from the statutory income of the company for the year of assessment 2013;

(*d*) subject to paragraphs (*e*) to (*i*) and section 37B as in force immediately before 7 December 2020, where the deduction under paragraph (*c*) cannot be made or fully made, the balance is to be deducted from the statutory income of the company for the year of assessment 2014, and so on;

(*e*) 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 must be disregarded;

(*f*) for the purposes of paragraphs (*c*) and (*d*), any donation made on an earlier date is deemed to have been deducted first;

(*g*) where the part of the balance that may be deducted under paragraph (*c*) 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 (*d*) of the sum that so remains, or any sum that remains after one or more applications of this paragraph, is to be made in the following manner:

(i) the sum is first to be deducted against the same type of income;

(ii) any sum remaining after that deduction is to be deducted against any other type of income in accordance with section 37B of this Act in force immediately before 7 December 2020;

(*h*) despite paragraphs (*c*) and (*d*), the balance must 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

(*i*) section 37(13) to (17) applies, with the necessary modifications, for the purposes of paragraph (*h*).

[41/2020]

(2) The deduction under subsection (1)(*c*) is to be made in accordance with the following provisions:

(*a*) section 37B of this Act in force immediately before 7 December 2020 does not apply to the deduction;

(*b*) if the company only derives normal income for that year of assessment, the balance is to 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 is to 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 is to 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 of this Act in force immediately before 7 December 2020 applies, with the necessary modifications, for the purpose of making a deduction of the balance under subsection (1)(*d*) 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*).

[41/2020]

(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 meaning given by section 14C in force immediately before 29 December 2016;

"normal income" means income that is subject to tax at the rate of tax specified in section 43(1)(*a*).

[37M
[34/2016]

Exclusion of expenditure or payment subsidised by capital grant

37Q.—(1) Despite anything in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act 1967, a deduction or an allowance under this Act or Part 8 of the Economic Expansion Incentives (Relief from Income Tax) Act 1967 may not be made or given in respect of any expenditure or payment to the extent that the expenditure or payment is or is to be subsidised by a grant or subsidy from the Government or a statutory board that is —

(*a*) capital in nature; and

(*b*) approved by the Government or statutory board on or after 1 January 2021.

[41/2020]

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(2) Subsection (1) does not affect the operation of the following provisions:

(*a*) sections 14A(7), 14B(4)(*e*), 14C(1A), 14D(12)(*b*), 14EA(10), 14H(3)(*c*), 14I(10)(*b*), 14U(7), 14Z(7) and (9) and 37O(29);

[Act 30 of 2023 wef 30/10/2023]

(*b*) section 41(3) of the Economic Expansion Incentives (Relief from Income Tax) Act 1967.

[37N
[41/2020]

Cash payout under Enterprise Innovation Scheme

37R.—(1) Subject to this section, where any eligible person has incurred expenditure during the basis period for any year of assessment between the years of assessment 2024 and 2028 (both years inclusive), for which a deduction or an allowance is allowable or can be made to the eligible person under any provision of this Act mentioned in subsection (3) (as qualified by that subsection), the eligible person may, in lieu of one or more of the deductions or allowances or any part thereof, make an irrevocable written election for a cash payout computed in accordance with subsection (4) in respect of —

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

(*b*) any part of the expenditure,

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

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

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

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

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

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

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

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

(*a*) section 14 in respect of —

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

(ii) expenditure that falls within the definition of "qualifying training expenditure" in section 14ZG(5) for which a deduction may be given under section 14ZG;

(*b*) section 14A(1)(*b*) and (1BC);

(*c*) section 14C in respect of expenditure that falls within the definition of "qualifying expenditure" in section 14D(11), for which a deduction may be given under section 14D;

(*d*) section 14D(1) and (1A);

(*e*) section 14EA(1);

(*f*) section 14U(1A);

(*g*) section 14ZG(1); and

(*h*) section 19B(1AA) and (1AD) other than —

(i) a writing-down allowance made in a case where the requirements under section 19B(2A)(*a*) and (*b*) are waived; and

(ii) a writing-down allowance made in respect of any intellectual property rights acquired under an IPR instalment agreement signed in the basis period for

any year of assessment between the years of assessment 2024 and 2028 (both years inclusive).

(4) For the purposes of subsection (1), the amount of cash payout for each year of assessment is

$$A \times 20\%,$$

where A is the lower of the following:

(*a*) the amount of the selected expenditure;

(*b*) $100,000.

(5) The Comptroller may reject any election that is not made in accordance with subsection (2).

Cash payout in respect of IPR acquired under instalment agreement

(6) Where —

(*a*) an eligible person has, in the basis period for any year of assessment between the years of assessment 2024 and 2028 (both years inclusive), signed an IPR instalment agreement to acquire any intellectual property rights for use in the eligible person's trade or business;

(*b*) allowances may be made to the eligible person under section 19B(1AA) and (1AD) for capital expenditure to be incurred under the agreement; and

(*c*) the cash price for the intellectual property rights (together with any selected expenditure mentioned in subsection (1) in respect of which an election is made under that subsection at the same time) is at least $400,

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

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

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

(i) on or before the expiry of the time (including any extended time) for the eligible person to lodge the

eligible person's return of income for the year of assessment relating to the basis period in which the IPR instalment agreement was signed, as described in section 62; or

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

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

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

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

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

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

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

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

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

(10) For the purpose of subsections (12) and (22), the amount of cash payout for any intellectual property rights that are the subject of

an IPR instalment agreement is the amount computed under subsection (4) (as modified by subsection (9)) that is attributable to —

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

(*b*) if the amount of A is $100,000, such part of that amount that the eligible person specifies to be attributable to the cash price of the intellectual property rights.

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

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

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

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

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

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

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

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

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

Cases where no election allowed

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

(*a*) any deduction allowable under any provision mentioned in subsection (3)(*a*)(i) and (*f*) unless the person is a qualifying person within the meaning of section 14U(1C) for the year of assessment in question;

(*b*) any deduction allowable under any provision mentioned in subsection (3)(*b*) for any qualifying intellectual property registration costs in respect of an application for the registration or grant of a qualifying intellectual property right incurred by the person over the basis periods of 2 or more consecutive years of assessment, if the person had made any claim for deduction under that provision in respect of any part of such costs for a previous year of assessment; or

(*c*) any allowance that may be made under any provision mentioned in subsection (3)(*h*) unless the person is a qualifying company for the year of assessment in question within the meaning of section 19B(1AF).

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

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

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

(15) For the purposes of this section, where —

(*a*) an eligible person has incurred qualifying intellectual property registration costs in respect of an application for the registration or grant of a qualifying intellectual

property right for which a deduction is allowable under section 14A(1)(*b*) and (1BC), over the basis periods of 2 or more consecutive years of assessment;

(*b*) the eligible person is not disqualified from making an election under subsection (1) by reason of subsection (13)(*b*); and

(*c*) the eligible person makes an election under subsection (1) in respect of those costs,

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

When open-market price treated as section 19B expenditure

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

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

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

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

(*b*) the acquisition of each intellectual property right,

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

(18) No part of the amount of any expenditure mentioned in subsection (17) for which an election is made or treated as having

been made under subsection (1) or (6) is eligible for a deduction or an allowance against the income of the eligible person for any year of assessment.

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

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

Recovery of cash payout by Comptroller

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

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

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

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

(*a*) the intellectual property rights for which the writing-down allowance is made come to an end without being subsequently revived;

(*b*) all or any part of the intellectual property rights for which the writing-down allowance is made are sold, transferred or assigned;

(*c*) the person permanently ceases to carry on the trade or business for which the intellectual property rights are used;

(*d*) all or any part of the intellectual property rights in any software for which the writing-down allowance is granted are licensed to another,

then the following provisions apply:

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

(*f*) an amount computed in accordance with the following formula is recoverable by the Comptroller from the person as a debt due to the Government:

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

(22) Where —

(*a*) an election has been made by a person under subsection (6) for a cash payout in lieu of a writing-down allowance under section 19B(1AA) and (1AD); and

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

then the following provisions apply:

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

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

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

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

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

Record keeping

(23) Subsection (24) applies if an eligible person makes an election under subsection (1) for a cash payout in lieu of any deduction or allowances in respect of any expenditure mentioned in subsection (3) incurred by the eligible person.

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

(25) Subsection (26) applies if an eligible person makes an election under subsection (6) for a cash payout in lieu of allowances that may

be made for capital expenditure incurred by that eligible person under an IPR instalment agreement signed by that eligible person.

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

Other provisions

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

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

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

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

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

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

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

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

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

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

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

(*a*) the amount to be repaid under each of those subsections is payable at the place stated in the notice served by the Comptroller on the eligible person within 30 days after the service of the notice or such further time as the Comptroller may, in the Comptroller's discretion and subject to such terms and conditions as the Comptroller may impose, allow; and

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

Consequential adjustments to allowable deductions upon recovery of payout

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

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

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

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

(*a*) provided the Comptroller with any information or document, in connection with the election under subsection (1) or (6), which is false or misleading in a material particular;

(*b*) omitted any material particular from any information or document given in connection with the election under subsection (1) or (6);

(*c*) prepared or maintained or authorised the preparation or maintenance of any false books of account or other records or falsified or authorised the falsification of any books of account or other records in connection with the election under subsection (1) or (6); or

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

Definitions and miscellaneous provisions

(34) In this section —

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

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

"eligible person" means —

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

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

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

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

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

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

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

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

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

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

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

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

(*a*) a Singapore citizen or Singapore permanent resident —

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

(ii) who is deployed to work solely for the company, firm or partnership (called in this subsection and subsection (36) *X*) for at least the minimum period;

(iii) who is on the payroll of the central hirer or *X* in that period; and

(iv) whose salary and other remuneration (including training expenditure incurred in respect of the individual) is borne (directly or indirectly) by *X* in that period; or

(*b*) a Singapore citizen or Singapore permanent resident —

(i) who, being an employee of another person that is a related party of *X* (called in this subsection and subsection (36) the employer), is seconded to a position of *X* under a bona fide commercial arrangement to work solely for *X* for at least the minimum period;

(ii) who is on the payroll of the employer or *X* in that period; and

(iii) whose salary and other remuneration (including training expenditure incurred in respect of the

individual) is borne (directly or indirectly) by *X* in that period.

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

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

37S.—(1) Any person who —

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

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

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

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

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

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

shall be guilty of an offence and shall on conviction be punished with a penalty that is double the amount of cash payout that has been made to the person or any other person as a result of the offence, or which

would have been made to the person or any other person if the offence had not been detected, and shall also be liable to a fine not exceeding $5,000 or to imprisonment for a term not exceeding 3 years or to both.

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

(*a*) gives to the Comptroller any information under section 37R(2) or (7) that is false in any material particular or omits any material particular from any information or document given under that provision; or

(*b*) gives any false answer, whether verbally or in writing, to any question or request for information asked or made by the Comptroller,

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

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

(*a*) prepares or maintains or authorises the preparation or maintenance of any false books of account or other records or falsifies or authorises the falsification of any books of account or other records; or

(*b*) makes use of any fraud, art or contrivance or authorises the use of such fraud, art or contrivance,

shall be guilty of an offence and shall on conviction be punished with a penalty that is 4 times the amount of cash payout that has been made to the person or that other person as a result of the offence, or which would have been made to the person or that other person if the offence had not been detected, and shall also be liable to a fine not exceeding

$50,000 or to imprisonment for a term not exceeding 5 years or to both.

(5) Where an individual has been convicted of —

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

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

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

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

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

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

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

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

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

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PART 10

ASCERTAINMENT OF CHARGEABLE INCOME AND PERSONAL RELIEFS

Chargeable income

38. The chargeable income of any person for any year of assessment is the remainder of the person's 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 is allowed a deduction, in respect of earned income, which is —

(*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 affecting 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 had any physical or mental disability which permanently and severely restricted the individual's capacity for work, the sum of $4,000 or the amount of the earned income;

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(*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.

(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 is 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 is 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*) must not exceed $2,000;

Deduction for spouse with physical or mental infirmity

(*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 is allowed in respect of —

(iv) such spouse a deduction of $5,500; or

(v) 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:

Provided that the total deductions allowed to the individual under this paragraph and paragraph (*a*) or (*c*) must not exceed $5,500;

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Deduction for children

(*e*) maintained a child who was unmarried throughout the year preceding the year of assessment and —

(i) being below 16 years of age 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 is allowed in respect of each such child according to his or her 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 —

(v) a deduction is allowable under paragraph 1 of the Fifth Schedule, the deduction is increased to $5,500 (for the year of assessment 2012, 2013 or 2014) or $7,500 (for the year of assessment 2015 or a subsequent year of assessment); or

[Act 33 of 2022 wef 04/11/2022]

(vi) no deduction is allowable under the Fifth Schedule, there is allowed a deduction of $5,500 (for the year of assessment 2012, 2013 or 2014) or $7,500 (for the year of assessment 2015 or a subsequent year of assessment);

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(*f*) [*Deleted by Act 32 of 2019*]

Deduction for life insurance and contributions to approved pension, provident fund or society

(*g*) has made insurance on the individual's life or, in the case of a male individual, on the life of the individual's 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 the individual's 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 is allowed a deduction of the aggregate of all premiums for such insurance and all such contributions and abatements paid, made or suffered by the individual 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 must not exceed 7% of that capital sum, exclusive of any additional benefit by way of bonus, profits or otherwise;

(ii) the total deductions allowable under this paragraph must not exceed $5,000, except that where the sum of the contributions mentioned in sub-paragraphs (A) and (B) exceeds $5,000, then the deduction allowed under this paragraph must be that sum:

(A) contributions to any approved pension or provident fund under this paragraph, subject to subsections (6) to (9);

(B) contributions to the Central Provident Fund under this paragraph, subject to subsections (6) to (10);

[Act 39 of 2021 wef 01/01/2022]

(ii*a*) [*Deleted by Act 39 of 2021 wef 01/01/2022*]

(iii) the deduction excludes 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) the deduction excludes any sum which has been claimed and allowed to a husband or wife under this paragraph;

(v) no deduction is allowed unless the insurance company has an office or a branch in Singapore, but this sub-paragraph does not apply to any insurance contract entered into by an individual resident in Singapore before 10 August 1973;

(vi) in the case of an individual who has made contributions to an approved pension or provident fund, the deduction must not exceed the contributions which would have been recoverable under section 7(2) of the Central Provident Fund Act 1953 had contributions been payable in respect of the individual to the Central Provident Fund;

(vii) despite sub-paragraph (iii), no deduction is allowed in respect of any sum contributed to the Central Provident Fund for any period on or after 1 January 1999 by an employee who holds a professional visit pass or a work pass;

(viii) no deduction is allowed where the premiums for such insurance are paid with funds standing in the individual's SRS account;

(ix) in the case of an NOR individual who has elected for tax exemption under section 13K(1) for the year of assessment, the deduction must not exceed the contributions which would have been recoverable under section 7(2) of the Central Provident Fund Act 1953 in respect of the NOR individual's 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 or her 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 1953, there is to be allowed a deduction, in respect of such contributions, of an amount not exceeding 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 or her assessable income for that year of assessment derived from such trade, business, profession or vocation or $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 contributions to any approved pension or provident fund or society under paragraph (*g*) and this paragraph exceeds $5,000,

no deduction must be allowed under paragraph (*g*) in respect of premiums for life insurance;

[Act 39 of 2021 wef 01/01/2022]

(i*a*) [*Deleted by Act 39 of 2021 wef 01/01/2022*]

(ii) the total deductions allowable under paragraph (*g*) and this paragraph in respect of contributions to any approved pension or provident fund or society must not exceed $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 $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;

[Act 33 of 2022 wef 04/11/2022]

(iii) no deduction is allowed under this paragraph where a deduction of $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;

[Act 33 of 2022 wef 04/11/2022]

(iv) where the total deductions allowable under this paragraph in respect of contributions which are obligatory under the Central Provident Fund Act 1953 and under paragraph (*g*) in respect of contributions to any approved pension or provident fund or society exceed $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) do not apply to such amount of contributions in excess of $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 33 of 2022 wef 04/11/2022]

Deduction for aged parents

(*i*) maintained any dependant living in Singapore —

(i) who was his or her or his or her 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 is to be allowed, under sub-paragraph (iv) or (v) but not both, in respect of —

(iv) each such dependant who was not less than 55 years of age and whose income was not more than $4,000 in that year —

(A) a deduction of $9,000, where the dependant was living with him or her in the same household; or

(B) a deduction of $5,500, where the dependant was not living with him or her 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

(v) each such dependant who was incapacitated by reason of physical or mental infirmity —

(A) a deduction of $14,000, where the dependant was living with him or her in the same household; or

(B) a deduction of $10,000, where the dependant was not living with him or her 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:

Provided that —

(vi) no individual may obtain a deduction under this paragraph for more than 2 dependants; and

(vii) where more than one individual claims a deduction under this paragraph in respect of the same dependant —

(A) the deduction is to be apportioned between the claimants in such proportions as they may agree or, failing such agreement, the deduction is to be apportioned equally between all the claimants; and

(B) 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 is the amount set out in sub-paragraph (iv)(A) or (v)(A), as the case may be;

Deduction for maintenance for siblings with physical or mental infirmity

(*j*) maintained any dependant living in Singapore —

(i) who is his or her or his or her 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 or her 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 is to 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 is to be apportioned in such manner as appears to the Comptroller to be reasonable;

[Act 30 of 2023 wef 30/10/2023]

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 or her trade, business, profession, vocation or employment, there is to be allowed a deduction of the amount incurred by him or her 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 is 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 is to 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 is not 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 is 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) is allowed a deduction under this paragraph;

(v) no deduction under this paragraph is 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 is 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 is to be allowed a deduction of $750 subject to the following provisions:

(i) such national serviceman is a legitimate child, stepchild 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 is allowed to any 2 parents as such national serviceman may nominate;

(iii) where such national serviceman has died, his parents 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 are not 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 is allowed to the parent in respect of only one such national serviceman; and

(v) no deduction under this paragraph is 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 herself or by his or her employer on his or her behalf to an SRS account with an SRS operator, there is to be allowed a deduction of the amount of such contribution up to the amount of the SRS

contribution cap applicable to him or her as determined in accordance with regulations made under section 10G(11), except that no deduction is allowed if —

(i) the individual's SRS account is suspended as at 31 December of the year immediately preceding the year of assessment under regulations made under section 10G; or

(ii) the amount of such contribution is withdrawn from his or her 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 13K(1) for the year of assessment, the deduction must not exceed the contributions to the SRS account in respect of his or her 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 —

(A) was 12 years of age and below at any time during the year preceding the year of assessment; or

(B) was unmarried throughout the year preceding the year of assessment, and also incapacitated by reason of physical or mental infirmity; and

(iii) either —

(A) where the year of assessment is between the year of assessment 2005 and year of assessment 2023 (both years inclusive) —

was not carrying on any trade, business, profession, vocation or employment in the year preceding the year of assessment; or

(B) where the year of assessment is the year of assessment 2024 or any subsequent year of assessment — did not derive income that exceeds an aggregate of $4,000 from any trade, business, profession, vocation or employment or a combination thereof in the year preceding the year of assessment,

there is to be allowed against her earned income a deduction of $3,000 in respect of one such parent or grandparent only, except that —

(iv) a deduction under this paragraph in respect of that parent or grandparent may be allowed to one woman only; and

(v) where more than one woman claims a deduction under this paragraph in respect of the same parent or grandparent, a deduction may be allowed to such claimant as the women may agree or (failing such agreement) to such claimant as determined by the Comptroller whose decision is final.

[Act 39 of 2021 wef 01/01/2022]

[Act 30 of 2023 wef 30/10/2023]

(*q*) [*Deleted by Act 39 of 2021 wef 01/01/2022*]

(2AA) In subsection (2)(*p*), "child" has the meaning given by paragraph 7 of the Fifth Schedule.

[32/2019]

(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 is to be allowed —

(*c*) 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

(*d*) a deduction of $5,000 if the individual is a NS key command and staff appointment holder at any time during the relevant period.

(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 is to be allowed —

(*c*) 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

(*d*) a deduction of $3,500 if the individual is a NS key command and staff appointment holder at any time during the relevant period.

(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 —

(*a*) has paid money in accordance with section 18 of the Central Provident Fund Act 1953 to the retirement account or special account of the individual's spouse, sibling, parent, parent-in-law, grandparent or grandparent-in-law or 2 or more of those accounts; or

(*b*) has made any voluntary contribution under section 13B of the Central Provident Fund Act 1953 and has directed an amount of such contribution to be paid to the medisave account of the individual's spouse, sibling, parent, parent-in-law, grandparent or grandparent-in-law or 2 or more of

those accounts (called in this subsection and subsection (3AA) a medisave contribution),

there is to be allowed for that year of assessment a deduction of the lower of the following amounts:

(*c*) the sum of —

(i) the amount of the payment to a retirement account or a special account mentioned in paragraph (*a*) or (as the case may be) the total amount of all such payments, subject to the applicable maximum relief amount prescribed by rules made under section 7 for that year of assessment; and

(ii) the amount of the medisave contribution mentioned in paragraph (*b*) or (as the case may be) the total amount of all such medisave contributions, subject to the applicable maximum relief amount prescribed by rules made under section 7 for that year of assessment;

(*d*) the deduction limit for the year of assessment prescribed by rules made under section 7.

[Act 39 of 2021 wef 01/01/2022]

(3AA) Subsection (3)(*c*) excludes a payment or medisave contribution mentioned in subsection (3)(*a*) or (*b*) (as the case may be) to the individual's spouse's or sibling's retirement account, special account or medisave account if —

(*a*) at the time the payment or medisave contribution was made, that spouse or sibling was not incapacitated by reason of physical or mental infirmity; and

(*b*) that spouse's or sibling's income exceeds $4,000 in the year preceding the year in which the payment or medisave contribution was made.

[Act 39 of 2021 wef 01/01/2022]

(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 or her behalf, has —

(*a*) in the year preceding the year of assessment paid money to the individual's retirement account or special account in accordance with section 18 of the Central Provident Fund Act 1953; or

(*b*) in the year preceding the year of assessment made a voluntary contribution under section 13B of the Central Provident Fund Act 1953 and has directed an amount of such contribution to be paid to the individual's medisave account, excluding such amount of contribution allowed a deduction under section 39(2)(*h*) (called in this subsection a medisave self-contribution),

there is to be allowed for that year of assessment a deduction of the lower of the following amounts:

(*c*) the sum of —

(i) the amount of the payment to the retirement account or special account mentioned in paragraph (*a*) or (as the case may be) the total amount of all such payments, subject to the applicable maximum relief amount prescribed by rules made under section 7 for that year of assessment; and

(ii) the amount of the medisave self-contribution mentioned in paragraph (*b*) or (as the case may be) the total amount of all such medisave self-contributions, subject to the applicable maximum relief amount prescribed by rules made under section 7 for that year of assessment;

(*d*) the deduction limit for that year of assessment prescribed by rules made under section 7.

[Act 39 of 2021 wef 01/01/2022]

(3B) The rules mentioned in subsections (3) and (3A) may —

(*a*) prescribe different maximum relief amounts for —

(i) different individuals or classes of individuals; and

(ii) contributions to the retirement account, the special account or the medisave account;

(*b*) prescribe different deduction limits for the purposes of subsections (3) and (3A);

(*c*) provide for the manner of computation of such applicable maximum relief amounts and deduction limits; and

(*d*) take effect from (and including) the year of assessment 2023 or a later year of assessment.

[Act 39 of 2021 wef 01/01/2022]

(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.

[2/2016]

(4A) In subsection (4), "dependant provision" means paragraph (*a*), (*c*), (*d*), (*e*), (*i*) or (*j*) of subsection (2).

[2/2016]

(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.

[2/2016]

(5) For the purposes of subsections (3) and (3A), a claim for deduction may only be granted if the claim contains such particulars and is supported by such proof as the Comptroller may require.

(6) Where in any year an individual has made contributions to the Central Provident Fund in respect of additional wages paid to him or her in that year, no deduction is allowed for any contributions in respect of that part of his or her additional wages which exceeds the specified amount paid to him or her in that year.

(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 10B(9), subsection (6) applies as if all the ordinary and additional wages from those related employers were paid by one employer.

(8) Subsections (6) and (7) 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) only applies to an approved pension or provident fund designated by the Minister for this purpose.

(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 is 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 1953) to the Central Provident Fund in respect of overseas ordinary wages or overseas additional wages paid to him or her by any relevant employer in that year, no deduction is allowed for any contributions in respect of overseas ordinary wages or overseas additional wages arising from sources outside Singapore.

(11) For the year of assessment 2024 and any preceding year of assessment, 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 is to be allowed a deduction against her earned income equal to twice the amount of levy imposed under the Employment of Foreign Manpower Act 1990 (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.

[Act 30 of 2023 wef 30/10/2023]

(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 or she completed any course of study or attended any seminar or conference on or after 1 January 2003 (other than those mentioned 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 is to be allowed to him or her on due claim a deduction of the amount incurred by him or her 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 or she 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 or she completed the course or attended the seminar or conference;

(*c*) the claim is made in the year of assessment relating to the year in which he or she commences the new trade, business, profession, vocation or employment or in the year of assessment immediately following that year of assessment.

(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 1 January 2008 or any seminar or conference attended on or after 1 January 2008 for the purpose of gaining an approved academic, professional or vocational qualification, there is to be allowed to him or her 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 or she 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:

(*c*) the individual is resident in Singapore in the year of assessment for which he or she makes the claim;

(*d*) no deduction of such amount has been allowed under subsection (2)(*k*) or section 14.

(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) must not exceed $5,500.

(13) In this section —

"additional wages" has the meaning given by the Central Provident Fund Act 1953;

"apportioned employment income" has the meaning given by section 13K(7);

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

"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 1953;

"NOR individual" has the meaning given by section 13K(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 1970 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 1953;

"overseas additional wages", "overseas ordinary wages", "overseas total wages", "relevant employer" and "specified amount" have the meanings given by section 10B(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 1 April of the year immediately preceding the year of assessment and ending on 31 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 1 January to 31 December (both dates inclusive).

[37/2014; 2/2016]

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.

[34/2016]

40. [*Repealed by Act 41 of 2020*]

Relief for non-resident public entertainers

40A.—(1) This section applies 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 the person's SRS account deemed to be income subject to tax under section 10G; or

(*b*) income from the exercise of any other employment in Singapore.

(2) Subject to subsection (2A), any person to whom this section applies is, if the tax payable by the person in respect of that year is attributable to income derived as a public entertainer, 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.

(2A) For the purpose of subsection (2), in relation to income derived by a person as a public entertainer during the period from 22 February 2010 to 31 March 2022 (both dates inclusive), the references to 15% are each read as 10%.

[37/2014; 41/2020]

(3) [*Deleted by Act 41 of 2020*]

(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.

Relief for non-resident employees

40B.—(1) This section applies 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 the person's SRS account deemed to be income subject to tax under section 10G; or

(*b*) income derived as a public entertainer within the meaning of section 40A.

(2) Any person to whom this section applies is, if the tax payable by the person in respect of that year is attributable to income derived from the exercise of an employment in Singapore, 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.

(3) The relief available to any person under subsection (2) must be so limited that the tax payable in respect of such income must not be less than that which would be payable by a resident of Singapore in the same circumstances.

(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.

[34/2016]

(4) [*Deleted by Act 41 of 2020*]

(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.

Relief for non-resident SRS members

40C.—(1) This section applies to a person who, in any year of assessment, is not resident in Singapore and who makes any

withdrawal from the person's SRS account which is deemed to be income subject to tax under section 10G 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.

(2) Any person to whom this section applies is, if the tax payable by the person in respect of that year of assessment is attributable to withdrawals from the person's SRS account, allowed relief in respect of that year of assessment in the following manner:

(*a*) where the withdrawals from the person's SRS account are the person's 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 the person's 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 the person's 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 the person's SRS account, by reduction of the rate of tax to 15% on every dollar of the chargeable income.

(3) The relief available to any person under subsection (2) must be so limited that the tax payable in respect of such income must not be less than that which would be payable by a resident of Singapore in the same circumstances.

(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.

[34/2016]

(4) [*Deleted by Act 41 of 2020*]

(5) In this section —

"statutory income attributable to the withdrawals from the person's 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 the person's SRS account" means all withdrawals from the SRS account of a person which are deemed to be income subject to tax under section 10G.

Relief for non-resident deriving income from activity as public entertainer and employee, etc.

40D.—(1) This section applies 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 (called in this section 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 the person's SRS account.

(2) Any person to whom this section applies is, if the tax payable by the person in respect of that year of assessment is attributable to the relevant income, allowed relief in respect of that year of assessment in the following manner:

(*a*) where the person 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 mentioned 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 the person's 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.

(3) The relief available to any person under subsection (2) must be so limited that the tax payable in respect of the income mentioned in subsection (1)(*b*) or (*c*), must not be less than that which would be payable by a resident of Singapore in the same circumstances.

(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.

[34/2016]

(4) For the purposes of computing the tax payable by a resident of Singapore in the same circumstances mentioned in subsection (3), the statutory income derived as a public entertainer by a person to whom this section applies is excluded.

(5) [*Deleted by Act 41 of 2020*]

(6) In this section —

"non-resident employee" has the meaning given by section 40B;

"public entertainer" has the meaning given by section 40A;

"statutory income attributable to such activity as a non-resident employee" has the meaning given by section 40B;

"statutory income attributable to such activity as a public entertainer" has the meaning given by section 40A;

"statutory income attributable to the withdrawals from the person's SRS account" has the meaning given by 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 the person's SRS account" has the meaning given by section 40C.

Proof of claims for deduction or relief

41.—(1) Every individual who claims any deduction or relief under this Part must make his or her claim on the proper form.

(2) Such deduction or relief must be granted if the claim contains such particulars and is supported by such proof as the Comptroller may require.

PART 11

RATES OF TAX

Rates of tax upon individuals

42.—(1) There is to 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.

[27/2021]

[S 40/2022]

(2) [*Deleted by Act 27 of 2021*]

Rebate for children of family

42A.—(1) Where an individual resident in Singapore has —

(*a*) a second child of the family born to him or her on or after 1 January 2004 who is legitimate at the time of the birth;

(*b*) an illegitimate second child of the family born to him or her on or after 1 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 or her under any written law relating to the adoption of children on or after 1 January 2004 and before 1 January 2006; or

(*d*) a second child of the family adopted by him or her under any written law relating to the adoption of children on or after 1 January 2006 and before the child reaches 6 years of age,

then there is, in respect of that child, to 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.

(2) Where an individual resident in Singapore has —

(*a*) a third or fourth child of the family born to him or her on or after 1 January 2004 who is legitimate at the time of the birth;

(*b*) an illegitimate third or fourth child of the family born to him or her on or after 1 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 or her under any written law relating to the adoption of children on or after 1 January 2004 and before 1 January 2006; or

(*d*) a third or fourth child of the family adopted by him or her under any written law relating to the adoption of children

on or after 1 January 2006 and before the child reaches 6 years of age,

then there is, in respect of that child, to 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.

(2A) Where an individual resident in Singapore has —

(*a*) a first child of the family born to him or her on or after 1 January 2008 who is legitimate at the time of the birth;

(*b*) an illegitimate first child of the family born to him or her on or after 1 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 or her under any written law relating to the adoption of children on or after 1 January 2008 and before the child reaches 6 years of age,

then there is, in respect of that child, to 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.

(2B) Where an individual resident in Singapore has —

(*a*) a fifth or subsequent child of the family born to him or her on or after 1 January 2008 who is legitimate at the time of the birth;

(*b*) an illegitimate fifth or subsequent child of the family born to him or her on or after 1 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 or her under any written law relating to the adoption of children on or after 1 January 2008 and before the child reaches 6 years of age,

then there is, in respect of that child, to 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.

(2C) Where more than one individual is entitled to claim the rebate mentioned in subsection (1), (2), (2A) or (2B), the rebate is to 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.

(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 is 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.

(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 is not available for deduction against the tax payable by the individual for any year of assessment following the year in which the child is adopted.

(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 1 January 2005 but for the repeal of that section, such rebate or balance is, subject to subsection (4), 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 is to 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.

(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 1 January 2005 but for the repeal of that section —

(*a*) such rebate or balance is, subject to subsection (4), 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 is, subject to subsection (4), 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*).

(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 1 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 1 January 2005 must —

(*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 1 January 2005 is allowed; and

(*b*) subject to section 42A(4)(*b*) and (*c*) in force immediately before 1 January 2005, be available for deduction for the year of assessment 2005 and any subsequent year of assessment.

(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 1 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 1 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) only apply to any second, third or fourth child (as the case may be) born to the individual after the dissolution of the marriage.

(9) Where a marriage was dissolved by divorce or annulment before 1 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 1 January 2005, such rebate or balance is, subject to section 42A(4)(*a*) to (*d*) in force immediately before 1 January 2005, 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.

(10) No rebate is 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 or her birth or adoption or the marriage of his or her natural parents (as the case may be), has more than 3 other siblings who are members of the same household.

(10A) No rebate is allowed under this section in respect of a child who is adopted by an individual before the individual is married.

(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 or her birth or adoption or the marriage of his or her natural parents (as the case may be), or within 12 months thereafter; and

(*b*) at the time of his or her birth, adoption or the marriage of his or her 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 or her birth or adoption or the marriage of his or her natural parents (as the case may be), or within 12 months thereafter; and

(*b*) at the time of his or her birth, adoption or the marriage of his or her 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 or her birth or adoption or the marriage of his or her natural parents (as the case may be), or within 12 months thereafter; and

(*b*) at the time of his or her birth, adoption or the marriage of his or her 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 or her birth or adoption or the marriage of his or her natural parents (as the case may be), or within 12 months thereafter; and

(*b*) at the time of his or her birth, adoption or the marriage of his or her 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 or her birth or adoption or the marriage of his or her natural parents (as the case may be), or within 12 months thereafter; and

(*b*) at the time of his or her birth, adoption or the marriage of his or her 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 stepbrother, a stepsister and a brother or sister adopted under any written law relating to the adoption of children.

(12) For the purposes of subsection (11), any sibling who is deceased must be taken into account in determining the number of siblings a child has at the time of his or her birth or adoption or the marriage of his or her natural parents unless otherwise determined by the Comptroller.

(12A) For the purposes of the definitions of "first child of the family", "second child of the family", "third child of the family", "fourth child of the family" and "fifth or subsequent child of the family" in subsection (11), for the year of assessment 2022 or any subsequent year of assessment, any sibling of the child, being a sibling that is a stillborn child (whether issued from the child's mother before, on or after 1 January 2022), is to be included in determining the number of siblings that the child has who are members of the same household, but only if the natural mother of the stillborn child is a member of that household.

[27/2021]

(12B) To avoid doubt, subsection (12A) does not imply that a stillborn child is a child in respect of whom a rebate may be allowed under this section.

[27/2021]

(12C) In subsection (12A), "stillborn child" means any child that —

(*a*) issues from the child's mother after the twenty-second week of pregnancy; and

(*b*) does not show any sign of life at any time after being completely expelled or extracted from the mother.

[27/2021]

(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.

(14) If the child is a member of more than one household by virtue of subsection (13)(*c*), the child is treated as such member of the household of only one parent as determined by the Comptroller (whose decision is final) having regard to the circumstances of the case, including the child's living arrangements.

(15) In subsection (13), "parent" includes an adoptive parent and a step-parent.

Rate of tax upon companies and others

43.—(1) There is to 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 —

(i) for the year of assessment 2023 or a preceding year of assessment, tax at the rate of 22% on every dollar of the chargeable income thereof; and

(ii) for the year of assessment 2024 and subsequent years of assessment, tax at the rate of 24% on every dollar of the chargeable income thereof; and

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(*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.

[2/2016; 41/2020]

(2) Where any trustee proves to the Comptroller's satisfaction 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 determines.

(2AA) Subsection (2) does not apply to a trust that is a REIT exchange-traded fund unless it is an approved REIT exchange-traded fund.

[45/2018]

(2A) Subsection (2) does 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 mentioned in paragraph (*b*)(i), (ii) and (iii);

(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;

(*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;

(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;

(*ba*) in the case of an approved REIT exchange-traded fund, any income from any trade or business carried on by its trustee, other than a distribution in cash received in the period between 1 July 2018 and 31 December 2025 (both dates inclusive) from a real estate investment trust, that is in turn made out of any income mentioned in paragraph (*a*)(i) to (v); or

(*c*) in the case of any other trust, any income from any trade or business carried on by the trustee.

[34/2016; 45/2018; 32/2019]

(2B) The conditions referred to in subsection (2A)(*a*) are —

(*a*) the distribution is made at any time on or after 1 April 2012 by the trustee of the real estate investment trust out of income specified in subsection (2A)(*a*)(i) to (v);

(*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.

[34/2016; 32/2019]

(2C) To avoid doubt, subsection (2) (read with subsection (2A)(*ba*)) does not affect the operation of section 35(12) in relation to an approved REIT exchange-traded fund that is also a designated unit trust within the meaning of section 35(14).

[45/2018]

(3) Despite anything in this Act but subject to subsection (3A), tax at the rate of 15% is to 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 28 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 the person in Singapore and which is not effectively connected with any permanent establishment in Singapore of the person.

(3A) Despite anything in this Act, tax at the rate of 10% is to 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 1 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 the person in Singapore and which is not effectively connected with any permanent establishment in Singapore of the person.

(3B) Despite anything in this Act, tax at the rate of 10% is to be levied and paid on the gross amount of any distribution made out of any income mentioned in subsection (2A)(*a*)(i), (ii), (iii), (iv) and (v) during the period from 18 February 2005 to 31 December 2025 (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.

[37/2014; 2/2016; 34/2016; 32/2019]

(3C) Despite anything in this Act, tax at the rate of 10% is levied and must be paid on the gross amount of any distribution by a trustee of an approved REIT exchange-traded fund that is —

(*a*) made out of a distribution by a real estate investment trust that is in turn made out of income of the kinds mentioned in subsection (2A)(*a*)(i), (ii), (iii), (iv) and (v);

(*b*) made during the period from 1 July 2018 to 31 December 2025 (both dates inclusive); and

(*c*) made to a person (other than an individual) not resident in Singapore —

(i) that does not have any permanent establishment in Singapore; or

(ii) that 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 approved REIT exchange-traded fund are not obtained from that operation.

[45/2018; 32/2019]

(3D) In the application of subsection (3B) to a distribution mentioned in that subsection made during the period from 1 July 2019 to 31 December 2025 (both dates inclusive) to a person mentioned in subsection (3F) with a fund manager in Singapore, that fund manager is not considered a permanent establishment in Singapore of that person.

[32/2019]

(3E) In the application of subsection (3C) to a distribution mentioned in that subsection made during the period from 1 July 2019 to 31 December 2025 (both dates inclusive) to a person mentioned in subsection (3F) with a fund manager in Singapore, that fund manager is not considered a permanent establishment in Singapore of that person.

[32/2019]

(3F) Subsection (3D) or (3E) applies to a distribution made to any of the following persons or entities that is not resident in Singapore:

(*a*) a prescribed person (other than an individual) under section 13D;

(*b*) an approved person under section 13U;

(*c*) a person (not being an individual, a body of persons or a Hindu joint family) that is the approved master fund or an approved feeder fund of an approved master-feeder fund structure under section 13U;

(*d*) a partner of a partnership (including a limited partnership and a limited liability partnership), where the partnership is the approved master fund or an approved feeder fund of an approved master-feeder fund structure under section 13U;

(*e*) a trustee of a trust fund where the trust fund is the approved master fund or an approved feeder fund of an approved master-feeder fund structure under section 13U;

(*f*) a taxable entity in relation to the approved master fund or an approved feeder fund of an approved master-feeder fund structure under section 13U, where the master fund or feeder fund is not a legal entity;

(*g*) a company, a trustee of a trust fund or a partner of a limited partnership, where the company, trust fund or limited partnership is an approved feeder fund of an approved master-feeder fund-SPV structure under section 13U;

(*h*) a person (not being a company, an individual or a Hindu joint family) that is an approved feeder fund of an approved master-feeder fund-SPV structure under section 13U;

(*i*) a partner of a partnership (excluding a limited partnership but including a limited liability partnership), where the partnership is an approved feeder fund of an approved master-feeder fund-SPV structure under section 13U;

(*j*) a taxable entity in relation to an approved feeder fund of an approved master-feeder fund-SPV structure under section 13U, where the feeder fund is not a legal entity;

(*k*) an approved 1st tier SPV of an approved master-feeder fund-SPV structure under section 13U;

(*l*) an approved 2nd tier SPV of an approved master-feeder fund-SPV structure under section 13U;

(*m*) an approved eligible SPV of an approved master-feeder fund-SPV structure under section 13U, where the eligible SPV is not one mentioned in paragraphs (*n*), (*o*) and (*p*);

(*n*) a partner of an approved eligible SPV of an approved master-feeder fund-SPV structure under section 13U, where the eligible SPV is a partnership (including a limited partnership and a limited liability partnership);

(*o*) the trustee of an approved eligible SPV of an approved master-feeder fund-SPV structure under section 13U, where the eligible SPV is a trust fund;

(*p*) the taxable entity of an approved eligible SPV of an approved master-feeder fund-SPV structure under section 13U, where the eligible SPV is not a legal entity;

(*q*) an approved 1st tier SPV of an approved master fund-SPV structure under section 13U;

(*r*) an approved 2nd tier SPV of an approved master fund-SPV structure under section 13U;

(*s*) an approved eligible SPV of an approved master fund-SPV structure under section 13U, where the eligible SPV is not one mentioned in paragraphs (*t*), (*u*) and (*v*);

(*t*) a partner of an approved eligible SPV of an approved master fund-SPV structure under section 13U, where the eligible SPV is a partnership (including a limited partnership and a limited liability partnership);

(*u*) the trustee of an approved eligible SPV of an approved master fund-SPV structure under section 13U, where the eligible SPV is a trust fund;

(*v*) the taxable entity of an approved eligible SPV of an approved master fund-SPV structure under section 13U, where the eligible SPV is not a legal entity;

(*w*) a prescribed sovereign fund entity or an approved foreign government-owned entity under section 13V.

[32/2019]

(4) Despite anything in this Act but subject to subsections (4A) and (5) and sections 13(1)(*r*), (*ra*) and (*rb*) and 40A, tax at the rate of 15% is to be levied and paid on the gross amount of any income accruing in or derived from Singapore on or after 3 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.

[2/2016]

[Act 33 of 2022 wef 04/11/2022]

(4A) Despite anything in this Act but subject to subsection (5), tax at the rate of 10% is to be levied and paid on the gross amount of any income derived from Singapore during the period from 1 April 2023 to 31 December 2027 (both dates inclusive) —

(*a*) by an individual not resident in Singapore, from acting as an arbitrator;

(*b*) 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; or

(*c*) by an individual 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 33 of 2022 wef 04/11/2022]

(5) Any individual or foreign firm to which subsection (4) or (4A) 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.

[Act 33 of 2022 wef 04/11/2022]

(6) Despite subsection (1) but subject to subsection (6C), tax as described in subsection (6A) or (6B) (as the case may be) is levied and must be paid for each year of assessment upon the chargeable income of every company or body of persons.

[45/2018]

(6A) For the purposes of subsection (6), the tax that is levied —

(*a*) in the case of a company, for the years of assessment 2008 to 2019 (both years inclusive); and

(*b*) in the case of a body of persons, for the years of assessment 2010 to 2019 (both years inclusive),

is tax at the rate prescribed in subsection (1)(*a*) on every dollar of the chargeable income, except that —

(*c*) for every dollar of the first $10,000 of the chargeable income, only 25% is chargeable with tax; and

(*d*) for every dollar of the next $290,000 of the chargeable income, only 50% is chargeable with tax.

[45/2018]

(6B) For the purposes of subsection (6), the tax that is levied for the year of assessment 2020 and subsequent years of assessment, is tax at the rate prescribed in subsection (1)(*a*) on every dollar of the chargeable income, except that —

(*a*) for every dollar of the first $10,000 of the chargeable income, only 25% is chargeable with tax; and

(*b*) for every dollar of the next $190,000 of the chargeable income, only 50% is chargeable with tax.

[45/2018]

(6C) Despite 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 tax as described in subsection (6D) is levied and must be paid upon the chargeable income of the company.

[45/2018]

(6D) For the purposes of subsection (6C), the tax that is levied is tax at the rate prescribed in subsection (1)(*a*) on every dollar of the chargeable income, except that —

(*a*) for the years of assessment 2008 to 2019 (both years inclusive) —

(i) every dollar of the first $100,000 of the chargeable income is exempt from tax; and

(ii) for every dollar of the next $200,000 of the chargeable income, only 50% is chargeable with tax; and

(*b*) for the year of assessment 2020 and subsequent years of assessment —

(i) for every dollar of the first $100,000 of the chargeable income, only 25% is chargeable with tax; and

(ii) for every dollar of the next $100,000 of the chargeable income, only 50% is chargeable with tax.

[45/2018]

(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.

(8) The reference to 17% in subsection (1) is —

(*a*) for the years of assessment 2005, 2006 and 2007, a reference to 20%; and

(*b*) for the years of assessment 2008 and 2009, a reference to 18%.

(9) Despite 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 is at the rate of 10% or such other prescribed rate.

(10) In this section —

"approved REIT exchange-traded fund" means a REIT exchange-traded fund that is approved by the Comptroller for the purposes of subsection (2);

"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;

"arbitrator" means an individual appointed for any arbitration which is governed by the Arbitration Act 2001 or the International Arbitration Act 1994, or would have been governed by either of those Acts had the place of arbitration been Singapore;

[Act 33 of 2022 wef 04/11/2022]

"captive insurer" has the meaning given by section 2 of the Insurance Act 1966;

"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;

"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 33 of 2022 wef 04/11/2022]

"qualifying mediator" means an individual who is certified or accredited under a mediator certification or accreditation scheme prescribed under section 7;

[Act 33 of 2022 wef 04/11/2022]

"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 2001 and listed on the Singapore Exchange, and that invests or proposes to invest in immovable property and immovable property-related assets;

"REIT exchange-traded fund" means a collective investment scheme authorised under section 286 of the Securities and Futures Act 2001 and listed on the Singapore Exchange, and that invests or proposes to invest only in —

(*a*) real estate investment trusts; and

(*b*) any entity, trust or other arrangement that invests or proposes to invest in immovable property and immovable property-related assets, and is listed on a stock exchange outside Singapore;

"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.

[34/2016; 45/2018]

(11) Despite the definition of "qualifying company" in subsection (10), a company that is incorporated on or after 26 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.

(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*).

(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" is to be construed accordingly.

(14) For the purposes of the definitions of "qualifying mediation" and "qualifying mediator" in subsection (10), 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 33 of 2022 wef 04/11/2022]

Concessionary rate of tax for Asian Currency Unit, Fund Manager and securities company

43A.—(1) Despite section 43, the Minister may by regulations provide that tax at the rate of 10% is to be levied and paid for each year of assessment upon such income derived before 1 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 2001 to deal in securities or that is exempted under that Act from holding such a licence,

approved by the Minister or such person as the Minister may appoint.
[34/2016]

(2) Regulations made under subsection (1) may provide for —

(*a*) exemption from tax of any income mentioned in that subsection;

(*b*) exemption from tax of such income as the Minister may specify of —

(i) a bank or merchant bank licensed under the Banking Act 1970; 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 1 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, and expected credit loss recognised under FRS 109 or SFRS(I) 9, as defined in section 34AA) incurred in respect of any facility mentioned 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 mentioned in paragraph (*d*) for the specified basis period;

(*f*) circumstances in which any income from any facility mentioned 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 mentioned 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.

[39/2017; 32/2019; 1/2020]

Special rate of tax for non-resident shipowner or charterer or air transport undertaking

43B. Despite 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.

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 before 1 July 2021 by an approved insurer, whose approval is granted before 1 June 2017, 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;

(*aa*) 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, whose approval is granted on or after 1 June 2017, from the reinsurance of liabilities under policies relating to life business as defined in section 3(1)(*a*) of the Insurance Act 1966, or such description of general business within the meaning of section 3(1)(*b*) of that Act, as may be prescribed;

(*ab*) 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 on or after 1 July 2021 by an approved insurer whose approval is granted before 1 June 2017, from —

(i) the reinsurance of liabilities under policies relating to life business as defined in section 3(1)(*a*) of the Insurance Act 1966; or

(ii) such description of general business as defined in section 3(1)(*b*) of that Act, as may be prescribed;

(*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 between 1 September 2019 and 31 August 2021 (both dates inclusive), 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 between 1 September 2016 and 31 August 2021 (both dates inclusive), 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 between 1 April 2016 and 31 March 2020 (both dates inclusive)

(*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;

(*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*).

[34/2016; 39/2017; 32/2019; 41/2020; 27/2021]

(2) No approval may be granted to an insurer for the purpose of paragraph (*a*), (*aa*), (*b*), (*c*), (*d*) or (*e*) of subsection (1) on or after the date prescribed in the regulations for that paragraph.

[34/2016; 39/2017]

(3) In this section —

"approved" means approved by the Minister or an authorised body;

[Act 41 of 2020 wef 06/12/2022]

"captive insurer" has the meaning given by section 2 of the Insurance Act 1966;

"insurer" means —

(*a*) a company licensed under the Insurance Act 1966 to carry on insurance business in Singapore; or

(*b*) a person (including a partnership), other than an individual, permitted under the Insurance Act 1966 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;

"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.

[34/2016; 39/2017]

Concessionary rate of tax for headquarters company

43D.—(1) Despite section 43, the Minister may by regulations provide that tax at the rate of 10% is to 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).

[34/2016]

(1A) This section does not apply to any income derived on or after 1 October 2015.

[2/2016]

(2) The concessionary rate of tax referred to in subsection (1) applies 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 the Minister may appoint may impose.

(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.

(4) In this section —

"approved" means approved by the Minister or such person as the Minister appoints;

"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.

[34/2016]

(5) For the purposes of subsection (4), a company is 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 firstmentioned company.

[43E

Concessionary rate of tax for Finance and Treasury Centre

43E.—(1) Despite 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 the Minister 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 18 February 2005,

and those regulations may provide for the deduction of losses otherwise than in accordance with section 37(3).

[34/2016]

(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%.

[34/2016]

(2) The concessionary rate of tax mentioned in subsection (1) applies 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; and

(*b*) in respect of any qualifying activity only where the qualifying activity has been approved in relation to that Centre for such concessionary rate.

[32/2019]

(2A) The Minister or a person appointed by the Minister may, subject to such conditions as the Minister or person may impose, approve a Finance and Treasury Centre for a company for the purposes of this section.

[32/2019]

(3) In this section —

"approved" means approved by the Minister or such person as the Minister appoints;

"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.

[34/2016]

(4) For the purposes of subsection (3), a company is 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 firstmentioned company.

(5) No Finance and Treasury Centre may be approved as an approved Finance and Treasury Centre under this section after 31 December 2026.

[43G

[34/2016; 41/2020]

Concessionary rate of tax for offshore leasing of machinery and plant

43F.—(1) Despite section 43, tax at the rate of 10% is to 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.

[34/2016]

(1A) This section does not apply to any income accruing in or derived from Singapore on or after 1 January 2016.

[2/2016]

(2) In determining the income of a leasing company from offshore leasing —

(*a*) the allowances under section 19, 19A, 20, 21, 22 or 23 must be taken into account even if 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 are available as a deduction against any income from onshore finance leasing for that year of assessment, and any balance of the allowances is not, subject to paragraph (*c*), available as a deduction against any other income or available for transfer under section 37B;

(*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*) is 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 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.

(3) Subsection (2) applies, 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.

(4) [*Deleted by Act 53 of 2007*]

(5) [*Deleted by Act 53 of 2007*]

(6) Despite 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 be taxed at the rate prescribed by section 43(1)(*a*).

(7) An election under subsection (6) must be made by a leasing company by written notice to the Comptroller and is irrevocable.

(8) Where a leasing company has made an election under subsection (6) —

(*a*) subsections (1), (2) and (3) do 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 is 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.

(9) In this section —

"finance lease", "finance leasing" and "onshore finance leasing" have the meanings given by section 10C(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 10C(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.

[43I

Concessionary rate of tax for trustee company

43G.—(1) Despite section 43, the Minister may by regulations provide that tax at the rate of 10% is to 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).

[34/2016]

(2) In this section, "trustee company" means a company that is a licensed trust company within the meaning of the Trust Companies Act 2005, or that is exempted under that Act from holding a trust business licence within the meaning of that Act.

(3) The Minister or such person as the Minister may appoint may approve a trustee company as an approved trustee company for the purposes of this section.

(4) Any approval under subsection (3) must be for a period not exceeding 10 years as the Minister or the person appointed by the

Minister may specify, and is subject to such conditions as the Minister may impose.

(5) No trustee company may be approved under subsection (3) on or after 1 April 2016.

(6) A trustee company that is an approved trustee company immediately before 1 April 2011 remains as an approved trustee company until 31 March 2021, unless its approval is revoked earlier.

(7) The trustee company mentioned in subsection (6) remains as an approved trustee company subject to such conditions as the Minister may impose.

[43J

Concessionary rate of tax for income derived from debt securities

43H.—(1) Despite section 43, the Minister may by regulations provide that tax at the rate of 10% is to 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 any qualifying debt securities issued during the period from 17 February 2006 to 31 December 2028 (both dates inclusive);

[Act 30 of 2023 wef 30/10/2023]

(*ab*) any amount payable to any company from any Islamic debt securities which are qualifying debt securities, and issued during the period from 1 January 2005 to 31 December 2028 (both dates inclusive);

[Act 30 of 2023 wef 30/10/2023]

(*ac*) any early redemption fee or redemption premium derived by any company from qualifying debt securities issued during the period from 15 February 2007 to 31 December 2028 (both dates inclusive); and

[Act 30 of 2023 wef 15/02/2023]

[Act 30 of 2023 wef 30/10/2023]

(*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.

[37/2014; 34/2016; 45/2018; 41/2020]

(2) Subsection (1)(*a*), (*aa*), (*ab*), (*ac*) or (*ad*) (as the case may be) does not, unless otherwise approved by the Minister or an authorised body, apply to —

(*a*) any interest derived from any qualifying debt securities issued during the period from 10 May 1999 to 31 December 2028 (both dates inclusive);

[Act 30 of 2023 wef 30/10/2023]

(*b*) any discount from any qualifying debt securities issued during the period from 17 February 2006 to 31 December 2028 (both dates inclusive);

[Act 30 of 2023 wef 30/10/2023]

(*c*) any amount payable from any Islamic debt securities which are qualifying debt securities, and issued during the period from 1 January 2005 to 31 December 2028;

[Act 30 of 2023 wef 30/10/2023]

(*d*) any early redemption fee or redemption premium from qualifying debt securities issued during the period from 15 February 2007 to 31 December 2028 (both dates inclusive); and

[Act 30 of 2023 wef 15/02/2023]

[Act 30 of 2023 wef 30/10/2023]

(*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 —

(*f*) any company which is a related party of the issuer of those securities; or

(*g*) 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.

[37/2014; 45/2018; 41/2020]

[Act 41 of 2020 wef 06/12/2022]

(2A) Subsection (1) does not apply to income from qualifying debt securities derived by a financial sector incentive (standard tier) company.

(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.

[45/2018]

(3) Regulations made under subsection (1) may provide for exemption from tax of income derived by a primary dealer from trading in any Singapore Government securities during the period from 27 February 1999 to 31 December 2028 (both dates inclusive), and for deduction of losses otherwise than in accordance with section 37(3).

[37/2014; 45/2018; 41/2020]

[Act 30 of 2023 wef 30/10/2023]

(3A) A primary dealer mentioned in subsection (3) 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 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.

[37/2014]

(3B) The election mentioned in subsection (3A) must be made by the primary dealer by written notice 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.

[37/2014]

(3C) The election made by a primary dealer under subsection (3A) is irrevocable.

[37/2014]

(4) In this section —

[*Deleted by Act 30 of 2023 wef 15/02/2023*]

"debt securities" means bonds, notes, commercial papers, treasury bills, certificates of deposits, and AT1 instruments within the meaning of section 10I(2);

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

[Act 30 of 2023 wef 15/02/2023]

"financial sector incentive (capital market) company" means a company approved as such under section 43J;

"financial sector incentive (standard tier) company" means a company approved as such under section 43J;

"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 appointed by the Monetary Authority of Singapore as a primary dealer under section 29A of the Government Securities Act 1992;

"Singapore Government securities" means debt securities issued under the Government Securities Act 1992, the repealed Local Treasury Bills Act 1923, the Significant Infrastructure Government Loan Act 2021 or by the Government under any other written law, and is 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;

[Act 35 of 2021 wef 31/01/2022]

"trust certificates" means certificates evidencing beneficial ownership in underlying assets.

[37/2014; 45/2018; 32/2019; 15/2021]

(5) Subsections (1)(*a*), (*aa*), (*ab*), (*ac*) and (*ad*) and (2) and regulations made under any of those provisions apply to a body of persons for the year of assessment 2010 and subsequent years of assessment.

[43N

Concessionary rate of tax for global trading company and qualifying company

43I.—(1) Despite section 43, the Minister may by regulations provide that tax at the rate of 5% or 10% is to 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;

(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; or

(iii) that is derived by it on or after 19 February 2020 from the carrying on of such prescribed qualifying structured commodity financing activities, prescribed treasury activities or prescribed advisory services in relation to mergers and acquisitions, as the Minister or a person appointed by the Minister may specify to the company; and

(*b*) such income as the Minister may specify of an approved qualifying company that is derived on or after 21 May 2010 from the carrying on of such prescribed qualifying structured commodity financing activities, prescribed

treasury activities or prescribed advisory services in relation to mergers and acquisitions, as the Minister or a person appointed by the Minister may specify to the company,

and those regulations may provide for the deduction of losses otherwise than in accordance with section 37(3).

[34/2016; 41/2020]

(1AA) Subject to the regulations under subsection (1), the income of an approved global trading company or approved qualifying company mentioned in that subsection —

(*a*) is chargeable with tax at the rate of 5% if the company has been approved for that rate; or

(*b*) is chargeable with tax at the rate of 10% if the company has been approved for that rate.

[32/2019]

(1AB) For the purposes of this section, the Minister or a person appointed by the Minister may, subject to such conditions as the Minister or person may impose, approve —

(*a*) a global trading company as an approved global trading company; or

(*b*) a qualifying company as an approved qualifying company.

[32/2019]

(1A) No approval may be granted under this section to a global trading company after 31 December 2026.

[41/2020]

(1B) No approval may be granted under this section to a qualifying company after 31 March 2021, and any approval granted to a qualifying company must be for a period that commences on or before that date.

[41/2020]

(2) [*Deleted by Act 32 of 2019*]

(3) In this section —

"global trading company" means a company that carries on the business of international trading of commodities or

commodities derivatives, or of brokering international trades in commodities, or both;

"qualifying company" means —

(*a*) an approved company that carries on the business of international trading of commodities or commodities derivatives; or

(*b*) a wholly-owned subsidiary of another company, where the other company carries on the business of international trading of commodities or commodities derivatives,

that carries on any qualifying structured commodity financing activities, treasury activities, or advisory services in relation to mergers and acquisitions, prescribed under subsection (1).

[43P

[34/2016; 39/2017; 32/2019]

Concessionary rate of tax for financial sector incentive company

43J.—(1) Despite section 43, the Minister may by regulations provide that tax at the rate of 5%, 10%, 12% or 13.5% is to be levied and paid for each year of assessment upon such income as the Minister may specify, derived on or after 1 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).

[39/2017]

(2) The Minister or an authorised body may, subject to such conditions as the Minister or authorised body may impose, approve a company carrying on such qualifying activities as may be prescribed, as a financial sector incentive company for the purposes of this section, and the Minister or authorised body may approve different classes of financial sector incentive companies for the purposes of this section.

[32/2019]

[Act 41 of 2020 wef 06/12/2022]

(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

(*b*) a member of the corporation known as the Singapore Commodity Exchange Ltd,

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 1 January 2011 but on or before 31 December 2013 from specified qualifying activities.

[43Q
[34/2016]

Concessionary rate of tax for provision of processing services to financial institutions

43K.—(1) Despite section 43, the Minister may by regulations provide that tax at the rate of 5% is to 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 27 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).

(2) The Minister or a person appointed by the Minister may, subject to such conditions as the Minister or appointed person may impose, approve a company as an approved company for the purposes of this section.

[32/2019]

(3) No approval under this section may be granted to any company on or after 27 February 2009.

(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.

[43R

Concessionary rate of tax for shipping investment manager

43L.—(1) Despite section 43, the Minister may by regulations provide that tax at the rate of 10% is to 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 1 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.

(2) Regulations made under subsection (1) may provide for the deduction of losses otherwise than in accordance with section 37(3).

(3) The Minister or a person appointed by the Minister may, subject to such conditions as the Minister or person may impose, approve a shipping investment manager as an approved shipping investment manager for the purposes of this section.

[32/2019]

(4) Approval of a shipping investment manager under this section may be granted between 1 March 2006 and 28 February 2011 (both dates inclusive).

[37/2014]

(4A) Approval of a shipping investment manager under this section may be granted between 1 March 2011 and 31 December 2026 (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.

[37/2014; 2/2016; 41/2020]

(5) In this section —

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

"shipping investment enterprise" has the meaning given by section 13P;

"shipping investment manager" means any company incorporated in Singapore.

[43W

Concessionary rate of tax for trust income to which beneficiary is entitled

43M.—(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 is, if it would have been subject to a concessionary rate of tax under any provision of this Part had it been derived or received directly by the beneficiary rather than the trustee of the trust, subject to the same concessionary rate of tax.

(2) This section does 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);

(*c*) [*Deleted by Act 37 of 2014*]

(*d*) any income of a trust fund prescribed under section 13C;

(*e*) any income of a foreign trust specified under section 13F;

(*f*) any income of a locally-administered trust prescribed under section 13N;

(*g*) any income of a trust the trustee of which is a prescribed person under section 13D; or

(*h*) any income of an approved trust fund referred to in the definition of "approved person" under section 13U(5), or

of a trust fund that is a feeder fund or master fund approved under section 13U.

[43X
[37/2014]

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

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

[Act 30 of 2023 wef 30/10/2023]

Concessionary rate of tax for leasing of aircraft and aircraft engines

43N.—(1) Despite section 43, tax at the following rate is to 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 the leasing of any aircraft or aircraft engine or such other activity as the Minister may by regulations prescribe:

(*a*) where the company is approved before 1 April 2017, 5% or 10%, as specified by the Minister or such person as the Minister may appoint;

(*b*) where the company is approved on or after 1 April 2017, 8%.

[39/2017]

(1A) Despite subsection (1), where —

(*a*) a company was approved as an approved aircraft leasing company on or before 31 March 2017;

(*b*) the company is approved again as an approved aircraft leasing company at any time on or after 1 April 2017;

(*c*) the period of approval in paragraph (*b*) (called in this subsection the current approval period) starts immediately

upon the expiry of the period of the approval in paragraph (*a*) (called in this subsection the previous approval period); and

(*d*) the company elects to apply the concessionary rate of tax specified to it under subsection (1)(*a*) for the previous approval period, to the company's income that accrues in or is derived from Singapore between the date of commencement of the current approval period and 31 December 2027 (both dates inclusive), in respect of an aircraft or aircraft engine to which this subsection applies,

then that concessionary rate of tax applies to such income if the company remains an approved aircraft leasing company at the time the income accrues to or is derived by the company.

[45/2018]

(1B) Subsection (1A) —

(*a*) applies to an aircraft or aircraft engine that the company either owned (whether legally or beneficially) or of which it was a lessee under a finance lease treated as a sale under section 10C, as at the last day of the previous approval period; and

(*b*) does not apply to any aircraft or aircraft engine that —

(i) has been disposed of by the company after that day and then re-acquired by or leased back to the company; or

(ii) has not been delivered to the company as of that day.

[45/2018]

(1C) The election under subsection (1A) must be made by written notice to the Comptroller at the time of lodgment of the return of income for the year of assessment relating to the basis period in which the approval in subsection (1A)(*b*) is given or within such extended time as the Comptroller may allow.

[45/2018]

(2) The Minister or a person appointed by the Minister may, subject to such conditions as the Minister or person may impose, approve an

aircraft leasing company as an approved aircraft leasing company for the purposes of this section.

[32/2019]

(3) Tax at the concessionary rate of the income of an approved aircraft leasing company under subsection (1) is 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 must not exceed 5 years.

(4) Approval may be granted under this section between 1 March 2007 and 31 December 2027 (both dates inclusive).

[37/2014; 39/2017]

[Act 33 of 2022 wef 04/11/2022]

(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 must be taken into account even if 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 must be deducted against the income from such leasing for that year of assessment, and any balance of the allowances is not, subject to paragraph (*c*), available as a deduction against any other income or available for transfer under section 37B;

(*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 is 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 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.

(6) Subsection (5) applies, 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.

(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;

"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 10C(1);

"operating leasing", in relation to any aircraft or aircraft engine, means the leasing of the aircraft or aircraft engine, other than finance leasing.

[43Y
[32/2019]

Concessionary rate of tax for aircraft investment manager

43O.—(1) Despite section 43, the Minister may by regulations provide that tax at the rate of 10% is to 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 1 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.

(2) Regulations made under subsection (1) may provide for the deduction of losses otherwise than in accordance with section 37(3).

(3) The Minister or a person appointed by the Minister may, subject to such conditions as the Minister or person may impose, approve an aircraft investment manager as an approved aircraft investment manager for the purposes of this section.

[32/2019]

(4) Approval may be granted under this section between 1 March 2007 and 31 December 2027 (both dates inclusive).

[37/2014; 39/2017]

[Act 33 of 2022 wef 04/11/2022]

(5) In this section —

"aircraft investment manager" means any company incorporated in Singapore;

"aircraft leasing company" has the meaning given by section 43N;

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

[43Z

Concessionary rate of tax for container investment enterprise

43P.—(1) Despite 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, is to 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 mentioned 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 mentioned 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 mentioned in subsection (4), which is incidental to the leasing mentioned in paragraph (*a*);

(*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 mentioned in paragraph (*c*);

(*e*) the leasing of any container used for international transportation of goods, if the container was —

(i) acquired by an approved related party before or during the period of the approval of the related party under subsection (4); and

(ii) leased by the approved related party to the approved container investment enterprise;

(*f*) the leasing of any intermodal equipment that is incidental to the lease mentioned in paragraph (*e*), if the intermodal equipment was —

(i) acquired by an approved related party before or during the period of the approval of the related party under subsection (4); and

(ii) leased by the approved related party to the approved container investment enterprise; and

(*g*) foreign exchange and risk management activities that are carried out in connection with and incidental to the leases mentioned in paragraphs (*e*) and (*f*).

[32/2019]

(1A) Subsection (1)(*e*), (*f*) and (*g*) only applies to income derived on or after 12 December 2018.

[32/2019]

(2) Subsection (1)(*a*), (*b*), (*c*) or (*d*) continues 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 mentioned in that provision 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 mentioned in subsection (4), and any reference in this section to an approved container investment enterprise is to be construed accordingly.

[32/2019]

(2A) Subsection (1)(*e*), (*f*) or (*g*) continues to apply to a container investment enterprise the approval of which has expired or been withdrawn, but that continues to derive income of the type mentioned in that provision if both the container investment enterprise and the approved related party have by the date of the expiry or before the withdrawal, fulfilled all the conditions of their respective approvals under subsection (4).

[32/2019]

(2B) For the purpose of subsection (2A), the container investment enterprise is treated under this section as an approved container investment enterprise.

[32/2019]

(2C) Subsection (1)(*a*), (*c*), (*e*) and (*f*) does not apply to income derived on or after 12 December 2018 from the leasing of a container or intermodal equipment that is acquired by the approved container investment enterprise or the approved related party by way of a finance lease entered into with an entity that is not an approved related party.

[32/2019]

(3) The Minister or such person as he may appoint may, at any time between 1 April 2008 and 31 December 2026 (both dates inclusive), approve a container investment enterprise or a related party of an approved container investment enterprise for the purposes of subsection (1).

[37/2014; 2/2016; 32/2019; 41/2020]

(4) The approval under subsection (3) is subject to such conditions as the Minister may specify, and must —

(*a*) where the approval is granted during the period between 1 April 2008 and 28 February 2011 (both dates inclusive), be for such period not exceeding 10 years, as the Minister may specify; and

(*b*) where the approval is granted during the period between 1 March 2011 and 31 December 2026 (both dates inclusive), be 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 the Minister thinks fit.

[37/2014; 2/2016; 41/2020]

(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).

(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 10C) must be taken into account even if no claim for such allowances has been made;

(*b*) the allowances under section 19, 19A, 20, 21, 22 or 23 (other than allowances made to the lessee under regulations made under section 10C) in respect of finance leasing in any year of assessment must be deducted against the income from such leasing for that year of assessment, and any balance of the allowances is not, subject to paragraph (*c*), available as a deduction against any other income or available for transfer under section 37B;

(*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 is 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 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.

[2/2016]

(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 meaning given by the Business Trusts Act 2004;

"related party", in relation to an approved container investment enterprise, means —

(*a*) any entity that is related to the approved container investment enterprise in such manner as may be prescribed by rules made under section 7; or

(*b*) any other entity that is approved by the Minister in any particular case to be a related party of the approved container investment enterprise.

[32/2019; 27/2021]

(8) Rules made for the purpose of the definition of "related party" in subsection (7) may be made to take effect from (and including) 12 December 2018.

[43ZA
[32/2019]

Concessionary rate of tax for container investment manager

43Q.—(1) Despite section 43, the Minister may by regulations provide that tax at the rate of 10% is to 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 1 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.

(2) Regulations made under subsection (1) may provide for the deduction of losses otherwise than in accordance with section 37(3).

(3) The Minister or a person appointed by the Minister may, subject to such conditions as the Minister or person may impose, approve a container investment manager as an approved container investment manager for the purposes of this section.

[32/2019]

(4) Approval of a container investment manager under this section may be granted between 1 April 2008 and 28 February 2011 (both dates inclusive).

[37/2014]

(4A) Approval of a container investment manager under this section may be granted between 1 March 2011 and 31 December 2026 (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.

[37/2014; 2/2016; 41/2020]

(5) In this section —

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

"container investment enterprise" has the meaning given by section 43P;

"container investment manager" means any company incorporated in Singapore.

[43ZB

Concessionary rate of tax for approved insurance brokers

43R.—(1) Despite section 43, the Minister may by regulations provide that tax at the rate of 10% is to 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.

[45/2018]

(2) Regulations made under subsection (1) may provide for the deduction of losses otherwise than in accordance with section 37(3).

(3) The Minister or an authorised body may, subject to such conditions as the Minister or authorised body may impose, approve a company that is a direct insurance broker, general reinsurance broker or life reinsurance broker, as an approved insurance broker for the purposes of this section.

[32/2019]

[Act 41 of 2020 wef 06/12/2022]

(4) Approval may be granted under this section between 1 April 2008 and 31 December 2028 (both dates inclusive).

[37/2014; 45/2018]

[Act 30 of 2023 wef 30/10/2023]

(5) In this section, "direct insurance broker", "general reinsurance broker" and "life reinsurance broker" have the meanings given by section 2 of the Insurance Act 1966.

[43ZC

[32/2019]

Concessionary rate of tax for income derived from managing qualifying registered business trust or company

43S.—(1) Despite section 43, the Minister may by regulations provide that tax at the rate of 10% is to be levied and paid for each year of assessment upon such income as the Minister may specify derived on or after 1 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 (called in this section a 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.

(2) Regulations made under subsection (1) may provide for the deduction of losses otherwise than in accordance with section 37(3).

(3) For the purposes of this section, the Minister or an authorised body may, subject to such conditions as the Minister or authorised body may impose —

(*a*) approve a trustee-manager of a qualifying registered business trust as an approved trustee-manager; or

(*b*) approve a fund management company as an approved fund management company.

[32/2019]

[Act 41 of 2020 wef 06/12/2022]

(4) Approval may be granted under this section between 1 April 2008 and 31 December 2022 (both dates inclusive).

[37/2014; 39/2017]

(5) In this section —

"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 meanings given by the Business Trusts Act 2004.

[43ZD
[32/2019]

Concessionary rate of tax for ship broking and forward freight agreement trading

43T.—(1) Despite section 43, tax at the rate of 10% is to be levied and paid for each year of assessment upon such amount of —

(*a*) fees or commissions derived in the period between 1 April 2010 and 31 May 2011 (both dates inclusive) by an approved company from ship broking; and

(*b*) gains derived in the period between 1 April 2010 and 31 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.

(2) Approval may be granted under this section between 1 April 2010 and 31 May 2011 (both dates inclusive) to a company for a period of 5 years, subject to such conditions as the Minister may impose.

[37/2014]

(3) The base amount mentioned in subsection (1) is —

(*a*) where the approved company had carried out the ship broking or forward freight agreement trading or both (called in this paragraph 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 mentioned in paragraph (*a*) or (*b*).

(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 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.

(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 the Minister 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 (called in this definition 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 —

(*f*) 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

(*g*) the said sum,

unless the Minister otherwise allows.

[43ZE

Concessionary rate of tax for shipping-related support services

43U.—(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).

[2/2016]

(1A) In subsection (1), the amount of the income is that which exceeds the base amount calculated in accordance with subsection (4).

[2/2016]

(2) Approval may be granted under this section between 1 June 2011 and 31 December 2026 (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.

[37/2014; 2/2016; 41/2020]

(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.

[2/2016]

(3) A company that is deemed an approved company on 1 June 2011 by virtue of regulations made under subsection (7), is deemed to have been approved for such period not exceeding 10 years from that date as the Minister may specify in the regulations.

(4) The base amount mentioned in subsection (1A) or (5E) is 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 is 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;

(*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 is zero; or

(*c*) such amount as the Minister may specify in substitution for the amount mentioned in paragraph (*a*) or (*b*).

[2/2016; 41/2020]

(5) The base amount determined in accordance with subsection (4) applies to the approved company for the entire duration of the period of its approval (but not any extended period of its approval under subsection (5A)), unless the Minister otherwise decides.

[2/2016; 41/2020]

(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.

[2/2016]

(5B) The Minister or appointed person must approve for the company one or more shipping-related support services for the purposes of subsection (5C) or (5CA) at the time of granting the extension, and may approve for the company additional shipping-related support services during any extended period of its approval.

[2/2016; 41/2020]

(5C) Despite section 43, where an approved company whose period of approval is extended under subsection (5A) did not make an election under subsection (5F) for the extended period, then tax at the

rate of A% is levied and must be paid for each year of assessment upon the amount of its income in subsection (5D) that is derived on or after the service approval date and during the extended period, from providing in or from Singapore any shipping-related support service approved for it under subsection (5B).

[41/2020]

(5CA) Despite section 43, where an approved company whose period of approval is extended under subsection (5A) made an election under subsection (5F) for the extended period, then tax at the rate of (0.5 + A)% is levied and must be paid for each year of assessment upon the amount of its income in subsection (5E) that is derived on or after the service approval date and during the extended period, from providing in or from Singapore any shipping-related support service approved for it under subsection (5B).

[41/2020]

(5CB) In subsections (5C) and (5CA), "A" is the concessionary rate of tax applicable to the income of the approved company from providing in or from Singapore any shipping-related support service approved for it under subsection (2A) or (5B) (as the case may be) immediately before the commencement of the extended period concerned of its approval under subsection (5A).

[41/2020]

(5D) In subsection (5C), the amount of the income is that which exceeds the base amount calculated in accordance with subsection (5I).

[2/2016]

(5E) In subsection (5CA), the amount of the income is that which exceeds the base amount immediately before the commencement of the extended period concerned of its approval under subsection (5A), which is calculated in accordance with subsection (4) or (5I), as the case may be.

[41/2020]

(5F) An approved company whose period of approval is extended under subsection (5A) may make an election for an amount of its income mentioned in subsection (5CA) that is derived on or after the service approval date and during the extended period, from providing in or from Singapore any shipping-related support service approved

for it under subsection (5B), to be taxed in accordance with subsection (5CA).

[41/2020]

(5G) An election under subsection (5F) 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.

[2/2016; 41/2020]

(5H) An election under subsection (5F) is irrevocable for the extended period of its approval in which the election is made.

[41/2020]

(5I) The base amount mentioned in subsection (5D) or (5E) 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 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 mentioned in paragraph (*a*), the base amount is zero;

(*c*) the Minister may in a particular case specify an amount in substitution for the amount mentioned in paragraph (*a*) or (*b*).

[2/2016; 41/2020]

(5J) The base amount determined in accordance with subsection (5I) applies to the approved company for the entire duration of the extended period concerned of its approval under subsection (5A), unless the Minister otherwise decides.

[2/2016; 41/2020]

(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 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) For the purposes of this section, the Minister may make regulations —

(*a*) to deem a company which, immediately before 1 June 2011, was —

(i) a development and expansion company within the meaning of section 20 of the Economic Expansion Incentives (Relief from Income Tax) Act 1967 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 43T,

as an approved company for the purpose of this section from that date;

(*b*) to provide for such transitional, supplementary and consequential matters as the Minister may consider necessary or expedient in relation to a company mentioned 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.

(8) In this section —

"approved" means approved by the Minister or such person as the Minister 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 meaning given by section 43P(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 (excluding 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*) [*Deleted by Act 39 of 2017*]

(*f*) general management and administration (such as risk management, internal audit, budgeting and forecasting, but excluding intellectual property management);

(*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,

and only services provided to an approved related company of that company are 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);

"finance leasing" has the meaning given by section 13P(20) or 43P(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 meaning given by section 13A(16);

"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;

"ship" has the meaning given by section 2(1) of the Merchant Shipping Act 1995;

"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 mentioned in subsection (9);

"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;

(*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;

(*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;

"shipping-related support service" means any of the following:

(*a*) ship broking;

(*b*) forward freight agreement trading;

(*c*) prescribed ship management services;

(*d*) ship agency;

(*e*) freight forwarding and logistics service;

(*f*) corporate service.

[2/2016; 34/2016; 39/2017]

(9) In this section, "ship broking" includes —

(*a*) for the purpose of subsections (1), (2A), (5B), (5C) and (5CA), 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 (called in this paragraph 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

(*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 (called in this paragraph 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".

[2/2016; 41/2020]

(10) For the purposes of the definition of "related company" in subsection (8), a company (called in this subsection 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.

[43ZF

Concessionary rate of tax for income derived from managing approved venture company

43V.—(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 authorised investments of an approved venture company under section 13G.

[2/2016; 41/2020]

(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 December 2025 (both dates inclusive).

[2/2016; 41/2020]

(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.

[2/2016]

(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.

[2/2016]

(5) Despite subsection (4), an approval granted under subsection (2) on or after 1 April 2020, and any extension of such approval, must each be for a period that does not exceed 5 years.

[41/2020]

(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.

[2/2016]

(7) In this section —

"authorised investments" has the meaning given by section 13G(18);

"fund management company" means a company incorporated in Singapore that is a fund manager.

[43ZG

[2/2016; 34/2016; 41/2020]

Concessionary rate of tax for international growth company

43W.—(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 mentioned in subsection (6).

[2/2016]

(2) Subsection (1) does not apply to income from any of the activities mentioned in that subsection that is carried on a date that falls outside of that activity's concessionary period.

[2/2016]

(3) The Minister or such person as the Minister may appoint may, at any time between 1 April 2015 and 31 August 2017 (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.

[2/2016; 39/2017]

(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.

[2/2016]

(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.

[2/2016]

(6) The base amount mentioned 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

$$\frac{A}{B} \times 12,$$

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 mentioned in paragraph (*a*) or (*b*).

[2/2016]

(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.

[2/2016]

(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 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 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.

[2/2016]

(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.

[43ZH

[2/2016]

Concessionary rate of tax for intellectual property income

43X.—(1) Despite section 43 and subject to this section, the concessionary rate of tax under subsection (5) applies for each year of assessment upon a percentage determined in accordance with regulations of qualifying intellectual property income of an approved company, that is derived —

(*a*) from a qualifying IPR elected by the approved company for that year of assessment under subsections (7) and (8); and

(*b*) in so much of the basis period for that year of assessment as falls within the tax relief period applicable to the approved company.

[45/2018]

(2) The Minister or a person appointed by the Minister may approve a company as an approved company (subject to such terms and conditions as the Minister or appointed person may specify), but not after 31 December 2028.

[45/2018]

[Act 30 of 2023 wef 30/10/2023]

(3) The Minister or the appointed person may —

(*a*) specify an initial tax relief period for an approved company that does not exceed 10 years;

(*b*) specify a commencement date for the initial tax relief period that is not earlier than 1 July 2018; and

(*c*) extend the tax relief period for a further period or periods, not exceeding 10 years for each period, as the Minister or the appointed person may determine.

[45/2018]

(4) Where the commencement date for the initial tax relief period is a date before the company becomes an approved company, then for the purposes of subsection (1), the company is treated as an approved company beginning on the commencement date.

[45/2018]

(5) For the purpose of subsection (1), the concessionary rate of tax for an approved company is a rate determined in accordance with the formula A + B, where —

(*a*) A is a base rate of 5% or 10% as the Minister or the appointed person may determine; and

(*b*) B is the sum of every rate increase specified by the Minister or the appointed person to the approved company in accordance with subsection (6).

[45/2018; 41/2020]

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

[Act 30 of 2023 wef 30/10/2023]

(7) Subject to subsection (8), an approved company must elect a qualifying IPR to which subsection (1) is to apply for any year of assessment —

(*a*) in the form and manner determined by the Comptroller; and

(*b*) at the time the approved company lodges its return of income for that year of assessment, or by such later time as the Comptroller may allow in any particular case.

[45/2018]

(8) An election of any qualifying IPR made under subsection (7) for a year of assessment is irrevocable, and the approved company is treated as making an election for the same qualifying IPR for each subsequent year of assessment.

[45/2018]

(9) To avoid doubt, subsections (7) and (8) do not prevent an approved company from electing for any year of assessment, any qualifying IPR not already elected or treated as elected under those subsections.

[45/2018]

(10) The approved company must, in such circumstances as the Comptroller may determine and in such form and manner as the Comptroller may require, provide the Comptroller with such information and documents as the Comptroller may require for the purposes of determining the applicability of subsection (1) in a particular case.

[45/2018]

(11) The Minister may make regulations to provide for any of the following:

(*a*) the determination of the percentage of qualifying intellectual property income of an approved company for the purposes of subsection (1);

(*b*) the intellectual property income that is qualifying intellectual property income for this section;

(*c*) the deduction (otherwise than in accordance with this Act), from the qualifying intellectual property income of an approved company, of —

(i) allowances attributable to the income; and

(ii) 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;

(*d*) the circumstances under which a prescribed amount of qualifying intellectual property income that has been assessed to tax at the concessionary rate in subsection (1) may be deemed as income chargeable to tax at the rate of tax in section 43(1)(*a*) for a specified year of assessment;

(*da*) the circumstances under which a prescribed amount of expenses, allowances or donations deducted from qualifying intellectual property income of an approved company may be deemed as a loss;

(*db*) the treatment of the loss mentioned in paragraph (*da*), including disregarding any part of it, or making available any part of it for —

(i) deduction against any income subject to tax at the rate specified in section 43(1)(*a*) for a specified year of assessment in accordance with this Act;

(ii) deduction against any income for any preceding or subsequent year of assessment in accordance with this Act; and

(iii) transfer under section 37B;

(*dc*) the application of the provisions of this Act for the purpose of the deductions and transfer in paragraph (*db*) with such modifications as may be prescribed;

(*e*) the records to be kept by an approved company;

(*f*) generally to give effect to or carry out the purposes of this section.

[45/2018; 27/2021]

(12) To avoid doubt, any regulations made under subsection (11)(*e*) do not affect the generality of section 67.

[45/2018]

(13) In this section —

"qualifying intellectual property income" means any intellectual property income prescribed by the Minister in regulations made under this section;

"qualifying intellectual property right" or "qualifying IPR" means any intellectual property right prescribed by the Minister in regulations made under this section.

[43ZI
[45/2018]

PART 12

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 the firstmentioned person to be resident in Singapore any interest which is chargeable to tax under this Act, the firstmentioned person must —

(*a*) deduct therefrom tax —

(i) where the person to be paid is an individual or a Hindu joint family, at the rate of 24%;

[Act 33 of 2022 wef 01/01/2023]

(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,

and every such amount deducted is a debt due from the firstmentioned person to the Government and is recoverable in the manner provided by section 89.

[2/2016]

(1A) Despite subsection (1), tax must 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 1 January 2009 which would be assessable on the person receiving the payment for the year of assessment 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.

[2/2016]

(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.

[34/2016]

(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.

[34/2016]

(2) The Comptroller may —

(*a*) if he or she 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

(*b*) by written notice 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.

[2/2016; 34/2016]

(3) Where a person fails to make a deduction of tax which the person is required to make under subsection (1), any amount which the person fails to deduct is a debt due from the person to the Government and is 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 is payable; and

(*b*) within 30 days after the time specified in paragraph (*a*), an additional penalty of 1% of such amount of tax is payable for each completed month that the tax remains unpaid, but

the total additional penalty under this paragraph must not exceed 15% of the amount of tax outstanding.

[34/2016]

(5) Without affecting any other provision of this Act, if any person after deducting any tax 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*), the person 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.

[2/2016; 39/2017]

(6) Where an individual has been convicted for 3 or more offences under this section, the imprisonment the individual 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 is answerable for doing all such acts, matters and things as are required to be done by the company under this section; and

(*b*) interest is 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 does not apply to —

(*a*) any interest derived from any qualifying debt securities issued during the period from 27 February 1999 to

31 December 2028 (both dates inclusive), subject to such conditions as the Minister may impose;

[Act 30 of 2023 wef 30/10/2023]

(*b*) any interest derived from any qualifying project debt securities issued during the period from 1 November 2006 to 31 December 2025 (both dates inclusive), subject to such conditions as the Minister may impose;

[Act 33 of 2022 wef 04/11/2022]

(*c*) any interest liable to be paid on or after 21 February 2014 by a person to a branch in Singapore of a company incorporated outside Singapore and not known to the person to be resident in Singapore.

[37/2014; 45/2018]

(10) In this section, "qualifying debt securities" and "qualifying project debt securities" have the meanings given by section 13(16).

(11) To avoid doubt, in this section, "interest" includes the part of any payment liable to be made by a lessee to a lessor under a finance lease of any machinery or plant treated as sold by the lessor to the lessee pursuant to regulations made under section 10C(1), that is income of the lessor under section 10C(2A).

[45/2018]

Application of section 45 to royalties, management fees, etc.

45A.—(1) Section 45(1) to (8) applies 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 the firstmentioned person to be resident in Singapore as those provisions apply to any interest paid by a person (*X*) to another person (*Y*) not known to *X* to be resident in Singapore and, for the purpose of such application, any reference in those provisions to interest is a reference to the income referred to in section 12(6) or (7).

(2) Subject to such conditions as the Minister may impose, subsection (1) does not apply to any discount from any qualifying debt securities issued during the period from 17 February 2006 to 31 December 2028 (both dates inclusive).

[37/2014; 45/2018; 41/2020]

[Act 30 of 2023 wef 30/10/2023]

(2A) Subsection (1) does not apply to any amount payable from any Islamic debt securities which are qualifying debt securities, and issued during the period from 1 January 2005 to 31 December 2028 (both dates inclusive), subject to such conditions as the Minister may impose.

[37/2014; 45/2018]

[Act 30 of 2023 wef 30/10/2023]

(2B) Subject to such conditions as the Minister may impose, subsection (1) does not apply to —

(*a*) any early redemption fee or redemption premium from any qualifying debt securities issued during the period from 15 February 2007 to 31 December 2028 (both dates inclusive); or

[Act 30 of 2023 wef 15/02/2023]

[Act 30 of 2023 wef 30/10/2023]

(*b*) any discount, early redemption fee or redemption premium from any qualifying project debt securities issued during the period from 15 February 2007 to 31 December 2025 (both dates inclusive).

[37/2014; 45/2018]

[Act 33 of 2022 wef 04/11/2022]

[Act 30 of 2023 wef 15/02/2023]

(2C) Subject to such conditions as the Minister may impose, subsection (1) does 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.

(2D) Subsection (1) does not apply to any payment liable to be made on or after 17 February 2012 under any agreement or arrangement for the charter of any ship.

(2DA) To avoid doubt, the reference to a charter of a ship in subsection (2D) excludes a finance lease of the ship.

[41/2020]

(2E) Subsection (1) does not apply to any payment liable to be made on or after 21 February 2014 by a person to a branch in Singapore of a company incorporated outside Singapore and not known to the person to be resident in Singapore.

[37/2014]

(3) In this section —

[*Deleted by Act 30 of 2023 wef 15/02/2023*]

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

[Act 30 of 2023 wef 15/02/2023]

"finance lease", in relation to a ship, means a lease of the ship (including any arrangement or agreement made in connection with the lease) that has the effect of transferring substantially the obsolescence, risks or rewards incidental to ownership of the ship to the lessee;

"Islamic debt securities" has the meaning given by section 43H(4);

"ship" has the meaning given by section 2(1) of the Merchant Shipping Act 1995.

[2/2016; 41/2020]

Tax deemed withheld and recoverable from person in breach of condition imposed under section 13(4)

45AA.—(1) Subsection (1A) applies where a notification has been made under section 13(4) to exempt from tax (wholly or in part) payments made by a person to a non-resident person under section 45 or 45A, and —

(*a*) the exemption is on the basis that the firstmentioned person or a particular matter is approved by the Minister, an authorised body or a person appointed by the Minister under a section specified in the Fourth Schedule, and the approval is revoked under section 105R after any such payment has been made; or

[Act 41 of 2020 wef 06/12/2022]

(*b*) the firstmentioned person contravenes any condition imposed by the Minister under the notification (whether a condition precedent or a condition subsequent) after any such payment has been made.

[32/2019]

(1A) The amount of tax which, but for —

(*a*) in the case of subsection (1)(*a*) — the approval of the firstmentioned person or the matter; or

(*b*) in the case of subsection (1)(*b*) — the notification,

would have been deductible by the firstmentioned person from that payment —

(*c*) is deemed to have been deducted from that payment;

(*d*) is a debt due from the firstmentioned person to the Government; and

(*e*) is recoverable in the manner provided in section 89.

[32/2019]

(2) The amount recoverable under subsection (1A) is payable at the place stated in a notice served by the Comptroller on the person within one month after the service of the notice.

[32/2019]

(3) The Comptroller may, in his or her discretion and subject to such conditions (including the imposition of interest) as the Comptroller may impose, extend the time limit within which payment under subsection (2) is to be made.

(4) If the amount recoverable under subsection (1A) 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 is payable; and

(*b*) within 30 days after the time specified in paragraph (*a*), an additional penalty of 1% of such amount is payable for each completed month that such amount remains unpaid,

but the total additional penalty under this paragraph must not exceed 15% of such amount.

[32/2019]

(5) The penalty is recoverable in the manner provided in section 89.

(6) The Comptroller may for any good cause remit the whole or any part of the penalty payable under subsection (4).

(7) The Minister may, subject to such conditions as the Minister may determine, remit the whole or any part of the amount recoverable under subsection (1A).

[32/2019]

(8) If any condition mentioned in subsection (7) is breached, then the amount remitted is a debt due from the person granted the remission to the Government and is recoverable in the manner provided by section 89; and subsections (2) to (6) apply accordingly.

Application of section 45 to non-resident director's remuneration

45B.—(1) Section 45 applies in relation to the payment of any remuneration by a company to any director of the company who is not resident in Singapore as that section applies to any interest paid by a person (*X*) to another person (*Y*) not known to *X* to be resident in Singapore and, for the purpose of such application, any reference in that section to interest is a reference to such remuneration.

(2) For the purposes of this section, the references to interest therein are references to interest which is subject to deduction of tax at the rate of 24% on every dollar of the interest.

[2/2016]

[Act 33 of 2022 wef 01/01/2023]

Application of section 45 to distribution by unit trust

45C.—(1) Section 45 applies 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 (*X*) to another person (*Y*) not known to *X* to be resident in Singapore and, for the purpose of such application, any reference in that section to interest is a reference to such distribution.

(2) Subsection (1) does not apply to any distribution which is made on or after 28 February 1998 by a designated unit trust referred to in section 35(12).

[37/2014]

(3) Subsection (1) does not apply to any distribution made on or after 1 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.

[37/2014]

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 must, 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, despite any other written law, immediately deduct therefrom tax at the rate of 15% on every dollar of such payment.

(2) Any designated person who has deducted any money under subsection (1) must immediately give notice of the deduction of tax to the Comptroller and must, despite 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 is a debt due from the designated person to the Government and is recoverable in the manner provided by section 89.

[2/2016]

(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.

[2/2016]

(3) Section 45(2) to (8) applies, with the necessary modifications, to any designated person as those provisions apply to any person referred to therein.

(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 must 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.

(5) It is presumed, until the contrary is proved, that the persons who own any real property as joint owners share the proceeds of disposal of the real property in equal shares.

(5A) This section does not apply to any payment made on or after 1 January 2015 by a designated person to a branch in Singapore of a company incorporated outside Singapore and is a non-resident person.

[37/2014]

(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.

Application of section 45 to withdrawals by non-citizen SRS members, etc.

45E.—(1) Subject to subsections (2) and (2A), section 45 applies in relation to —

(*a*) any withdrawal made —

(i) under section 10G or after the balance (excluding any life annuity) remaining in the SRS account is deemed withdrawn under section 10G(6) or (7) by an SRS member who is not a citizen of Singapore from his or her SRS account; or

(ii) after the sum standing in the SRS account is deemed withdrawn under section 10G(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 (*X*) to another person (*Y*) not known to *X* to be resident in Singapore and, for the purpose of such application, any reference in that section to interest is a reference to such withdrawal from the SRS account; and

(*b*) any payment of any penalty under section 10G(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 (*X*) to another person (*Y*) not known to *X* to be resident in Singapore and, for the purposes of such application, any reference in that section to interest payable is a reference to the penalty so payable by the SRS operator to the Comptroller.

[2/2016]

(2) For the purpose of subsection (1)(*a*), where a withdrawal is made —

(*a*) under section 10G(3) or (8) or after the balance (excluding any life annuity) remaining in the SRS account is deemed withdrawn under section 10G(6) or (7) by an SRS member; or

(*b*) after the sum standing in the SRS account is deemed withdrawn under section 10G(9),

section 45 applies only in relation to 50% of the amount withdrawn from the SRS account.

(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 10G(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 10G(3G).

[2/2016]

(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 10G(3F); and

(*b*) the value of such investment is determined in accordance with the regulations made under section 10G(11).

[2/2016]

(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*), is the amount computed based on the rate of 24%; and

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(*b*) under subsection (1)(*b*), is the total penalty deducted by the SRS operator from the amount so withdrawn from the SRS account.

[2/2016]

(4) Subject to subsection (5), this section does not apply to any withdrawal by an SRS member who is not a citizen of Singapore if the amount of withdrawal from the member's SRS account in any year does not exceed the amount of contribution to the member's SRS account in that year.

(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 the SRS member has contributed in that year, the SRS operator must release the amount applied to the SRS member after deducting tax at the rate of 24% on every dollar withdrawn.

[2/2016]

[Act 33 of 2022 wef 01/01/2023]

(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 10G(3E).

[2/2016]

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.

[37/2014]

(2) Before approving the deduction of the investment from the balance in the SRS account, an SRS operator must comply with subsection (3), unless the Comptroller has waived such compliance by written notice to the SRS operator.

[37/2014]

(3) Subject to subsection (3A), the SRS operator must collect from the SRS member or (if the SRS member is deceased) the SRS member's legal personal representative tax at the rate of 24% 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.

[37/2014; 2/2016]

[Act 33 of 2022 wef 01/01/2023]

(3A) If the deduction of the investment from the balance in the SRS account is to be made on the ground in section 10G(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 10G(3G).

[2/2016]

(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.

[34/2016]

(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.

[34/2016]

(4) In subsections (3) and (3A), the value of an investment is reckoned in accordance with the regulations made under section 10G(11).

[37/2014; 2/2016]

(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 24% or the rate prescribed by the rules mentioned in subsection (3B) in substitution for it, then the reference to the rate of 24% or the substitute rate is a reference to the higher or lower rate.

[2/2016; 34/2016]

[Act 33 of 2022 wef 01/01/2023]

(6) The amount of tax collected under subsection (3) is a debt due from the SRS operator to the Government and is recoverable in the manner provided in section 89.

[37/2014]

(7) Where an SRS operator fails to collect the tax under subsection (3), the amount not collected is a debt due from the SRS operator to the Government and is recoverable in the manner provided in section 89.

[37/2014]

(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 is payable; and

(*b*) within 30 days after the time specified in paragraph (*a*), an additional penalty of 1% of such amount of tax is payable for each completed month that the tax remains unpaid, but the total additional penalty under this paragraph must not exceed 15% of the amount of tax outstanding.

[37/2014]

(9) An SRS operator must, after collecting the tax under subsection (3), give written notice 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.

[37/2014; 34/2016]

(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.

[34/2016]

(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).

[37/2014]

(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 10G(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.

[37/2014]

Application of section 45 to income from profession or vocation carried on by non-resident individual, etc.

45F.—(1) Subject to subsections (1A), (2) and (2A), section 45 applies in relation to the payment of any income accruing in or derived from Singapore on or after 3 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 the person 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 (*X*) to another person (*Y*) not known to *X* to be resident in Singapore and, for the purpose of such application, any reference in that section to interest is a reference to such payment.

[Act 33 of 2022 wef 04/11/2022]

[Act 30 of 2023 wef 30/10/2023]

(1A) Subject to subsections (2) and (2A), section 45 applies in relation to the payment of any income derived from Singapore during the period from 1 April 2023 to 31 December 2027 (both dates inclusive) by any person —

(*a*) to an individual not known to the person to be resident in Singapore, for acting as an arbitrator;

(*b*) to a qualifying mediator not known to the person to be resident in Singapore, for providing 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; or

(*c*) to an individual not known to the person to be 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,

as section 45 applies to any interest paid by a person (*X*) to another person (*Y*) not known to *X* to be resident in Singapore and, for the

purpose of such application, any reference in that section to interest is a reference to such payment.

[Act 33 of 2022 wef 04/11/2022]

[Act 30 of 2023 wef 30/10/2023]

(2) The deduction of tax under section 45 is at the rate of —

(*a*) 15% for the purpose of subsection (1); and

(*b*) 10% for the purpose of subsection (1A).

[Act 33 of 2022 wef 04/11/2022]

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

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

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

[Act 30 of 2023 wef 30/10/2023]

(3) In this section, "arbitrator", "qualifying mediation" and "qualifying mediator" have the meanings given by section 43(10).

[Act 33 of 2022 wef 04/11/2022]

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 applies in relation to any distribution by a trustee of any real estate investment trust or by a trustee of any approved REIT exchange-traded fund —

(*a*) to any person (other than an individual) not known to the trustee to be resident in Singapore to whom section 43(3B), (3C), (3D) or (3E) 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 1994 or established by any written law, a town council, a statutory board, a co-operative society registered under the Co-operative Societies Act 1979 or a trade union registered under the Trade Unions Act 1940,

as that section applies to any interest paid by a person (*X*) to another person (*Y*) not known to *X* to be resident in Singapore and, for the purpose of such application, any reference in that section to interest is a reference to such distribution.

[45/2018; 32/2019]

(2) For the purpose of subsection (1)(*a*), the deduction of tax under section 45 is at the rate of 10% on —

(*a*) every dollar of a distribution by the trustee of the real estate investment trust made during the period from 18 February 2005 to 31 December 2025 (both dates inclusive); and

(*b*) every dollar of a distribution made by the trustee of the approved REIT exchange-traded fund made during the period from 1 July 2018 to 31 December 2025 (both dates inclusive).

[45/2018; 32/2019]

(3) For the purpose of subsection (1)(*b*), the deduction of tax under section 45 is at the applicable rate specified under section 43(1) on every dollar of such distribution.

(4) Subsection (1) does not apply to any distribution made by the trustee of the real estate investment trust or the trustee of the approved

REIT exchange-traded fund, where tax has been paid by the trustee on the income from which the distribution is made.

[45/2018]

(4A) Subsection (1) does not apply to any distribution made on or after 1 January 2015 by a trustee of a real estate investment trust or a trustee of an approved REIT exchange-traded fund to a branch in Singapore of a company incorporated outside Singapore and not known to the trustee to be resident in Singapore.

[37/2014; 45/2018]

(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 1948 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.

[34/2016]

(5) Subsection (1) does not apply to any distribution made during the period from 1 July 2018 to 31 December 2025 (both dates inclusive) by a trustee of a real estate investment trust to a trustee of an approved REIT exchange-traded fund.

[45/2018; 32/2019]

(6) In this section, "approved REIT exchange-traded fund" and "real estate investment trust" have the meanings given by section 43(10).

[45/2018]

Application of section 45 to income derived as public entertainer

45GA.—(1) Subject to subsections (2), (2A) and (2B), section 45 applies in relation to the payment by any person to any public entertainer or the public entertainer's representative, not known to the person to be resident in Singapore, of any income derived from Singapore as a public entertainer on or after 1 January 2008 as that section applies to any interest paid by a person (*X*) to another person (*Y*) not known to *X* to be resident in Singapore and, for the purpose of such application, any reference in that section to interest is a reference to such payment.

[Act 30 of 2023 wef 30/10/2023]

(2) For the purpose of this section and subject to subsection (2A), the deduction of tax under section 45 is at the rate of 15%.

(2A) For the purpose of this section, the deduction of tax under section 45 is at the rate of 10% of such income derived during the period from 22 February 2010 to 31 March 2022 (both dates inclusive).

[37/2014; 41/2020]

(2B) The reference in subsection (1) to income is to the amount of the income after deducting any expenditure which the person making the payment reasonably believes is wholly and exclusively incurred by the public entertainer in the production of that income.

[Act 30 of 2023 wef 30/10/2023]

(3) In this section, "public entertainer" has the meaning given by section 40A.

Application of section 45 to commission or other payment of licensed international market agent

45H.—(1) Subject to subsection (2), section 45 applies in relation to the payment of any commission or other payment by any person to a licensed international market agent not known to the person 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 (*X*) to another person (*Y*) not known to *X* to be resident in Singapore and, for the purpose of such application, any reference in that section to interest is a reference to such commission or payment.

(2) For the purpose of this section, the deduction of tax under section 45 is at the rate of 3%.

(2A) Subsection (1) does not apply to any payment liable to be made on or after 1 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.

[37/2014]

(3) In this section, "casino marketing arrangement", "casino operator" and "international market agent" have the meanings given by the Casino Control Act 2006.

Sections 45 and 45A not applicable to certain payments

45I.—(1) Sections 45(1) to (8) and 45A(1) do not apply to any income referred to in section 12(6) which is liable to be paid by a person mentioned in subsection (2), if the payment is liable to be made —

(*a*) at any time during the period from 17 February 2012 to 31 December 2026 (both dates inclusive) (called in this section the relevant period) under —

(i) a contract which took effect before 17 February 2012;

(ii) a contract which was extended or renewed, where the extension or renewal took effect before 17 February 2012; or

(iii) a debt security which was issued before 17 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;

[Act 33 of 2022 wef 04/11/2022]

(*ca*) under a contract which was varied where —

(i) the variation takes effect on a date which falls within the period from the date on which the Income Tax (Amendment) Act 2022 is published in the *Gazette*, to 31 December 2026 (both dates inclusive); and

(ii) the payment is made on or after the date the variation takes effect; or

[Act 33 of 2022 wef 04/11/2022]

(*d*) under a debt security which was issued on a date which falls within the relevant period.

[27/2021]

(2) Subsection (1) applies to the following persons:

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

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

(*c*) a person who —

(i) holds a capital markets services licence under the Securities and Futures Act 2001 for dealing in capital markets products 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 17 February 2012 for the purposes of the Income Tax (Exemption of Interest and Other Payments for Economic and Technological Development) Notification 2012.

[4/2017; 1/2020]

(3) Sections 45(1) to (8) and 45A(1) do not apply to any income mentioned 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 2001 for dealing in capital markets products 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 (called in this subsection the approval date) within the relevant period by the Minister or an authorised body,

if the payment is liable to be made —

(*d*) at any time during the period from the approval date to 31 December 2026 (both dates inclusive) under —

(i) a contract which took effect before the approval date;

(ii) a contract which was extended or renewed, where the extension or renewal took effect before the approval date; or

(iii) a debt security which was issued before the approval date;

(*da*) at any time during the period from the date on which the Income Tax (Amendment) Act 2022 is published in the *Gazette* to 31 December 2026 (both dates inclusive) under a contract which was varied, where the variation takes effect on or after the date on which the Income Tax (Amendment) Act 2022 is published in the *Gazette* and before the approval date;

[Act 33 of 2022 wef 04/11/2022]

(*e*) under a contract which took effect on a date which falls within the period from the approval date to 31 December 2026 (both dates inclusive);

(*f*) under a contract which was extended or renewed where —

(i) the extension or renewal took effect on a date which falls within the period from the approval date to 31 December 2026 (both dates inclusive); and

(ii) the payment is made on or after the date on which such extension or renewal takes effect;

[Act 33 of 2022 wef 04/11/2022]

(*fa*) under a contract which was varied where —

(i) the variation takes effect on a date which falls within the period from the date on which the Income Tax (Amendment) Act 2022 is published in the *Gazette* or the approval date (whichever is later) to 31 December 2026 (both dates inclusive); and

(ii) the payment is made on or after the date the variation takes effect; or

[Act 33 of 2022 wef 04/11/2022]

(*g*) under a debt security which is issued on a date which falls within the period from the approval date to 31 December 2026 (both dates inclusive).

[4/2017; 27/2021]

[Act 41 of 2020 wef 06/12/2022]

(4) The approval by the Minister or authorised body under subsection (3)(*c*) is subject to such conditions as the Minister or authorised body may impose.

[Act 41 of 2020 wef 06/12/2022]

(5) This section does 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).

Application of section 45, etc., to Government

45J.—(1) Subject to the modifications in subsection (2), sections 45, 45A, 45F and 45GA apply to the payment of any income described in those sections that is liable to be made by the Government to a person not known to the Government to be resident in Singapore, as they apply to the payment of such income liable to be made by a person to another person not known to the firstmentioned person to be resident in Singapore.

[32/2019]

(2) The modifications are —

(*a*) any amount deducted by the Government under section 45, 45A, 45F or 45GA does not constitute a debt due to the Government and is not recoverable in the manner provided by section 89; and

(*b*) section 45(3), (4), (5), (6) and (7) (including those provisions as applied by sections 45A, 45F and 45GA) does not apply.

[32/2019]

PART 13

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 a body of persons (other than trustees);

(*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 or a trustee of an approved REIT exchange-traded fund has deducted from any distribution to any person referred to in section 45G(1)(*b*),

must, when the income from which the tax has been deducted or when the share mentioned 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.

[45/2018]

(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.

[2/2016]

(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 10G(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

(*b*) the amount deemed as income of the SRS member under section 10G(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 10G(6) or (7); or

(ii) the sum standing in the SRS account is deemed withdrawn under section 10G(9),

as the case may be.

[2/2016]

47. [*Repealed by Act 45 of 2018*]

PART 14

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 have effect despite 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.

(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.

(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 does 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.

(7) The Minister may by order amend the provisions of any arrangements that have effect under subsection (1), in order to give effect to Singapore's obligations under the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and

Profit Shifting done at Paris on 24 November 2016 (as amended from time to time).

[39/2017]

(8) Where the provisions of any arrangements that have effect under subsection (1) are amended by an order under subsection (7), then those provisions have effect under subsection (1) as amended by that order.

[39/2017]

Tax credits

50.—(1) This section has 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 is reduced by the amount of the credit; except that credit is not 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 must 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 the person's assessable income.

(4) Without limiting 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 must not exceed the total income tax payable by the person for that year of assessment, excluding any tax payable by the person under section 45.

(5) In computing the amount of the income —

(*a*) no deduction is 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 is to 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 is to be increased by the amount of the foreign tax not so chargeable that falls to be taken into account in computing the amount of the credit.

(6) Subsection (5)(*a*) and (*b*) applies to the computation of assessable income for the purposes of determining the rate mentioned in subsection (3), and applies to such computation 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 that 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 is to be allowed as if the dividend were a dividend of a class in relation to which the arrangements so provide.

(8) Credit is not allowed under the arrangements against income tax chargeable in respect of the income of any person for any year of assessment if the person elects that credit is not to be allowed in the case of the person's income for that year.

(9) Any claim for an allowance by way of credit must be made not later than 2 years after the end of the year of assessment to which the

claim relates (if the year of assessment is the year of assessment 2021 or a previous year of assessment), or 4 years after the end of the year of assessment to which the claim relates (if the year of assessment is any other year of assessment), and in the event of any dispute as to the amount allowable the claim is subject to objection and appeal in like manner as an assessment.

[27/2021]

(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 applies to any assessment or claim to which the adjustment gives rise, being an assessment or claim made not later than 3 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.

[27/2021]

(11) If the amount of any credit given under the arrangements to a person is rendered excessive by reason of any adjustment of the amount of any tax payable in any territory outside Singapore, the person must give the Comptroller a written notice of the particulars of the adjustment, in the manner specified by the Comptroller, within one year after the adjustment is made.

[27/2021]

(11A) Any person who, without reasonable excuse, fails to comply with subsection (11) shall be guilty of an offence and shall be liable on conviction to a penalty not exceeding the amount of the excess credit under subsection (11).

[27/2021]

(11B) The Comptroller may compound any offence under subsection (11A).

[27/2021]

(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) Even if there are no arrangements in force under section 49 with the government of any territory outside Singapore, tax credit under section 50 must, 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 from that territory;

(*d*) any income from employment in that territory;

(*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;

[Act 30 of 2023 wef 01/01/2024]

(*ha*) any gains treated as income under section 10L; and

[Act 30 of 2023 wef 01/01/2024]

(*i*) any gains or profits of an income nature not falling within any of the preceding paragraphs that is derived from that territory.

(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 must 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.

(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 must 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.

(4) Section 50 applies, with the necessary modifications, 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.

(5) Any person granted any tax credit under subsection (1) on any income must not be given any tax credit under section 50 in respect of that income.

(6) The Minister may, in any particular case, waive the requirement of 25% share ownership mentioned in subsections (2) and (3).

(7) In this section, "debt securities" has the meaning given by section 43H(4).

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 (called in this section the income) for which a tax credit is allowable under this Part against the tax payable in respect of the income; and

(*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 must be given to the beneficiary instead of the trustee.

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

(3) This section does 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);

(*c*) [*Deleted by Act 37 of 2014*]

(*d*) any income of a trust fund prescribed under section 13C;

(*e*) any income of a foreign trust specified under section 13F;

(*f*) any income of a locally-administered trust prescribed under section 13N;

(*g*) any income of a trust the trustee of which is a prescribed person under section 13D; or

(*h*) any income of an approved trust fund referred to in the definition of "approved person" under section 13U(5), or

of a trust fund that is a feeder fund or master fund approved under section 13U.

[37/2014]

Tax credits for estate income received by beneficiary, etc.

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

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

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

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

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

[Act 30 of 2023 wef 30/10/2023]

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, the person may elect to be given a pooled credit for that year of assessment in lieu of any 2 or more of those credits (called in this section the replaced credits).

(2) Subsection (1) only applies if the income that is the subject of each replaced credit (called in this section 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%;

(*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.

(3) The total amount of the income tax chargeable to the person in respect of all the elected income is reduced by the amount of the pooled credit.

(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.

(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 the person's assessable income; and

(*b*) aggregating the amounts computed in accordance with paragraph (*a*) of all the replaced credits.

(6) Sections 50(5), (6), (9), (10), (11), (11A), (11B) and (12), 50A(2), 50B(2) and 50BA(2) apply, with the necessary modifications, for the purposes of this section.

[32/2019; 27/2021]

[Act 30 of 2023 wef 30/10/2023]

(7) To avoid doubt, sections 50, 50A, 50B and 50BA (as applicable) 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.

[Act 30 of 2023 wef 30/10/2023]

PART 15

PERSONS CHARGEABLE

Husband and wife

Income of wife

51.—(1) The income of a married woman must for the purposes of this Act be charged in her own name.

(2) [*Deleted by Act 22 of 2011*]

(3) For the purposes of this Act, a married woman is 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 is chargeable to tax in like manner and to the like amount as such person would be chargeable if the person were not an incapacitated person.

(2) This section is not to 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 (called in this section a non-resident person) is assessable and chargeable to tax either directly or in the name of the person's 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 the person 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 is allowed under section 39.

[41/2020]

(1A) A non-resident person is assessable and chargeable in respect of any income arising, directly or indirectly, through or from any attorneyship, factorship, agency, receivership, branch or management, and is 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 is, where the estate is being administered in Singapore, assessable and chargeable in respect of the income received by or distributed to the non-resident beneficiary or applied to the non-resident beneficiary's 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 pursuant to the resident person's 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 is 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 or she 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 the non-resident person 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 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) must in each case be determined with regard to the nature of the business and is, when determined by the Comptroller, subject to appeal in accordance with the provisions of Part 18.

(4) This section does not 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 the person were an agent pursuant to 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 the non-resident person chargeable pursuant to subsections (2A) and (3) in the name of a resident person does not of itself make the non-resident person 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 the person 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 Comptroller's satisfaction of the amount of the profits on that basis, the assessment must be made or amended accordingly.

(7) The master of any ship (within the meaning of section 2(1) of the Merchant Shipping Act 1995) and the captain of any aircraft owned or chartered by a non-resident person who is chargeable under section 12(2) are (though not to the exclusion of any other agent) deemed the agents of such non-resident person for all the purposes of this Act.

[2/2016]

(8) The income of any non-resident partner or partners from a partnership is 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 is 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, is answerable for all matters required to be done by virtue of this Act for the assessment of the income of any person for whom the firstmentioned person 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 is 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 the firstmentioned person's hands on behalf of the other person so much thereof as is sufficient to pay the tax; and must be and is indemnified against any person whatsoever for all payments made by the firstmentioned person pursuant to and by virtue of this Act.

Power to appoint agent, etc., for recovery of tax

57.—(1) The Comptroller may by written notice, if the Comptroller thinks it necessary, declare any person to be the agent of any other person.

(1A) The person (*X*) declared the agent under subsection (1) is 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 *X* for or due by *X* to the person whose agent *X* has been declared to be.

(1B) In default of payment under subsection (1A), the tax is recoverable from the agent in the manner provided by section 89.

(2) For the purposes of this section, the Comptroller may require any person to give the Comptroller information as to any moneys, funds or other assets which may be held by the person for, or of any moneys due by the person 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 the person may, by written notice to the Comptroller within 14 days, or within such further time as the Comptroller may allow, object to the declaration.

(4) The Comptroller must examine the objection and may cancel, vary or confirm the declaration.

(5) Where the objector is aggrieved by the Comptroller's decision on the objection, the objector may appeal against such decision to the

Board of Review and the provisions of Part 18 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 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 must —

(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 is presumed, until the contrary is proved, that the holders of a joint account at any bank 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 share the proceeds of sale of the property equally;

(*c*) any owner of such moneys who objects to the share presumed under paragraph (*b*) must give written notice of the owner's objection 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 may allow, and furnish proof as to the owner's share of the moneys;

(*d*) where an objection under paragraph (*c*) has been received, the person declared to be the agent must —

(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 the person of the Comptroller's decision on the objection; and

(ii) inform the Comptroller of the objection within 7 days of the receipt of the objection;

(*e*) the Comptroller must consider the objection and must by written notice inform the person declared to be the agent of the Comptroller's decision and the agent must, despite 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 the agent for or due by the agent to the person; and

(*f*) any owner of such moneys aggrieved by the Comptroller's decision under paragraph (*e*) may appeal against the decision to the Board of Review and the provisions of Part 18 apply, with the necessary modifications, to the appeal.

(6) Where an agent makes any payment of moneys to the Comptroller under this section —

(*a*) the agent is deemed to have been acting under the authority of the person by whom the tax is payable (called in this section the defaulting taxpayer);

(*b*) the agent is indemnified in respect of the payment to the Comptroller;

(*c*) the amount of the tax due from the defaulting taxpayer is reduced by the amount paid by the agent to the Comptroller; and

(*d*) the amount of the reduction is, to the extent of that amount, 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.

(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 mentioned in paragraph (*b*) is made to the defaulting taxpayer, the Comptroller serves notice on any public officer (including an employee appointed under section 9(3) of the Inland Revenue Authority of Singapore Act 1992) by whom the payment is to be made that the tax is due from the defaulting taxpayer,

then the public officer is, despite any other written law, contract or scheme, entitled to reduce the amount mentioned in paragraph (*b*) by the amount of the whole or any part of the tax mentioned in paragraph (*a*), and if the public officer makes such a reduction —

(*d*) the amount of the tax mentioned in paragraph (*a*) is reduced by the amount of the reduction; and

(*e*) the amount of the reduction is, to the extent of such amount, 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.

(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.

Deceased persons

58.—(1) Where an individual (*X*) dies, then as respects income arising before *X*'s death all rights and duties which would have attached to *X*, and any liability to be charged with or to pay tax to which *X* would have been subject under this Act if *X* had not died, pass to *X*'s executor, and the amount of any tax payable by the executor under this section is a debt due from and payable out of *X*'s estate.

(2) Any assessment or additional assessment on any such income must not be made later than the end of the third year of assessment following that in which *X* died.

(3) Where, by reason of the death of an individual (*X*), a trade, business, profession, vocation or employment ceases to be carried on or exercised by *X* or the income from any other source ceases, and section 35 applies, *X*'s executor is liable for the tax for which *X* would have been liable if *X* had not died but, except in the case of dividends, a cessation had taken place at the date of *X*'s death.

(4) In the case of an individual dying during the year preceding the year of assessment, if his or her executor distributes the estate before the commencement of the year of assessment, such executor must 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) is 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.

(2) Where a company is being wound up, the liquidator of the company must not distribute any of the assets of the company to its shareholders unless the liquidator has made provision for the payment in full of any tax which may be found payable by the company.

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 are jointly and severally liable for payment of the same.

61. [*Repealed by Act 29 of 2012*]

PART 16

RETURNS

Notice of chargeability and returns

62.—(1) The Comptroller may, by notice 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.

(2) The Comptroller may, in any notice made under subsection (1), exempt from liability to furnish returns such classes of persons as the Comptroller thinks fit, and any person so exempted need not furnish a return under that subsection unless the person is required by the Comptroller to do so under subsection (3).

(3) Despite subsection (1), the Comptroller may, by written notice, 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.

(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 the person's income for that year as provided in subsection (1) or (3) must, within 14 days after the end of that period, give notice to the Comptroller that the person is so chargeable.

(5) Any individual who arrives in Singapore during any year of assessment must give such notice within one month of the date of the individual's arrival.

(6) A company licensed under the Insurance Act 1966 to carry on insurance business in Singapore that is required under subsection (1) to furnish a tax computation with its return of income, must furnish to the Comptroller a tax computation that is prepared in accordance with its MAS return along with such additional information as the Comptroller may reasonably require for making an assessment.

[Act 33 of 2022 wef 04/11/2022]

(7) Subsection (6) has effect for any year of assessment for a basis period beginning on or after 1 January 2023, or such earlier basis period as may be approved by the Comptroller in a particular case.

[Act 33 of 2022 wef 04/11/2022]

(8) The Minister may make regulations to provide for any transitional, supplementary and consequential matters relating to subsections (6) and (7).

[Act 33 of 2022 wef 04/11/2022]

(9) In this section, "MAS return" has the meaning given by section 34AAA(14).

[Act 33 of 2022 wef 04/11/2022]

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 must be denominated in Singapore dollar.

Currency other than Singapore dollar to be used in certain circumstances

62B.—(1) Where a person maintains the person's financial accounts in respect of any trade, business, profession or vocation carried on by the person 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 must furnish such computations and particulars of income denominated in that functional currency in the manner prescribed under this section.

(2) The amount of chargeable income (after deducting the amount not charged to tax under section 43(6) or (6C)) of any company for any year of assessment must 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 must remain denominated in Singapore dollar.

[45/2018]

(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 the individual during any year must 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) must be carried forward to the next basis period or next year denominated in Singapore dollar.

(4) In respect of any partnership, the income of a partner from the partnership and the partner's share of donation made by the partnership for any year of assessment must 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) must be carried forward to the next basis period or next year denominated in Singapore dollar in the tax computation of each partner.

(5) Despite 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 must declare any information required in any return of income in Singapore dollar.

(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) is —

(*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.

(7) Despite subsection (6), for the purposes of an election under section 24 or 25, where the buyer and seller or the transferee and transferor (as the case may be) of any property each uses a different functional currency, the rate of exchange applicable is the rate of exchange prevailing as at the date of sale or transfer (as the case may be) of the property.

[27/2021]

(8) Despite 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 Comptroller's approval 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 must convert the amounts denominated in Singapore dollar into the equivalent amount in the functional currency in accordance with the regulations made under subsection (11).

(9) This section has effect for accounting periods beginning on or after 1 January 2003.

(10) This section also has effect for accounting periods beginning before 1 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.

(10A) This section does not apply to any company licensed under the Insurance Act 1966 to carry on insurance business in Singapore, in respect of an accounting period beginning on or after 1 January 2023, or such earlier accounting period as may be approved by the Comptroller in a particular case.

[Act 33 of 2022 wef 04/11/2022]

(11) For the purposes of this section, the Minister may make regulations to provide for —

(*a*) such transitional, supplementary and consequential matters as the Minister may consider necessary or expedient; and

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

Furnishing of estimate of chargeable income if no return is made under section 62

63.—(1) Subject to subsection (1AAA), and 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 must, within 3 months after the end of the accounting period relating to that year of assessment, or such extended time as the Comptroller may allow, furnish to the Comptroller an estimate of the person's chargeable income.

[34/2016]

[Act 33 of 2022 wef 04/11/2022]

(1AAA) Unless exempted by rules mentioned in subsection (3), every insurer (other than a captive insurer or a marine mutual insurer) who has not made a return under section 62 for the year of assessment for an accounting period beginning on or after 1 January 2023 must, within 3 months after the end of the calendar year preceding the year of assessment or such extended time as the Comptroller may allow,

furnish to the Comptroller an estimate of the insurer's chargeable income.

[Act 33 of 2022 wef 04/11/2022]

(1AA) A person mentioned in subsection (1) or (1AAA) 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.

[34/2016]

[Act 33 of 2022 wef 04/11/2022]

(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 must, within 3 months after the end of the accounting period relating to that year of assessment, or such extended time as the Comptroller may allow, furnish to the Comptroller an estimate of the individual's chargeable income.

[34/2016]

[Act 33 of 2022 wef 04/11/2022]

(2) Any person who fails or neglects without reasonable excuse to furnish the estimate of the person's chargeable income as required under subsection (1), (1AAA), (1AA) or (1A) shall be guilty of an offence.

[34/2016]

[Act 33 of 2022 wef 04/11/2022]

(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) or (1AAA) to furnish the estimate of their chargeable income for any year of assessment under that subsection using the electronic service;

[Act 33 of 2022 wef 04/11/2022]

(*b*) exempt any person or class of persons from subsection (1), (1AAA) or (1A) in respect of one or more years of

assessment, subject to such conditions as may be specified in the rules.

[34/2016]

[Act 33 of 2022 wef 04/11/2022]

(4) In this section —

"captive insurer" and "marine mutual insurer" have the meanings given by section 2 of the Insurance Act 1966;

"insurer" means any company licensed under the Insurance Act 1966 to carry on insurance business in Singapore.

[Act 33 of 2022 wef 04/11/2022]

Comptroller may call for further returns

64. The Comptroller may give written notice to any person when and as often as the Comptroller thinks necessary requiring the person 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.

[34/2016]

(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.

[34/2016]

Statement of bank accounts, assets, etc.

65A. The Comptroller may give written notice to any person requiring the person 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 the person's own name or in the name or names of the person's wife or wives, or in any other name,

in which the person is or has been interested, or on which the person 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 the person 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 the person and the person's 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 the person's liability to income tax to which the person is, or has been, liable.

Power of Comptroller to obtain information

65B.—(1) The Comptroller or any officer authorised by the Comptroller in that behalf —

(*a*) must 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*) must 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*) is 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 or her 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;

(*e*) is 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 the Comptroller or officer may require for the purposes of this section; and

(ii) any person in possession of decryption information to grant the Comptroller or officer access to such decryption information necessary to decrypt data required for the purpose of this section; and

(*f*) is entitled to require a person in or at the building or place, and who appears to the Comptroller or officer to be acquainted with —

(i) any facts or circumstances concerning the person's or another person's income, assets or liabilities; or

(ii) any facts or circumstances that are relevant to an investigation of, or the prosecution of a person for, an offence under this Act,

to do either or both of the following:

(iii) answer any question to the best of that person's knowledge, information and belief;

(iv) take reasonable steps to produce a document for inspection.

[34/2016; 45/2018]

(1A) The Comptroller or a specially authorised officer may, for the purpose of investigating an offence under section 37M(3) or (4), 37S(3) or (4), 96 or 96A, break open any outer or inner door or window, or use any other reasonable means, to gain entry to a building or place.

[45/2018]

[Act 30 of 2023 wef 30/10/2023]

(1B) The Comptroller or a specially authorised officer may only exercise the power under subsection (1A) if —

(*a*) he or she has reason to believe that there is in that building or place any document or thing that may be, or that contains information that may be —

(i) relevant to the investigation; or

(ii) required as evidence in proceedings for the offence being investigated;

(*b*) he or she has reason to believe that the document or thing is likely to be concealed, removed or destroyed, or the information is likely to be deleted, by any person; and

(*c*) he or she is unable to gain entry to that building or place after stating his or her authority and purpose and demanding such entry.

[45/2018]

(1C) To avoid doubt, the Comptroller or a specially authorised officer who has gained entry to a building or place by exercising his

or her power under subsection (1A), may exercise any of his or her powers under subsection (1) after such entry.

[45/2018]

(1D) The Comptroller or a specially authorised officer may, after gaining entry into a building or place under subsection (1) or (1A) for the purpose of investigating an offence under this Act, search or cause to be searched a person found in the building or place for any document or thing which may be relevant for the investigation, or is required as evidence in proceedings for that offence.

[45/2018]

(1E) A reference in subsection (1D) to an offence under this Act excludes an offence under section 65C as applied by section 105F or by section 105N, or an offence under section 105M.

[45/2018]

(1F) A woman must not be searched except by a woman.

[45/2018]

(2) A person is not obliged under this section to disclose (including through the production of a document) —

(*a*) any information which the person is under any statutory obligation (other than sections 128, 128A, 129 and 131 of the Evidence Act 1893) to observe secrecy; or

(*b*) any information subject to legal privilege.

[34/2016]

(3) The Comptroller may by notice require any person to give orally, in writing, or through the electronic service —

(*a*) any information concerning the person's or any other person's income, assets or liabilities that is relevant for the purposes of this Act; or

(*b*) any information that is relevant for an investigation of, or the prosecution of a person for, an offence under this Act.

[45/2018]

(3A) The time for compliance with a notice under subsection (3) is 21 days from the date of service of the notice or such other period as the Comptroller considers appropriate.

(3B) 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 —

(i) any information concerning the person's or any other person's income, assets or liabilities that is relevant for the purposes of this Act; or

(ii) any information that is relevant for an investigation of, or the prosecution of a person for, an offence under this Act;

(*b*) take reasonable steps to produce for inspection any document concerning such income, assets or liabilities, or that contains such information.

[34/2016; 45/2018]

(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's 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.

[34/2016]

(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.

[34/2016]

(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.

[34/2016]

(4) In this section, "computer" and "computer output" have the meanings given by the Computer Misuse Act 1993.

[9/2018]

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

(*b*) hinders or obstructs the Comptroller, or any officer authorised by the Comptroller, in the performance or execution of his or her duties or of anything which he or she is empowered or required to do under section 65B,

shall be guilty of an offence.

[34/2016]

(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.

[34/2016]

(3) The Comptroller may compound any offence under subsection (1).

(4) The generality of the term "reasonable excuse" in subsection (1) is not affected by section 65B(2).

(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).

[34/2016]

(6) A person who in good faith complies with a notice referred to in section 65B is not treated as being in breach of a displaced duty of secrecy.

(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 the person 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 the person had done or omitted to do the act in good faith and as a result of complying with such a notice.

(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*).

[34/2016]

(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.

[34/2016]

(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 the person 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).

[34/2016]

Section 65B notice applies despite duty of secrecy under Banking Act 1970 or Trust Companies Act 2005

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 (called in this section the relevant laws):

(i) section 47 of the Banking Act 1970 including that section as applied by section 55ZI(1) of that Act;

(ii) section 49 of the Trust Companies Act 2005; 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.

[34/2016; 1/2020]

(2) Despite 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 has effect despite the relevant law.

[34/2016]

(3) A person who in good faith complies with a notice or requirement mentioned in subsection (1)(*c*) is not treated as being in breach of the relevant law.

[34/2016]

(4) No action for a breach of the relevant law shall lie against the person mentioned in subsection (3) —

(*a*) for producing any document or providing any information if the person had done so in good faith in compliance with a notice or requirement mentioned in subsection (1)(*c*); or

(*b*) for doing or omitting to do any act if the person had done or omitted to do the act in good faith and as a result of complying with such a notice or requirement.

[34/2016]

(5) In this section, a notice under section 65B to provide information includes a demand for information as defined in section 65C(10).

[34/2016]

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) must not disclose any information relating to the notice to any other person.

(2) Subsection (1) does 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.

(3) The advocate and solicitor to whom information is disclosed in accordance with subsection (2) is subject to subsection (1) as if he or she is the person given the notice under subsection (1).

(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.

(5) The Comptroller may compound any offence under subsection (4).

(6) A person who in good faith complies with subsection (1) is not 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 firstmentioned person.

Arrest of person

65F.—(1) The Comptroller or a specially authorised officer (called in this section and sections 65G, 65H and 65I an arresting officer) may arrest without warrant any person whom the arresting officer reasonably believes —

(*a*) has committed an offence under section 37M(3) or (4), 37S(3) or (4), 96 or 96A; or

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(*b*) is doing any of the following:

(i) destroying or attempting to destroy any document or thing with a view to hindering or obstructing the Comptroller, or an officer authorised under section 4(1) to investigate offences under this Act, in the exercise of his or her powers;

(ii) deleting or attempting to delete any information contained in any thing with a view to hindering or obstructing the Comptroller or an officer mentioned in sub-paragraph (i), in the exercise of his or her powers;

(iii) resisting or attempting to resist, without reasonable excuse, the taking of any document or thing by the Comptroller or an officer mentioned in sub-paragraph (i),

being any document, thing or information that may be relevant to an investigation of an offence under this Act, or that may be required as evidence in proceedings for an offence under this Act.

[45/2018]

(2) A reference in subsection (1)(*b*) to an offence under this Act excludes an offence under section 65C as applied by section 105F or by section 105N, and an offence under section 105M.

[45/2018]

(3) An arresting officer may search or cause to be searched an arrested person.

[45/2018]

(4) A woman must not be searched except by a woman.

[45/2018]

(5) An arresting officer making an arrest must, without unnecessary delay and subject to subsection (8) and the rules mentioned in subsection (10), take or send an arrested person before a Magistrate's Court.

[45/2018]

(6) An arresting officer must not detain in custody an arrested person for a longer period than under the circumstances of the case is reasonable.

[45/2018]

(7) Such period must not exceed 48 hours, excluding the time necessary for the journey from the place of arrest to the Magistrate's Court.

[45/2018]

(8) An arrested person must not be released except —

(*a*) on the person's own bond;

(*b*) on bail by a Magistrate or an arresting officer; or

(*c*) under the special order in writing by a Magistrate or an arresting officer.

[45/2018]

(9) If any arrested person escapes, he or she may, at any time afterwards, be arrested in accordance with this section and section 65G.

[45/2018]

(10) The Minister may make rules under section 7 to provide for —

(*a*) any matter relating to the release of any person on any bond, bail or special order under subsection (8); and

(*b*) the arrest of any person with or without warrant by an arresting officer for a breach of the conditions of a bond, bail or special order or other specified circumstances.

[45/2018]

No unnecessary restraint

65G.—(1) In making an arrest, an arresting officer must touch or confine the body of a person to be arrested unless the person submits to arrest by word or action.

[45/2018]

(2) If the person forcibly resists, or tries to evade arrest, the arresting officer may use all reasonable means necessary to make the arrest.

[45/2018]

(3) An arrested person must not be subject to more restraint than is necessary to prevent the person's escape.

[45/2018]

(4) An arresting officer may use handcuffs or any similar means of restraint on an arrested person to prevent the person from —

(*a*) inflicting any bodily injury to himself or herself, or others;

(*b*) damaging any property;

(*c*) creating any disturbance; or

(*d*) escaping from custody.

[45/2018]

(5) The handcuffs or means of restraint must not be used for the purpose of punishment.

[45/2018]

Arresting officer to be armed

65H. An arresting officer may be provided with such batons and accoutrements as may be necessary for the effective discharge of his or her duties under sections 65F and 65G.

[45/2018]

Search of place entered by person sought to be arrested

65I.—(1) If an arresting officer has reason to believe that a person to be arrested under section 65F(1) is inside any building or place and demands entry to that building or place, any person who resides in or is in charge of the building or place must allow the arresting officer free entry and provide all reasonable facilities for a search in it.

[45/2018]

(2) If entry to that building or place cannot be gained under subsection (1), it is lawful for the arresting officer to enter and search the building or place.

[45/2018]

(3) After stating his or her authority and purpose and demanding entry to a building or place, the arresting officer who is unable to obtain entry may, for the purposes of subsection (2), break open any outer or inner door or window or use any other reasonable means to gain such entry.

[45/2018]

Arrested person may be orally examined

65J.—(1) The Comptroller or an officer authorised under section 4(1) to investigate offences under this Act (called in this section an investigation officer), may examine orally a person arrested under section 65F(1).

[45/2018]

(2) A person examined by an investigation officer need not state anything which —

(*a*) the person is under any statutory obligation (other than sections 128, 128A, 129 and 131 of the Evidence Act 1893) to observe secrecy; or

(*b*) is subject to legal privilege.

[45/2018]

(3) A statement made by an arrested person 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.

[45/2018]

(4) Any person who, without reasonable excuse, fails or refuses to answer any question when examined under subsection (1) 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 12 months or to both.

[45/2018]

(5) The Comptroller may compound any offence under subsection (4).

[45/2018]

(6) The generality of the term "reasonable excuse" in subsection (4) is not affected by subsection (2).

[45/2018]

(7) Except as provided under subsection (2), it is not a defence to a charge under subsection (4) for a failure to provide any information

demanded by an investigation officer that the person is under a duty of secrecy in respect of that information (called in this section a displaced duty of secrecy).

[45/2018]

(8) A person who in good faith provides information demanded by an investigation officer under subsection (1) is not treated as being in breach of a displaced duty of secrecy.

[45/2018]

(9) No civil or criminal action for a breach of a displaced duty of secrecy, other than a criminal action for an offence under subsection (10), lies against the person mentioned in subsection (8) for providing any information if the person had done so in good faith in compliance with a demand of an investigation officer under subsection (1).

[45/2018]

(10) Any person who, in purported compliance with a demand of an investigation officer under subsection (1), provides any information known to the person to be false or misleading in a material particular —

(*a*) without indicating to the investigation officer that the information is false or misleading and the part that is false or misleading; and

(*b*) without providing correct information to the investigation 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.

[45/2018]

Disposal of item furnished or seized

65K.—(1) Any item furnished to or seized by the Comptroller or an officer authorised by the Comptroller under section 65A or 65B must —

(*a*) where the item is produced in any criminal proceedings, be dealt with in accordance with section 364 of the Criminal Procedure Code 2010; or

(*b*) in any other case, be dealt with in accordance with subsections (2), (3) and (4).

[45/2018]

(2) The Comptroller or an officer authorised by the Comptroller must serve a notice on the owner of the item instructing the owner to take custody of it within the period specified in the notice, which must be at least 5 days after the date of service of the notice.

[45/2018]

(3) If the owner fails to take custody of the item within the period specified in the notice, or where the owner is unknown or cannot be found, then —

(*a*) if the item is a document (other than one specified in paragraph (*d*) or (*e*) of the definition of "document" in section 65B(3E)), the item may be disposed of in such manner as the Comptroller directs; or

(*b*) if the item is anything not specified in paragraph (*a*), the Comptroller must make a report of this to a Magistrate.

[45/2018]

(4) The Magistrate to whom a report is made under subsection (3)(*b*) may order the item to be forfeited or disposed of in such manner as the Magistrate thinks fit.

[45/2018]

(5) This section does not affect any right to retain or dispose of any item which may exist in law apart from this section.

[45/2018]

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 is for all purposes deemed to have been furnished by that person or by that person's authority (as the case may be) unless the contrary is proved.

(2) Any person signing any such return, statement or form is 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*) must 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 the person's 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*) must, 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 must retain a duplicate of every such receipt.

(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.

(3) The Comptroller may by written notice 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 must 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 must be issued and such duplicates must be retained,

and every such person is 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 Comptroller's opinion 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 is by virtue of this section obliged to disclose any particulars as to which he or she is under any statutory obligation to observe secrecy.

(2) The Comptroller may, by notice 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 the employer 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 is bound to comply with any such notice within the time for compliance limited thereby, or such extended time as the Comptroller may allow.

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(2A) It is not 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 must submit a return in the form and manner specified in subsection (2) including any gain or profit derived by the individual as computed under section 10(6), even if the individual has ceased to be employed by the employer at the time the gain or profit is derived.

(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 must 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), even if the non-resident director may have ceased to be employed by the company at the time the gain or profit is derived.

(3) Where the employer is a company or a body of persons, the manager or principal officer is 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, is 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*), the employer must give written notice thereof 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*), the employer must give written notice thereof 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.

(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, must give written notice to the Comptroller of the expected date of departure of such individual. Such notice must be given not later than one month before the expected date of departure.

(6A) Subsection (6) does not apply in the case of an individual who is required in the course of his or her employment to leave Singapore at frequent intervals or who is a citizen of Singapore.

(7) Where an employer has in the employer's 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 the employer in Singapore, the employer must not, without the Comptroller's permission, 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 must, 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 must, 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) does not apply in the case of a partner who is required in the course of the partner's 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 that person from the partnership, the partners present in Singapore must not, without the Comptroller's written permission, 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.

[34/2016]

(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.

[34/2016]

(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.

[34/2016]

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

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

(2) The Comptroller may —

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

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

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

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

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Lists to be prepared by representative or agent

69. Every person (*X*) 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 (*Y*) who is chargeable in respect thereof, or who would be so chargeable if *Y* were resident in Singapore and not an incapacitated person, must

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 *X*, 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 written notice to any person (*X*) who is the occupier of any land or premises requiring *X* 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 *X* 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,

must, when required by the Comptroller by written notice or by notice 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) 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 must be made and delivered by the attorney, agent, manager or factor of the firm in Singapore.

(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) must, within 3 months after the end of the accounting period relating to that year of assessment, or such extended time as the Comptroller may allow, 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.

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(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.

[34/2016]

(4) In this section, "general partner" has the meaning given by the Limited Partnerships Act 2008.

71A. [*Repealed by Act 49 of 2004*]

PART 17

ASSESSMENTS AND OBJECTIONS

Comptroller to make assessments

72.—(1) The Comptroller must proceed to assess every person chargeable with tax as soon as may be after the expiry of the time allowed to such person for the delivery of the return provided for in section 62 or, if the person is exempted from the liability to deliver a

return under section 62(2), after the expiry of the time that would have been allowed to the person for the delivery of the return if the person had not been so exempted.

(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 the Comptroller's 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 the Comptroller's judgment, determine the amount of the chargeable income of such person and make an assessment accordingly, but such assessment does not affect any liability otherwise incurred by such person by reason of the person's failure or neglect to deliver a return.

Advance assessments

73.—(1) Despite 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 the person 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) Despite 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.

(2B) Despite 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.

(3) The Comptroller may, if he or she 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.

(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 or she may make an assessment according to the best of his or her judgment where such estimate of chargeable income has not been furnished or has been rejected by him or her.

(4) Where the Comptroller has exercised his or her powers to make an advance assessment under this section, such assessment must 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), the Comptroller must amend such assessment as to the Comptroller seems reasonable.

(6) This section does not 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 expiry of that year of assessment, assess that person at such amount or additional amount as according to the Comptroller's judgment ought to have been charged.

(2) Despite subsection (1), where, in the Comptroller's opinion, 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.

(2A) Despite subsection (1), an assessment under that subsection may be made at any time if it is carried out pursuant to an agreement with an authority of a country outside Singapore, that is made in accordance with the procedure under an avoidance of double taxation arrangement with the government of that country, for resolving difficulties or doubts arising out of the interpretation or application of that arrangement (commonly called a mutual agreement procedure).

[39/2017; 27/2021]

(2B) Subsection (2A) applies to —

(*a*) an agreement (other than one mentioned in paragraph (*b*)) entered into on or after 26 October 2017; and

(*b*) an agreement on the appropriate criteria to be used to ascertain the transfer pricing of a person's transactions with the person's related parties over a specified period (commonly called an advance pricing arrangement), entered into on or after 16 November 2021.

[27/2021]

(3) The provisions of this Act as to notice of assessment, appeal and other proceedings under this Act apply to any assessment or additional assessment made under subsection (1) or (2) and to tax charged thereunder.

(4) This section also applies, with the necessary modifications, to any assessment made under subsection (1) or (2) which results in any unabsorbed allowances or losses.

(5) To avoid doubt, the Comptroller may also make an assessment under this section on a person in a case where —

(*a*) the Comptroller made an advance assessment on the person for a year of assessment; and

(*b*) because of a subsequent amendment to any written law that applies retroactively to that year of assessment, the person becomes liable to a higher amount of tax.

[39/2017]

(6) In this section, "avoidance of double taxation agreement" means an arrangement having effect under section 49.

[39/2017]

[Act 33 of 2022 wef 04/11/2022]

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 1993, has failed to do so, and has been so registered on or after 1 December 2005; and

(*b*) the person's income chargeable to tax for any year of assessment relating to a basis period for which the person ought to have been so registered includes an amount in respect of output tax paid or payable under the Goods and Services Tax Act 1993,

the Comptroller must according to the best of the Comptroller's 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.

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.

Service of notices of assessment and revision of assessment

76.—(1) The Comptroller must 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 the person's 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 must inform the person assessed to tax of the person's rights under subsections (2) and (3) and (if applicable) the person's duty under subsection (8).

(2) If any person disputes the assessment, the person may apply to the Comptroller, by written notice of objection, to review and to revise the assessment made upon the person.

(2A) If the objection is made to any assessment, being one which —

(*a*) is made on or after 20 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.

(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.

(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.

[34/2016]

(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), must extend the period as may be reasonable in the circumstances.

(5) On receipt of the notice of objection mentioned 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 person's income assessed and to produce all books or other documents in the person's custody or under the person's control relating to such income; and

(*b*) summon any person who the Comptroller thinks is able to give evidence respecting the assessment to attend before the Comptroller and may examine that person on oath or otherwise.

(6) In the event of any person who has objected to an assessment made upon that person —

(*a*) agreeing with the Comptroller as to the amount at which that person is liable to be assessed, the assessment must be amended accordingly, and notice of the revised assessment must be served upon that person; or

(*b*) failing to agree with the Comptroller as to the amount at which that person is liable to be assessed, the Comptroller must give that person 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 the Comptroller's judgment, and the Comptroller must

give that person 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.

(7) Wherever requisite, any reference in this Act to an assessment or an additional assessment includes 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), the person must, within 30 days from the date of service of the notice or such extended time as the Comptroller may allow, inform the Comptroller by written notice —

(*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.

(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.

[34/2016]

(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.

[34/2016]

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 is to be quashed, or is deemed to be void or voidable, for want of form, or is 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 must not be impeached, and is not 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 must be duly served on the person intended to be charged and such notice must contain in substance and effect the particulars on which the assessment is made.

PART 18

APPEALS

Board of Review

78.—(1) For the purpose of hearing appeals in the manner hereinafter provided, there is to be a Board of Review (called in this Part the Board) consisting of not more than 30 members appointed from time to time by the Minister.

(2) Members of the Board hold office for such period as may be determined by the Minister and are 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 or her office by written notice to the Minister.

(5) The Minister may appoint from amongst the members of the Board —

(*a*) a Chairperson of the Board; and

(*b*) such number of Deputy Chairpersons of the Board as the Minister thinks fit.

(6) No person may be appointed as Chairperson of the Board or Deputy Chairperson of the Board unless the person is either qualified to be a District Judge or is an accountant.

(7) The Minister may appoint any Deputy Chairperson of the Board as a temporary Chairperson of the Board during the temporary incapacity (from illness or otherwise) or absence of the Chairperson of the Board.

[Act 33 of 2022 wef 21/08/2023]

(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.

(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 appointed by the Chairperson of the Board, at least one of whom must be the Chairperson of the Board or a Deputy Chairperson of the Board.

[Act 33 of 2022 wef 21/08/2023]

(10) However, the Chairperson of the Board may, having regard to the facts and circumstances of a particular case, appoint a single member of the Board, being the Chairperson or a Deputy Chairperson of the Board, to exercise, discharge and perform the powers, functions and duties of the Board for that case.

[Act 33 of 2022 wef 21/08/2023]

(11) Any act, finding or decision of any such committee or member is deemed to be the act, finding or decision of the Board, and (unless the context otherwise requires) any reference to the Board in this Act is to such committee or member.

[Act 33 of 2022 wef 21/08/2023]

(12) The secretary must inform each member appointed under subsection (9) or (10) of his or her appointment, and it is the duty of the member to attend any proceedings specified by the secretary.

[Act 33 of 2022 wef 21/08/2023]

(13) [*Deleted by Act 33 of 2022 wef 21/08/2023*]

(14) All matters coming before the Board or a committee of the Board at any sitting thereof must be decided by a majority of votes of the members of the Board present, and, in the event of an equality of votes, the Chairperson of the Board, the Deputy Chairperson of the Board or such other member as may be presiding (as the case may be) has a second or casting vote.

(15) Members of the Board are entitled to receive such fees and allowances as the Minister may determine.

[Act 33 of 2022 wef 21/08/2023]

(16) The Minister may make regulations —

(*a*) prescribing any matter required or permitted to be prescribed under this Part;

(*b*) providing for the form and manner in which appeals are to be made to the Board;

(*c*) providing for when an objection to the appointment of a member under subsection (9) or (10) to hear an appeal may be made, and how such objection is to be dealt with;

(*d*) providing for the procedure to be adopted by the Board for the Board's meetings and for proceedings before the Board, and the records to be kept by the Board;

(*e*) prescribing the fees to be paid in respect of any appeal under this Part;

(*f*) prescribing the costs in respect of appeals to the Board;

(*g*) providing for any matter which the Minister considers incidental or expedient for the proper and efficient conduct of proceedings before the Board;

(*h*) providing that the Chairperson or a Deputy Chairperson of the Board may issue directions for carrying out any regulations; and

(*i*) providing for any other matter that is necessary or convenient for carrying out or giving effect to the provisions of this Part.

[Act 33 of 2022 wef 21/08/2023]

Right of appeal

79.—(1) Any person who, being aggrieved by an assessment made upon the person, 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 after the date of the Comptroller's refusal to amend the assessment, a notice of appeal; and

(*b*) within 30 days after the date on which the notice of appeal was lodged, a petition of appeal containing a statement of the grounds of appeal.

[Act 33 of 2022 wef 21/08/2023]

(2) The notice of appeal and petition of appeal must be made in the form and manner prescribed in the regulations under section 78(16).

[Act 33 of 2022 wef 21/08/2023]

(3) The notice of appeal is deemed to be withdrawn if no petition of appeal containing a statement of the grounds of appeal is lodged with the secretary in accordance with subsection (1)(*b*).

[Act 33 of 2022 wef 21/08/2023]

(4) [*Deleted by Act 33 of 2022 wef 21/08/2023*]

(5) [*Deleted by Act 33 of 2022 wef 21/08/2023*]

(6) [*Deleted by Act 33 of 2022 wef 21/08/2023*]

(7) [*Deleted by Act 33 of 2022 wef 21/08/2023*]

(8) [*Deleted by Act 33 of 2022 wef 21/08/2023*]

(9) [*Deleted by Act 33 of 2022 wef 21/08/2023*]

(10) [*Deleted by Act 33 of 2022 wef 21/08/2023*]

(11) The Chairperson of the Board may, in his or her discretion and on such terms as he or she thinks fit, permit any person to proceed with an appeal even if 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 Chairperson's satisfaction 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 the person's part.

(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 the appellant's appeal rely on any grounds of appeal other than the grounds stated in the appellant's petition of appeal.

Hearing and disposal of appeals

80.—(1) On receipt of a petition of appeal, the secretary must immediately forward one copy of it to the Comptroller, and must —

(*a*) as soon as possible thereafter fix the hearing; and

(*b*) not later than 14 days before the hearing (or such shorter period as the appellant and the Comptroller may agree), give notice of the hearing of the appeal to both the appellant and the Comptroller.

[Act 33 of 2022 wef 21/08/2023]

[Act 30 of 2023 wef 30/10/2023]

(2) The appellant and the Comptroller may be represented by an advocate and solicitor or an accountant (but by no one else) at a hearing of an appeal before the Board.

[Act 33 of 2022 wef 21/08/2023]

(3) The Board may for any reasonable cause postpone the hearing of an appeal for such reasonable time as the Board thinks necessary.

[Act 33 of 2022 wef 21/08/2023]

(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), is on the appellant.

(5) The Board has 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 the person in so attending; such expenses form part of the costs of the appeal and, pending and subject to any order by the Board as to such costs, must 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.

(5A) Pursuant to subsection (5)(*c*), the Board may issue to a Superintendent of Prisons appointed under section 20 of the Prisons Act 1933, an order to the same effect as an order under section 38 of that Act, for the purpose of producing a prisoner for examination before the Board.

[Act 33 of 2022 wef 21/08/2023]

(6) Every person examined as a witness by or before the Board, whether on oath or otherwise, is 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 are in the discretion of the Board and must either be fixed by the Board or, on the order of the Board, assessed by the Registrar, the Deputy Registrar or an Assistant Registrar of the Supreme Court, in accordance with regulations made under section 78(16).

[Act 33 of 2022 wef 21/08/2023]

(8) Where the Comptroller is awarded costs of an appeal, the Comptroller is entitled to his or her full costs of the appeal, including a fee for any counsel appearing on the Comptroller's behalf in the appeal, and the amount of such costs is to be added to the tax charged

(if any) and is recoverable as if it were tax imposed under this Act and payable by the appellant.

(9) Despite 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 becomes 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.

(11) [*Deleted by Act 33 of 2022 wef 21/08/2023*]

(12) Every member of the Board, when and so long as he or she is acting as such, is deemed to be a public servant within the meaning of the Penal Code 1871 and enjoys the same judicial immunity as is enjoyed by a District Judge.

(13) All proceedings in appeals to the Board under this Act are deemed to be judicial proceedings within the meaning of the Penal Code 1871.

(14) Notice of the amount of tax payable under the assessment as determined by the Board must be served by the Comptroller either personally or by registered post upon the appellant.

(15) Regulations made under section 78(16) may provide for the conduct of proceedings before the Board through electronic communication, video conferencing, tele-conferencing or other electronic means, under specified circumstances.

[Act 33 of 2022 wef 21/08/2023]

(16) A member of the Board before whom proceedings are conducted in the manner described in subsection (15) in those specified circumstances is deemed to be present and sitting at those proceedings.

[Act 33 of 2022 wef 21/08/2023]

Hearing of appeal by committee where member becomes unavailable

80A.—(1) This section applies to an appeal before a committee of the Board, and a reference in this section to a member of the Board is to a member of the Board that is part of the committee.

[Act 33 of 2022 wef 21/08/2023]

(1A) Despite anything in this Part, if —

(*a*) in the course of an appeal or in the case of a reserved judgment in any appeal; or

(*b*) after an appeal has been determined but before the making of any ancillary order,

any member of the Board hearing the appeal resigns or is unable because of illness or any other cause, to continue to hear or determine the appeal or to make the ancillary order, the remaining members of the Board (if 2 or more) must hear or determine the appeal or make the ancillary order, unless any party objects.

[Act 33 of 2022 wef 21/08/2023]

[Act 30 of 2023 wef 30/10/2023]

(2) In subsection (1A), the Board is deemed to be duly constituted for the purposes of the appeal despite the member's resignation or inability to act.

[39/2017]

[Act 33 of 2022 wef 21/08/2023]

(3) Despite section 78(14), in a case under subsection (1A) —

(*a*) where there are more than 2 members of the Board remaining, the appeal is to be decided or the ancillary order is to be made in accordance with the decision of the majority of the remaining members of the Board and, if there is an equality of votes, the Chairperson of the Board or, in the Chairperson's absence, the member presiding has a second or casting vote; or

[Act 33 of 2022 wef 21/08/2023]

(*b*) where there are only 2 members of the Board remaining, the appeal is to be decided or the ancillary order is to be

made in accordance with the unanimous decision of both members.

[39/2017]

[Act 33 of 2022 wef 21/08/2023]

(4) In the case in subsection (1A)(*a*), the appeal must be reheard —

(*a*) if any party objects to the proceedings continuing before the remaining members of the Board under subsection (1A); or

[Act 33 of 2022 wef 21/08/2023]

[Act 30 of 2023 wef 30/10/2023]

(*b*) if the appeal is heard or determined by only 2 remaining members of the Board and they are unable to reach a unanimous decision.

[39/2017]

[Act 33 of 2022 wef 21/08/2023]

(5) In the case in subsection (1A)(*b*), another committee of the Board (which may include the remaining members of the Board) is to be constituted under section 78(9) to make the ancillary order if —

(*a*) any party objects to the remaining members of the Board making the ancillary order; or

[Act 30 of 2023 wef 30/10/2023]

(*b*) the order is to be made by only 2 remaining members of the Board and they are unable to reach a unanimous decision.

[Act 33 of 2022 wef 21/08/2023]

Hearing of appeal by single member where member becomes unavailable

80B.—(1) Despite anything in this Part, if an appeal is before a single member of the Board, and —

(*a*) in the course of an appeal or in the case of a reserved judgment in any appeal; or

(*b*) after an appeal has been determined but before the making of any ancillary order,

the member of the Board hearing the appeal resigns or is unable because of illness or any other cause, to continue to hear or determine the appeal or to make the ancillary order, the Chairperson of the

Board is to appoint another member of the Board in accordance with section 78(10) to hear and determine the appeal or to make the ancillary order.

(2) In the case in subsection (1)(*a*), the member of the Board appointed under subsection (1) must rehear the appeal if —

(*a*) any party objects to the proceedings continuing before the member; or

(*b*) the member determines that it would be in the interests of justice to do so.

[Act 33 of 2022 wef 21/08/2023]

Appeals to General Division of High Court

81.—(1) Except as provided in this section, the decision of the Board is final.

[40/2019]

(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 General Division of the High Court from the decision of the Board upon any question of law or of mixed law and fact.

[40/2019]

(3) The procedure governing and the costs of any such appeal to the General Division of the High Court are as provided for in the Rules of Court.

[40/2019]

(4) The General Division of the High Court is to 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 General Division of the High Court may think fit.

[40/2019]

(5) There is to be such further right of appeal from decisions of the General Division of the High Court under this section as exists in the

case of decisions made by the General Division of the High Court in the exercise of its original civil jurisdiction.

[40/2019]

(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).

Cases stated for General Division of 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 General Division of the High Court.

[40/2019]

(2) A stated case must 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 General Division of the High Court, and must be signed by the officiating chairperson or, in the chairperson's absence, by any other member attending the sitting at which the appeal was heard.

[40/2019]

(3) The secretary must transmit the case, when stated and signed as aforesaid, to the General Division of the High Court, and must forward a copy thereof to the appellant and to the Comptroller.

[40/2019]

(4) The General Division of the High Court may cause a stated case to be sent back for amendment and thereupon the case must be amended accordingly.

[40/2019]

(5) In considering any stated case, the General Division of the High Court is to afford opportunity for argument thereon to be put forward by or on behalf of the appellant and the Comptroller.

[40/2019]

(6) The General Division of the High Court is to 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 General Division of the High Court thereon.

[40/2019]

(7) Where a case is so remitted by the General Division of the High Court, the Board is bound by the opinion of the General Division of the High Court and must 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 General Division of the High Court.

[40/2019]

Proceedings before Board

83.—(1) Subject to subsections (2) and (3), all proceedings before the Board must be heard in private.

[32/2019]

[Act 25 of 2021 wef 01/04/2022]

(2) Where the Comptroller or the taxpayer applies to the Board that the proceedings be heard by way of a hearing open to the public, the Board may direct that the proceedings be so heard, despite any objection from the other party to the proceedings.

[32/2019]

(3) Where in the opinion of the Board any proceedings heard in private ought to be reported, the Board 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.

[32/2019]

[Act 25 of 2021 wef 01/04/2022]

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) is final and conclusive for the purposes of this Act.

(2) This section does not 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 19

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 is, despite any objection or appeal against the assessment on which the tax is levied, payable at the place stated in the notice given under section 76 within one month after the service of the notice.

(2) The Comptroller may, in his or her discretion and subject to such terms and conditions, including the imposition of interest, as he or she may impose, extend the time limit within which payment is to be made.

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 the person, 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 Comptroller's satisfaction 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, must 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 must issue to such person a notification thereof; but the non-receipt thereof does not invalidate any proceedings under this section.

[Act 33 of 2022 wef 04/11/2022]

(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 is 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 the person's departure from Singapore, voluntarily leaves or attempts to leave Singapore without paying all tax assessed upon the person or furnishing security to the Comptroller's satisfaction 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 may 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).

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 is added thereto, and the provisions of this Act relating to the collection and recovery of tax apply to the collection and recovery of such sum;

(*b*) the Comptroller must 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*) despite 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 is payable for each completed month that the tax remains unpaid, but the total additional penalty must not exceed 12% of the amount of tax outstanding, and the provisions of this Act relating to the collection and recovery of tax apply to the collection and recovery of such additional penalty; and

(*d*) penalties imposed under paragraphs (*a*), (*b*) and (*c*) are not deemed to be part of the tax paid for the purpose of claiming relief under any of the provisions of this Act.

(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).

Change of address

88.—(1) Subject to subsection (2), every person liable to pay income tax under the provisions of this Act must inform the Comptroller in writing of any change in the person's address.

(2) Where a person liable to pay income tax uses his or her residential address for the purposes of this Act, then, if the person has changed his or her residential address and has made a report of the change under section 10 of the National Registration Act 1965 —

(*a*) the person is deemed to have informed the Comptroller of the change of his or her residential address in compliance with subsection (1); and

(*b*) the new residential address as reported by the person under section 10 of the National Registration Act 1965 is, unless the person informs the Comptroller in writing to the contrary, deemed to be his or her last known address for the purpose of subsection (3).

(3) Any notice or process given or served upon any person by posting the same or a copy thereof by registered post to the person at

his or her last known address is, despite section 8(3), deemed to have been duly given or served and is conclusive evidence of the fact of service.

Suit for tax by Comptroller

89.—(1) Despite 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 originating claim.

[37/2014]

[Act 25 of 2021 wef 01/04/2022]

(2) The Comptroller may, in his or her own name, sue for any such tax, interest, penalty or other sum due and is entitled to all costs allowed by law against the person liable thereto.

(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 the defendant is sufficient evidence of the amount so due and sufficient authority for the court to give judgment for that amount.

(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.

(6) On receipt of such a certificate, the Director-General of Customs or other authority is 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.

(7) No civil or criminal proceedings may 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 does 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.

(8) In subsections (6) and (7), "ship" has the meaning given by section 2(1) of the Merchant Shipping Act 1995.

[2/2016]

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 is prima facie evidence of the matter stated therein.

(2) This section applies 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 is prima facie evidence of the fact only.

(3) This section does 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 the individual for any year of assessment must, 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 must be made at such times and in such amounts as the Comptroller directs 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 must be repaid.

(3) Where any deduction has been made from the income so chargeable of any individual, the individual has the same right of objection or appeal against the deduction as he or she has against an assessment made upon him or her.

(4) Any amount deducted pursuant to any direction given by the Comptroller under this section must 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 is 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 is payable by the employer to the Comptroller for each completed month that the amount remains unpaid, but the total additional penalty must not exceed 12% of the amount outstanding.

(5) The Comptroller may for any good cause shown remit the whole or any part of the penalty due under subsection (4).

(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 must determine the period within which the tax is payable.

(8) An employer who fails to comply with section 68(7) is liable to pay the full amount of the tax which by reason of such failure cannot be recovered from such employee.

(9) The Comptroller must apply any amount recovered by or paid to him or her in or towards payment of the tax payable by the employee.

(10) The employer may recover from the employee any amount which the employer has paid to the Comptroller or which has been

recovered from the employer by the Comptroller under subsection (8).

(11) Any partner who fails to comply with section 68(11) is 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) must not exceed the amount paid by that partner in contravention of section 68(11).

(13) Subsection (11) does not 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.

(2) The Minister may at any time, in his or her discretion and subject to such conditions as the Minister 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.

(2A) The Minister may, by order 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 the Minister may specify in the order.

(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 is recoverable as a debt due to the Government.

(2C) The amount recoverable under subsection (2B) is payable at the place stated in a notice served by the Comptroller on the person within one month after the service of the notice.

(2D) The Comptroller may, in his or her discretion and subject to such terms and conditions (including the imposition of interest) as the

Comptroller may impose, extend the time limit within which payment is to be made.

(2E) Sections 86(1) to (6), 87(1) and (2), 89, 90 and 91 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.

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

(4) The Minister may make rules for the purpose of giving effect to this section.

Remission of tax of companies for year of assessment 2011

92A.—(1) Subject to subsection (2), there is to 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.

(2) No remission under subsection (1) may be granted to a company where the company qualifies for the cash grant under section 92B.

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 is, in lieu of the remission of tax under section 92A, to be made to the company for the year of assessment 2011 a cash grant of the specified amount.

(2) The election under subsection (1)(*c*) must 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.

(3) The cash grant under subsection (1) is exempt from tax in the hands of the company.

(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) is recoverable by the Comptroller from the company as a debt due to the Government.

(5) The Comptroller must send the company a notice specifying the amount to be repaid under subsection (4), and the company must pay the amount at the place stated in the notice within one month after the service of the notice.

(6) The Comptroller may, in his or her discretion and subject to such terms and conditions as the Comptroller may impose, extend the time limit within which payment under subsection (5) is to be made.

(7) Sections 86(1) to (6), 87(1) and (2), 89, 90 and 91 apply to the collection and recovery by the Comptroller of the amounts recoverable under subsection (5) as they apply to the collection and recovery of tax.

(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 1993 to the Comptroller of Goods and Services Tax;

(*c*) under the Property Tax Act 1960 to the Comptroller of Property Tax; or

(*d*) under the Stamp Duties Act 1929 to the Commissioner of Stamp Duties,

then the amount of cash grant made by the Comptroller to the company must be reduced by the amount so due; and the amount of the reduction is deemed to be tax, duty, interest or penalty paid by the company under the relevant Act and must (if it is due under an Act other than this Act) be paid by the Comptroller to the Comptroller of Goods and Services Tax, the Comptroller of Property Tax or the Commissioner of Stamp Duties, as the case may be.

(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.

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 is to 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.

(2) No cash grant under subsection (1) may be made if the company has ceased to carry on business in Singapore.

(3) The Minister may waive the requirement under subsection (1) in respect of the contribution to the Central Provident Fund by the company if the Minister is satisfied that it is just and equitable to do so.

(4) The cash grant under subsection (1) is exempt from tax in the hands of the company.

(5) Section 92B(4) to (8) applies, with the necessary modifications, to this section.

(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.

(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.

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, then there is to 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.

Remission of tax of companies for year of assessment 2016

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 the year of assessment 2016 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.

[2/2016; 34/2016; 39/2017]

Remission of tax of companies for year of assessment 2017

92F. 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 the year of assessment 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*) $25,000.

[39/2017]

Remission of tax of companies for year of assessment 2018

92G. 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 the year of assessment 2018 by the company of an amount equal to the lower of the following:

(*a*) 40% 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*) $15,000.

[39/2017; 45/2018]

Remission of tax of companies for year of assessment 2019

92H. 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 the year of assessment 2019 by the company of an amount equal to the lower of the following:

(*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));

(*b*) $10,000.

[45/2018]

Remission of tax of companies for year of assessment 2020

92I. 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 the year of assessment 2020 by the company of an amount equal to the lower of the following:

(*a*) 25% 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*) $15,000.

[41/2020]

Repayment of tax

93.—(1) If it is proved to the Comptroller's satisfaction 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 is entitled to have the amount so paid in excess refunded.

(2) Every claim for repayment under this section must 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.

(3) This section does not 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, the person's executor, trustee or receiver (as the case may be) is entitled to have refunded to the executor, trustee or receiver for the benefit of such person or the person's estate any tax paid in excess within the meaning of subsection (1).

(6) The Comptroller must certify any amount repayable under this section and must 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 the Comptroller has given written notice of the Comptroller's 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 must pay interest at the rate mentioned 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.

[2/2016]

(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 before 2025, the prime lending rate for the year that is 2 years before that year;

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(*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 before 2024, the prime lending rate for the previous year; or

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

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[34/2016]

(10) In subsection (9), "publication date" means 29 December 2016.

[34/2016]

(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.

[34/2016]

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

[Act 30 of 2023 wef 30/10/2023]

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 —

(*c*) in the return or statement made by the person for the purposes of the assessment; or

(*d*) where the person is exempted from liability to furnish a return under section 62(2), in the notice of assessment served on the person,

the person 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.

(1A) An application by a person on the basis of an error or a mistake, for the year of assessment 2019 or any subsequent year of assessment, in the amount of any income, expense, outgoing or loss in connection with any transaction between the person and a related party of the person, must be supported by transfer pricing documentation for that transaction that satisfies section 34F(5).

[39/2017]

[Act 33 of 2022 wef 04/11/2022]

(1B) To avoid doubt, subsection (1A) applies whether or not the person is a company, firm, partner of a partnership or trustee of a trust to which section 34F applies.

[39/2017]

(2) On receiving the application, the Comptroller must inquire into the matter and must, 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 the Comptroller to be reasonable and just.

(3) No relief by way of repayment of tax may 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.

(3A) No amendment may 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.

(4) In determining any application under this section, the Comptroller must have regard to all the relevant circumstances of the case, and in particular must 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 the applicant in respect of other years.

(5) Section 79 applies in respect of an appeal against a determination of the Comptroller under this section except that no such appeal may be entertained until the sum of $250 has been deposited with the secretary to the Board of Review.

(6) The sum mentioned in subsection (5) must 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 be forfeited and awarded to the Comptroller as costs.

PART 20

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.

(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 $5,000 and in default of payment to imprisonment for a term not exceeding 6 months.

[27/2021]

(3) Except in the case of a notice 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 the person personally or by registered post.

(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.

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 $5,000 and in default of payment to imprisonment for a term not exceeding 6 months.

[27/2021]

(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, the person shall be liable to a further penalty of $100 for every day during which the offence is continued after such conviction.

[27/2021]

(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 the person to be liable for that year of assessment after determining, to the best of the Comptroller's judgment, the amount of the person's chargeable income; and

(*b*) a fine not exceeding $5,000,

and in default of payment to imprisonment for a term not exceeding 6 months.

[27/2021]

(4) Except in the case of a notice 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 the person personally or by registered post.

(5) The Comptroller may compound any offence punishable under this section.

Penalty for incorrect return, etc.

95.—(1) Subject to the provisions of Part 18, every person who —

(*a*) makes an incorrect return by omitting or understating any income of which the person is required by this Act to make a return;

(*b*) gives any incorrect information in relation to any matter affecting the person's 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, the person shall pay a penalty equal to —

(*d*) the amount of tax;

(*e*) the amount of PIC bonus; or

(*f*) 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).

(2) Every person who without reasonable excuse or through negligence —

(*a*) makes an incorrect return by omitting or understating any income of which the person is required by this Act to make a return;

(*b*) gives any incorrect information in relation to any matter affecting the person's 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, the person shall pay a penalty equal to double —

(*d*) the amount of tax;

(*e*) the amount of PIC bonus; or

(*f*) 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.

(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.

[37/2014]

(4) In this section, "PIC bonus" means a payment under section 37H.

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, the person shall pay a penalty of treble —

(*e*) the amount of tax;

(*f*) the amount of PIC bonus; or

(*g*) 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.

(2) When an individual has been convicted for —

(*a*) 3 or more offences under this section, section 37M(3) or section 37S(3); or

[Act 30 of 2023 wef 30/10/2023]

(*b*) one offence under this section and one offence under section 96A, 37M(4) or 37S(4),

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

[Act 30 of 2023 wef 30/10/2023]

(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 is 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.

(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.

[37/2014]

(5) In this section, "PIC bonus" means a payment under section 37H.

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, the person shall pay a penalty of 4 times —

(*c*) the amount of tax;

(*d*) the amount of PIC bonus; or

(*e*) 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.

(2) When an individual has been convicted for —

(*a*) 2 or more offences under this section, section 37M(4) or section 37S(4); or

[Act 30 of 2023 wef 30/10/2023]

(*b*) one offence under this section and one offence under section 96, 37M(3) or 37S(3),

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

[Act 30 of 2023 wef 30/10/2023]

(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 is 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.

(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.

[37/2014]

(5) In this section, "PIC bonus" means a payment under section 37H.

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 the person's 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 the person; or

(iv) defrauds any person, embezzles any money or otherwise uses the person's 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 Comptroller or officers

98.—(1) Any person who obstructs or hinders the Comptroller or any officer in the discharge of his or her duties or the exercise of his or her powers 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 12 months or to both.

[45/2018]

(2) The Comptroller may compound an offence under subsection (1).

[45/2018]

Tax to be payable despite any proceedings for penalties

99. The institution of proceedings for, or the imposition of, a penalty, fine or term of imprisonment under this Act does not relieve any person from liability to payment of any tax for which the person is or may be liable.

Provisions relating to penalty

100.—(1) Any interest imposed under section 85(2) or penalty imposed under this Act is not deemed to be part of the tax paid for the purposes of claiming relief under any of the provisions of this Act.

(2) Any penalty imposed under section 13D(2), (4) or (6), 13O(3) or (5), 37(18B), 45(4), 87(1) or 91(4) is deemed to be interest on tax for the purposes of section 33(2) of the Limitation Act 1959.

[32/2019; 41/2020]

Consent for prosecution

101.—(1) No prosecution may be commenced in respect of an offence under section 37L, 37M, 37S, 45(5), 94, 94A, 95, 96, 96A or 105M except at the instance or with the consent of the Comptroller or the Public Prosecutor.

[2/2016]

[Act 30 of 2023 wef 30/10/2023]

(2) The Comptroller may authorise either generally or specifically an officer to compound any offence under sections 34F(8), 37L, 37M (except subsection (4)), 37S (except subsection (4)), 45(5), 50(11A) (including that provision as applied by section 50A(4) or 50C(6)), 94, 94A, 95, 96, 96A, 105M(1) and (1B), and section 50(11B) in Part 3 of the Third Schedule (including that provision as applied by section 50A(4) or 50C(6) in Part 3 of the Third Schedule).

[2/2016; 32/2019; 27/2021]

[Act 30 of 2023 wef 30/10/2023]

(3) No prosecution may be commenced in respect of an offence under section 6, 97 or 98 except at the instance or with the consent of the Public Prosecutor.

[Act 30 of 2023 wef 30/10/2023]

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 the person's family at his or her last known place of residence;

(*b*) by leaving the summons at the person's 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 the person's 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.

(2) Any summons sent by registered post to any person in accordance with subsection (1) is 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 is sufficient to prove that the envelope containing the summons was properly addressed, stamped and posted by registered post.

Notice to attend court

102A.—(1) Where the Comptroller has reasonable grounds to believe that a person has committed an offence under this Act (or any subsidiary legislation made under this Act) that is punishable by a fine or by an imprisonment term not exceeding 12 months or both, the Comptroller may, in lieu of applying to a court for a summons, serve on that person a written notice, containing such information as may

be prescribed by rules made under section 7, requiring that person to attend at the court described, at the time and on the date specified in the notice.

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

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

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

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

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

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

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

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

[Act 30 of 2023 wef 01/01/2024]

Saving for criminal proceedings

103. The provisions of this Act do 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 are not inadmissible in evidence against the person in any proceedings to which this section applies by reason only that the person 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 applies to any proceedings against the person in question —

(*a*) under section 37L, 37M, 37S, 95, 96 or 96A; or

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(*b*) for the recovery of any sum due from the person, whether by way of tax or penalty.

[2/2016]

Protection of informers

104A.—(1) Except as provided in subsection (3), no witness in any civil or criminal proceedings commenced on or after 16 November 2021 is obliged or permitted —

(*a*) to disclose the identity of an informer who has given any information (whether the information is given before, on or after that date) with respect to an offence under this Act; or

(*b*) to answer any question if the answer to the question would lead, or would tend to lead, to the discovery of the identity of the informer.

[27/2021]

(2) If any document which is in evidence or liable to inspection in any civil or criminal proceedings contains any entry in which any informer is named or described or which may lead to the discovery of the informer's identity, the court must cause the entry to be concealed from view or to be obliterated so far only as may be necessary to protect the informer from discovery.

[27/2021]

(3) If —

(*a*) in any proceedings for an offence under any written law, the court, after full enquiry into the case, believes that the informer wilfully made a material statement which the informer knew or believed to be false or did not believe to be true; or

(*b*) in any other proceedings, the court is of the opinion that justice cannot be fully done between the parties to the proceedings without the discovery of the informer,

the court may permit enquiry and require full disclosure concerning the informer.

[27/2021]

(4) In this section, a reference to civil proceedings includes any proceedings before the Board of Review.

[27/2021]

Jurisdiction of court

105. Despite any provision to the contrary in the Criminal Procedure Code 2010, a District Court or a Magistrate's Court has jurisdiction to try any offence under this Act and has power to impose the full penalty or punishment in respect of the offence.

PART 20A

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; or

(*b*) as regards —

(i) past, present and future liability to pay any tax mentioned 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.

(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.

(3) A reference in this Part to the tax position of a person is a reference to the person's tax position at any time or in relation to any period, unless otherwise stated in the prescribed arrangement in question.

(4) To avoid 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.

(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.

[37/2014]

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.

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 has effect despite anything in any written law.

[37/2014; 2/2016]

(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).

[37/2014; 2/2016]

(2) An order made under this section may be revoked by a subsequent order.

(3) Where an arrangement has effect by virtue of this section, the obligation as to secrecy imposed by section 6 does not prevent the disclosure to the competent authority under the arrangement of such information as is required to be disclosed under the arrangement.

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.

(2) Unless the Comptroller otherwise permits, the request must set out the information prescribed in the Eighth Schedule.

(3) Every request is subject to and must be dealt with in accordance with the terms of the prescribed arrangement.

(4) For the purposes of subsection (3), the terms of the prescribed arrangement are not to be construed in such a way as to prevent the Comptroller from complying with, or to permit the Comptroller 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.

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 Comptroller's opinion, is information mentioned in subsection (2), the Comptroller must serve notice of the request on the person identified in the request as the person in relation to whom the information is sought.

(1A) Where the request mentioned in subsection (1), in the Comptroller's opinion, does not contain sufficient information for the Comptroller to serve notice under subsection (1), the Comptroller must, after he or she 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.

[37/2014]

(2) The information mentioned in subsection (1) or (1A) is information that is protected from unauthorised disclosure under —

(*a*) section 47 of the Banking Act 1970 including that section as applied by section 55ZI(1) of that Act; or

(*b*) section 49 of the Trust Companies Act 2005.

[37/2014; 1/2020]

(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

(*b*) on such other ground as may be prescribed under section 105H.

[37/2014]

(5) Rules made under section 105H may provide for the particulars to be given in a notice under subsection (1) or (1A).

[37/2014]

Power of Comptroller to obtain information

105F.—(1) Sections 65 to 65D (except section 65B(1D)) 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 also has effect in relation to a notice issued under section 65B for the purpose of complying with such a request.

[45/2018]

(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 is a reference to the purpose mentioned in subsection (1);

(*b*) a reference in section 65B to the purposes of this Act is a reference to the purpose mentioned 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 are references to 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.

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 or her possession to the Comptroller.

(2) Despite 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 or her under subsection (1).

Information may be used for administration of Act

105GA. To avoid 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.

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.

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.

[37/2014]

(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 permission 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.

[37/2014]

[Act 25 of 2021 wef 01/04/2022]

(3) Permission is not to 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.

[37/2014]

[Act 25 of 2021 wef 01/04/2022]

(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.

[37/2014]

(5) Every application, affidavit or other document filed with the court for the purpose of any proceedings to which this section applies is to be sealed upon the request of the applicant or the Comptroller.

[37/2014]

(6) All proceedings to which this section applies are to be heard in private.

[37/2014]

[Act 25 of 2021 wef 01/04/2022]

(7) No information relating to any proceedings to which this section applies may be published without the permission of court; and permission is not to 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.

[37/2014]

[Act 25 of 2021 wef 01/04/2022]

(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*).

[37/2014]

PART 20B

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;

"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;

"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;

"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;

"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 by section 2(1) and includes a partnership.

[15/2016; 34/2016]

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.

[34/2016]

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 —

(i) the Government and —

(A) the government of another country; or

(B) the governments of 2 or more countries; or

(ii) the Minister or the Minister's authorised representative and —

(A) the authority of another country that exercises a power or carries out a duty corresponding to a power or duty of the Minister or representative; or

(B) the authorities of 2 or more countries that exercise powers or carry out duties corresponding to a power or duty of the Minister or representative;

(*ab*) a CbCR exchange agreement between —

(i) the Government and —

(A) the government of another country; or

(B) the governments of 2 or more countries; or

(ii) the Minister or the Minister's authorised representative and —

(A) the authority of another country that exercises a power or carries out a duty corresponding to a power or duty of the Minister or representative; or

(B) the authorities of 2 or more countries that exercise powers or carry out duties corresponding to a power or duty of the Minister or representative;

(*b*) any agreement modifying or supplementing an agreement in paragraph (*a*), (*aa*) or (*ab*);

(*c*) any other agreement or arrangement that makes provision corresponding, or substantially similar, to that made by an agreement in paragraph (*a*), (*aa*), (*ab*) or (*b*), between —

(i) the Government and —

(A) the government of another country; or

(B) the governments of 2 or more countries; or

(ii) the Minister or the Minister's authorised representative and —

(A) the authority of another country that exercises a power or carries out a duty corresponding to a power or duty of the Minister or representative; or

(B) the authorities of 2 or more countries that exercise powers or carry out duties corresponding to a power or duty of the Minister or representative.

[15/2016; 34/2016; 39/2017]

(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 or, where there is more than one agreement or arrangement under the order, may only take effect in relation to each agreement or arrangement on or after the date on which that agreement or arrangement enters into force for Singapore.

[39/2017]

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.

[15/2016]

(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.

[15/2016]

(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).

[34/2016]

(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.

[2/2016]

(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).

[2/2016]

(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 the person had done so in good faith and with reasonable care in compliance with subsection (1); or

(*b*) for doing or omitting to do any act if the person 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).

[2/2016]

(5) Despite subsection (2), subsection (1) does not apply to any information subject to legal privilege.

Offences

105M.—(1) Any person who, without reasonable excuse, fails or neglects to comply with —

(*a*) section 105L(1); or

(*b*) any regulation made under section 105P that requires the person to apply to the Comptroller for registration or report any information to the Comptroller,

shall be guilty of an offence.

[27/2021]

(1A) Any person who is convicted of an offence under subsection (1) shall be liable —

(*a*) to a fine not exceeding $5,000 and in default of payment to imprisonment not exceeding 6 months; and

(*b*) 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.

[27/2021]

(1B) Any person who, without reasonable excuse, fails or neglects to comply with any requirement imposed by regulations made under section 105P, other than a requirement mentioned in subsection (1)(*b*), 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 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 of a day during which the offence continues after conviction.

[27/2021]

(2) The Comptroller may compound any offence under subsections (1) and (1B).

[Act 33 of 2022 wef 04/11/2022]

(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.

(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.

[15/2016]

(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.

[15/2016]

(4) In subsection (3), references to the Comptroller include any other person authorised by the Comptroller.

[37/2014]

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 then applies accordingly.

[37/2014]

(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.

[37/2014]

Power of Comptroller to obtain information

105N.—(1) Sections 65 to 65D (except section 65B(1D)) 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.

[15/2016; 45/2018]

(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 is a reference to the purpose mentioned in subsection (1);

(*b*) a reference in section 65B to the purposes of this Act is a reference to the purpose mentioned 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 are each a reference to proceedings for an offence under this Part;

(*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

(*e*) section 65E has effect in relation to a notice issued under section 65B for a purpose mentioned in subsection (1).

[2/2016; 15/2016; 34/2016]

Information may be used for administration of Act

105O. To avoid 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.

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).

[15/2016]

(1A) The Minister may also make regulations to enable the Comptroller to obtain a country-by-country report or its equivalent from a prescribed person who is resident in Singapore or has a permanent establishment in Singapore in prescribed circumstances.

[45/2018]

(2) Without limiting 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);

(*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 —

(v) are required or permitted to be imposed under an international tax compliance agreement on any person to whom the agreement applies; or

(vi) may facilitate the implementation of any future competent authority agreement which may be declared as an international tax compliance agreement under section 105K(1);

(*ca*) provide that a contravention of any specified provision is an offence;

(*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

(*d*) contain incidental, transitional or saving provisions.

[37/2014; 15/2016; 34/2016]

(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.

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.

[15/2016]

(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.

[15/2016]

(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).

[2/2016]

(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).

[2/2016]

(5) Despite subsection (2), subsection (1) does not apply to any information subject to legal privilege.

[2/2016]

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.

[37/2014]

(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 permission 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.

[37/2014]

[Act 25 of 2021 wef 01/04/2022]

(3) Permission is not to be given under subsection (2) in relation to any document if the court is satisfied that the authority mentioned in that subsection has requested the Comptroller not to disclose that document to any person.

[37/2014]

[Act 25 of 2021 wef 01/04/2022]

(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.

[37/2014]

(5) Every application, affidavit or other document filed with the court for the purpose of any proceedings to which this section applies is to be sealed upon the request of the applicant or the Comptroller.

[37/2014]

(6) All proceedings to which this section applies are to be heard in private.

[37/2014]

[Act 25 of 2021 wef 01/04/2022]

(7) No information relating to any proceedings to which this section applies may be published without the permission of court; and permission is not to 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.

[37/2014]

[Act 25 of 2021 wef 01/04/2022]

(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*).

[37/2014]

PART 21

MISCELLANEOUS

Revocation of approval

105R.—(1) This section applies where —

(*a*) either —

(i) a person is approved by the Minister, an authorised body or a person appointed by the Minister (called in this subsection the approving authority) under a

prescribed section for a tax incentive to be applied to the person's income under that provision or regulations made under that provision; or

[Act 41 of 2020 wef 06/12/2022]

(ii) a matter is approved by an approving authority under a prescribed section for a tax incentive to be applied to a person's income under that provision or regulations made under that provision; and

(*b*) the person fails to comply with a condition of the approval.

[32/2019]

(2) The approving authority may, by written notice, require the person to show cause, within 30 days after the date the notice is served on the person or such longer period as the approving authority may permit in a particular case, why the approval should not be revoked.

[32/2019]

(3) If the approving authority is satisfied, having regard to the person's representation and all the relevant circumstances of the case, that it is just and reasonable to do so, the approving authority may revoke the approval, and the revocation is effective from a date specified by the approving authority to the person.

[32/2019]

(4) The approving authority may specify any date for the revocation to take effect, including (if it is just and reasonable to do so) —

(*a*) a date before the date of the non-compliance with the condition; or

(*b*) if the condition is to be complied with over a period of time, before the date of commencement of that period.

[32/2019]

(5) The revocation of an approval under this section does not affect the operation of any provision of this Act providing for other consequences for a breach of a condition of the approval.

[32/2019]

(6) To avoid doubt, where —

(*a*) a tax incentive has been applied to any income of the person under a prescribed section, or an order under section 13(12);

(*b*) the tax incentive would not have been applied to the person's income if the person or matter were not an approved person or matter under the prescribed section on the date the relevant income accrued to or was derived or received by the person, or the relevant expenditure was incurred by the person, as the case may be; and

(*c*) the approval is revoked under this section with effect from or before that date,

the Comptroller may make an assessment or additional assessment under section 74 on the person.

[32/2019]

(7) This section applies to an approval given under a prescribed section whether before, on or after 2 December 2019.

[32/2019]

(8) In this section —

(*a*) a prescribed section is a section of the Act specified in the Fourth Schedule;

(*b*) a tax incentive is any of the following:

(i) an exemption from tax;

(ii) a concessionary rate of tax;

(iii) a deduction or an allowance;

(iv) a reduction of the statutory income of a person;

(*c*) a tax incentive that is an exemption from tax is applied to a person's income if any income of the person becomes exempt from tax;

(*d*) a tax incentive that is a concessionary rate of tax is applied to a person's income if tax is levied on any income of the person at that rate;

(*e*) a tax incentive that is a deduction or an allowance is applied to a person's income if it is allowed or made for any expenditure in ascertaining the person's chargeable income; and

(*f*) a tax incentive that is a reduction of the statutory income of a person is applied to a person's income if such reduction is made to the person's statutory income.

[32/2019]

Conditions for application of tax incentive treated as conditions of approval

105S.—(1) This section applies to each of the following approvals made before 2 December 2019:

(*a*) an approval of a Finance and Treasury Centre of a company under section 43E for tax at a concessionary rate to be levied on the company's income under regulations made under that section;

(*b*) an approval of a person under section 43I, 43J, 43K, 43L, 43N, 43O, 43Q, 43R or 43S, for tax at a concessionary rate to be levied on the person's income under that section or regulations made under that section, as the case may be.

[32/2019]

(2) For the purposes of section 105R, every condition imposed or specified before the date mentioned in subsection (1) under section 43G(2), 43P(2), 43Q(2), 43R(2), 43W(3), 43Y(2), 43Z(3), 43ZB(3), 43ZC(3) or 43ZD(3) of this Act as in force immediately before that date, in relation to a Finance and Treasury Centre or person, is treated as a condition imposed on the approval of the Finance and Treasury Centre or person (as the case may be) under the corresponding section mentioned in subsection (1).

[32/2019]

(3) In this section, "Finance and Treasury Centre" has the meaning given by section 43E.

[32/2019]

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 in the *Gazette*, amend, add to or revoke the whole or any part of the First, Fourth, Sixth, Seventh, Eighth, Ninth, Tenth and Eleventh Schedules.

[45/2018; 32/2019; 41/2020]

[Act 33 of 2022 wef 04/11/2022]

Variable capital companies or VCCs

107.—(1) For the purposes of this Act, and subject to the modifications in this section and the rules under subsection (30), a reference to a company in this Act and the subsidiary legislation made under it includes a VCC.

[28/2019]

(2) Accordingly, a reference to a body of persons (by reason of it being defined in section 2(1) as excluding a company) excludes a VCC.

[28/2019]

Chargeable or exempt income of umbrella VCC

(3) Subject to the modifications in this section and the rules under subsection (30), a reference in this Act and the subsidiary legislation made under it to the chargeable income or exempt income of a person that is an umbrella VCC is to the total of the chargeable income or exempt income (as the case may be) of each of its sub-funds.

[28/2019]

(4) For the purpose of determining the chargeable income or exempt income of a sub-fund under subsection (3), the provisions of this Act and the subsidiary legislation made under it (as modified by subsection (1)) apply as if each sub-fund were a VCC, with the following modifications:

(*a*) a reference to a trade or business carried on by a VCC is to a trade or business carried on by the umbrella VCC in relation to the sub-fund;

(*b*) a reference to income derived or received by a VCC is to income derived or received by the umbrella VCC in relation to the sub-fund (called in this section income of a sub-fund);

(*c*) a reference to any outgoing or expense incurred by a VCC in producing income is to either or both of the following (called in this section an expense of a sub-fund):

(i) any outgoing or expense incurred in producing income of the sub-fund;

(ii) the amount of any outgoing or expense allocated to the sub-fund by the umbrella VCC in accordance with section 29(3) of the VCC Act;

(*d*) a reference to any capital expenditure incurred by a VCC for the purpose of a trade or business is to either or both of the following (called in this section a capital expenditure of a sub-fund):

(i) any capital expenditure incurred for the purpose of a trade or business carried on by the umbrella VCC in relation to the sub-fund;

(ii) the amount of any capital expenditure allocated to the sub-fund by the umbrella VCC in accordance with section 29(3) of the VCC Act;

(*e*) a reference to any loss incurred by a VCC in carrying on a trade or business is to any loss incurred by the umbrella VCC in carrying on a trade or business in relation to the sub-fund (called in this section a loss of a sub-fund);

(*f*) a reference to a donation made by a VCC is to a donation made by the umbrella VCC for the purpose of the sub-fund (called in this section a donation of a sub-fund);

(*g*) a reference to a payment or distribution made to a VCC is to a payment or distribution made to the umbrella VCC for the sub-fund;

(*h*) a reference in sections 23, 37 and 37D to shareholders of a VCC is to holders of shares of the umbrella VCC in respect of the sub-fund;

(*i*) a sub-fund is resident in Singapore if its umbrella VCC is resident in Singapore, and a sub-fund is resident outside Singapore if its umbrella VCC is resident outside Singapore.

[28/2019]

(5) Subsection (4) does not apply to any provision of this Act that is replaced with another provision under this section for the purpose of subsection (3).

[28/2019]

(6) To avoid doubt —

(*a*) the umbrella VCC is not entitled to any further deduction for any expense, capital expenditure, loss or donation of a sub-fund taken into account in determining the chargeable income or exempt income of the sub-fund; and

(*b*) any expense, capital expenditure, loss or donation of a sub-fund is not available for deduction against the income of another sub-fund or any other income of the umbrella VCC.

[28/2019]

(7) Each part of the chargeable income of an umbrella VCC that is chargeable income of a sub-fund is subject to tax at the rate to which that part would have been subject had the sub-fund been a VCC.

[28/2019]

Segregated liabilities of sub-funds

(8) The amount of any tax attributable to any part of the chargeable income of an umbrella VCC that is chargeable income of a sub-fund, together with any interest or penalty imposed under section 85(2) or 87 in respect of such amount, is considered (for the purpose of

section 29 of the VCC Act) liability incurred by the umbrella VCC for the purpose of the sub-fund.

[28/2019]

(9) Any fine or penalty imposed on, or composition sum that may be paid by, an umbrella VCC for an offence under this Act that is committed in respect of any information or other matter concerning a sub-fund, is considered (for the purpose of section 29 of the VCC Act) liability incurred by the umbrella VCC for the purpose of the sub-fund.

[28/2019]

(10) Any fine or penalty imposed on, or composition sum that may be paid by, an umbrella VCC for an offence under this Act and to which subsection (9) does not apply, is considered (for the purpose of section 29 of the VCC Act) liability incurred by the umbrella VCC for the purpose of all of its sub-funds.

[28/2019]

Deductions not allowed

(11) A VCC may not be allowed any deduction under sections 14A, 14B, 14C, 14D, 14E, 14EA, 14F, 14G, 14H, 14I, 14J, 14K, 14L, 14M, 14N, 14S, 14U, 14Z, 14ZG and 37O (including the subsidiary legislation made under them, where applicable) and accordingly may not be approved (where applicable) under them.

[28/2019; 41/2020]

[Act 30 of 2023 wef 30/10/2023]

(12) Despite subsection (1), no transfer of any deduction may be made under section 37B —

(*a*) by a VCC to any claimant company or VCC of the same group; or

(*b*) by a transferor company to any VCC of the same group.

[28/2019]

Application of section 13G

(12A) Section 13G and the regulations made under it apply for the purpose of determining the exempt income of a sub-fund under subsection (3) as if it were an approved venture company under that

section if the umbrella VCC of the sub-fund is approved for the purpose of that section.

[41/2020]

Application of sections 13O and 13U

(13) Section 13O and the regulations made under it apply for the purpose of determining the exempt income of a sub-fund under subsection (3) as if it were an approved company under that section if the umbrella VCC of the sub-fund is approved for the purpose of that section.

[28/2019]

(14) Where the relevant owner mentioned in section 13O(3) is an umbrella VCC, the amount of any financial penalty under that provision that it is liable for is considered (for the purpose of section 29 of the VCC Act) liability incurred by it for the purpose of its sub-funds, and the amount of such liability in relation to each sub-fund is computed in accordance with the formula

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

where —

(*a*) A is the total value of issued securities held by the umbrella VCC for the sub-fund on the relevant day as defined in section 13O(8);

(*b*) B is the total value of all the issued securities held by the umbrella VCC for all its sub-funds on the relevant day as defined in section 13O(8); and

(*c*) C is the amount of the penalty.

[28/2019]

(15) Section 13U and the regulations made under it apply for the purpose of determining the exempt income of a sub-fund under subsection (3) as if it were —

(*a*) an approved person under that section;

(*b*) the approved master fund of an approved master fund-SPV structure, master-feeder fund-SPV structure or master-feeder fund structure under that section; or

(*c*) an approved feeder fund of an approved master-feeder fund-SPV structure or master-feeder fund structure under that section,

if its umbrella VCC is approved by the Minister or an authorised body for the purpose of that section.

[28/2019]

[Act 41 of 2020 wef 06/12/2022]

(16) The amount of any tax recoverable from the umbrella VCC under the regulations made under section 13U that is attributable to any income of a sub-fund, is considered (for the purpose of section 29 of the VCC Act) liability incurred by the umbrella VCC for the purpose of the sub-fund.

[28/2019]

Application of section 13W

(17) Section 13W in Part 1 of the Third Schedule applies in place of section 13W for the purpose of determining the exempt income of a sub-fund under subsection (3) from the disposal of —

(*a*) ordinary shares in a company (other than a VCC); or

(*b*) ordinary shares in a VCC (called in this subsection and subsection (18) VCC *X*).

[28/2019]

(18) Where VCC *X* is an umbrella VCC, section 13W in Part 1 of the Third Schedule applies for the purpose of determining the exempt income of a sub-fund under subsection (3) with the following further modifications:

(*a*) the section is to be applied in relation to the disposal of ordinary shares of VCC *X* in respect of each sub-fund as if VCC *X* only has that one sub-fund;

(*b*) accordingly, a reference in the section to the legal and beneficial ownership of any ordinary shares in a VCC is to the legal and beneficial ownership of ordinary shares in VCC *X* in respect of that sub-fund.

[28/2019]

(19) Section 13W applies for the purpose of determining the exempt income of a company (including a non-umbrella VCC but excluding

an umbrella VCC) from the disposal of ordinary shares in an umbrella VCC with the following modifications:

(*a*) the section is to be applied in relation to the disposal of ordinary shares of the umbrella VCC in respect of each sub-fund as if the umbrella VCC only has that one sub-fund;

(*b*) accordingly, a reference in that section to the legal and beneficial ownership of any ordinary shares in a VCC is to the legal and beneficial ownership of ordinary shares in the umbrella VCC in respect of that sub-fund.

[28/2019]

(20) In subsections (17), (18) and (19), "ordinary share", in relation to a VCC, means any share other than a share that carries only a right to any dividend which is —

(*a*) of a fixed amount or at a fixed rate per cent of the value of the share; or

(*b*) either —

(i) where the VCC is a non-umbrella VCC, of a fixed rate per cent of the profits of the non-umbrella VCC; or

(ii) where the VCC is an umbrella VCC, of a fixed rate per cent of the profits of the umbrella VCC in relation to the sub-fund in respect of which the share was issued.

[28/2019]

Application of sections 34D, 34E and 34F

(21) Section 34D applies for the purpose of determining the chargeable income or exempt income of a sub-fund under subsection (3), and section 34E applies for the recovery of any surcharge resulting from any adjustment by the Comptroller under section 34D as applied by this subsection, subject to the following modifications:

(*a*) a sub-fund is treated as a person;

(*b*) a person is related to a sub-fund if it is related to the sub-fund in such manner as may be prescribed by rules made under section 7.

[28/2019]

(22) Any surcharge under section 34E as applied by subsection (21) is recoverable from the umbrella VCC and constitutes a liability incurred by the umbrella VCC for the purpose of the sub-fund concerned for the purpose of section 29 of the VCC Act.

[28/2019]

(23) Section 34F applies to an umbrella VCC —

(*a*) as if a reference to the gross revenue of a company is to the gross revenue of any of its sub-funds; and

(*b*) as if a reference to a transaction undertaken by a company with a related party is to a transaction undertaken by the umbrella VCC for the purpose of any of its sub-funds with any person that is related to the sub-fund in such manner as may be prescribed by rules made under section 7.

[28/2019]

Application of sections 34G and 34H

(24) Sections 34G and 34H apply to a body corporate incorporated outside Singapore that is a non-umbrella VCC registered as a VCC under Part 12 of the VCC Act, as they apply to a redomiciled company as defined in section 34G, subject to the following modifications:

(*a*) a reference to the registration date of a redomiciled company or an approved redomiciled company is to the date of registration of the VCC specified in the notice of transfer of registration issued to it under section 135(3) of the VCC Act;

(*b*) a reference to the place of incorporation of an approved redomiciled company is to the jurisdiction where the VCC was domiciled at the time it applied for registration under Part 12 of the VCC Act;

(*c*) section 34G(9) does not apply except in respect of section 14R;

(*d*) section 34G(20A), (20B) and (20C) does not apply.

[28/2019]

(25) Section 34G in Part 2 of the Third Schedule applies in place of section 34G for the purpose of determining under subsection (3) the chargeable income or exempt income of a sub-fund of a body corporate incorporated outside Singapore that is registered as a VCC under Part 12 of the VCC Act and that is an umbrella VCC (called in this section a redomiciled umbrella VCC).

[28/2019]

(26) Section 34H in Part 2 of the Third Schedule applies in place of section 34H for the purpose of determining the tax credits for a redomiciled umbrella VCC.

[28/2019]

Application of sections 45, 45A, 45AA, 45B, 45D and 45F

(27) Where —

(*a*) section 45, 45A, 45AA, 45D or 45F applies to any payment by an umbrella VCC for the purpose of a sub-fund; or

(*b*) section 45B applies to any remuneration payable by an umbrella VCC to a director of the VCC that is allocated by the VCC to a sub-fund,

any resulting debt mentioned in that section (including, where applicable, section 45 as applied by that section), together with any penalty or fine imposed on the VCC, or composition sum that may be paid by the VCC, for an offence under that section (including, where applicable, section 45 as applied by that section), that is committed in relation to such income is considered (for the purpose of section 29 of the VCC Act) liability incurred by the VCC for the purpose of the sub-fund.

[28/2019]

Application of sections 50, 50A and 50C

(28) Sections 50, 50A and 50C in Part 3 of the Third Schedule apply in place of sections 50, 50A and 50C respectively, in a case where the income in question is that of an umbrella VCC.

[28/2019]

Miscellaneous

(29) Rules made for the purposes mentioned in subsections (21)(*b*) and (23)(*b*) may make different provisions for different circumstances.

[28/2019]

(30) The Minister may, for a period of 2 years starting on the date of commencement of the Variable Capital Companies (Miscellaneous Amendments) Act 2019, make rules to prescribe further modifications to any provision of this Act in its application to a VCC, an umbrella VCC or a sub-fund of an umbrella VCC.

[28/2019]

Advance rulings

108.—(1) The Comptroller may, on an application made by a person in accordance with Part 1 of the Seventh Schedule, make a ruling on any of the matters specified in that Part in accordance with that Part.

(2) Part 1 of the Seventh Schedule applies to and in connection with an application under subsection (1) and any ruling made by the Comptroller under that subsection.

(3) The fees specified in Part 2 of the Seventh Schedule are payable to and retained by the Authority in respect of any application under subsection (1).

(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).

(5) In this section, "Authority" means the Inland Revenue Authority of Singapore established under section 3 of the Inland Revenue Authority of Singapore Act 1992.

FIRST SCHEDULE

Sections 13(1) and 106(1) and (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	Bankruptcy Act (Cap. 20, 2009 Revised Edition)
2. Central Co-operative Fund	Co-operative Societies Act 1979
3. Central Sikh Gurdwara Board	Central Sikh Gurdwara Board Act 1981
4. Common Fund	Public Trustee Act 1915
5. Dependants' Protection Insurance Fund	Central Provident Fund Act 1953
6. Education Finance Board	Education Act 1957
7. Hindu Endowments Board	Hindu Endowments Act 1968
8. Home Protection Fund	Central Provident Fund Act 1953
9. Hotels Licensing Board	Hotels Act 1954
10. Institute of Technical Education, Singapore	Institute of Technical Education Act 1992
11. Land Surveyors Board	Land Surveyors Act 1991
12. Majlis Ugama Islam, Singapura	Administration of Muslim Law Act 1966
13. MediShield Life Fund	MediShield Life Scheme Act 2015
14. Minister for Finance	Minister for Finance (Incorporation) Act 1959
15. National Arts Council	National Arts Council Act 1991
16. National Council of Social Service	National Council of Social Service Act 1992

17. National Heritage Board	National Heritage Board Act 1993
18. National Library Board	National Library Board Act 1995
19. People's Association	People's Association Act 1960
20. Science Centre Board	Science Centre Act 1970
21. Singapore Academy of Law	Singapore Academy of Law Act 1988
22. Singapore Corporation of Rehabilitative Enterprises	Singapore Corporation of Rehabilitative Enterprises Act 1975
23. Any specified statutory corporation within the meaning of section 3 of the Statutory Corporations (Contributions to Consolidated Fund) Act 1989, as from the date of establishment of that statutory corporation	

B. Clubs, corporations and institutions in Singapore:

1. Catholic Young Men's Association	
2. [*Deleted by Act 21 of 2017*]	
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	Bishop of Singapore Ordinance 1911
9. Titular Roman Catholic Archbishop of Singapore	Roman Catholic Archbishop Act 1975

FIRST SCHEDULE — *continued*

10. Young Men's Christian Association
11. Young Women's Christian Association

[21/2017; S 712/2015]

SECOND SCHEDULE

RATES OF TAX

PART A

Sections 13K(7), 42(1), 81(7) and 106(1)

TABLE 1

RATES OF TAX ON CHARGEABLE INCOME OF AN INDIVIDUAL OR A HINDU JOINT FAMILY FOR YEAR OF ASSESSMENT 2012 AND OF AN INDIVIDUAL FOR YEARS 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%
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%.

[Act 33 of 2022 wef 04/11/2022]

SECOND SCHEDULE — *continued*

TABLE 2

RATES OF TAX ON CHARGEABLE INCOME OF AN INDIVIDUAL FOR YEARS OF ASSESSMENT 2017, 2018, 2019, 2020, 2021, 2022 AND 2023

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 33 of 2022 wef 04/11/2022]

TABLE 3

RATES OF TAX ON CHARGEABLE INCOME OF AN INDIVIDUAL FOR YEAR OF ASSESSMENT 2024 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%

SECOND SCHEDULE — *continued*

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 of the next	$180,000	22%
For every dollar of the next	$500,000	23%
For every dollar exceeding	$1,000,000	24%.

[Act 33 of 2022 wef 04/11/2022]

PART B

[*Deleted by Act 27 of 2009*]

PART C

[*Deleted by Act 41 of 2020*]

[2/2016; 41/2020]

THIRD SCHEDULE

PART 1

PROVISION THAT APPLIES IN PLACE OF SECTION 13W WHERE INCOME IS THAT OF AN UMBRELLA VCC FROM DISPOSAL OF ORDINARY SHARES IN A COMPANY OR VCC

Sections 106(1) and 107(17) and (18)

Section 13W is replaced with section 13W as set out below for the purpose of determining under section 107(3) the income of a sub-fund of an umbrella VCC:

"**Exemption of gains or profits from disposal of ordinary shares**

13W.—(1) There is exempt from tax any gains or profits derived by an umbrella VCC (called in this section the divesting VCC) for the purpose of a sub-fund from the disposal of ordinary shares in a company (called in this section company X) or of ordinary shares in a VCC (called in this section VCC X) that are legally and beneficially owned by the divesting VCC for the purpose of that sub-fund immediately before the disposal, being a disposal made —

(*a*) on or before 31 December 2027; and

(*b*) after the divesting VCC 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, for the purpose of that sub-fund, at least 20% of the ordinary shares in company X or VCC X, as the case may be.

(2) Subsection (1) applies only if the divesting VCC 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 allow, such information and supporting documents as may be specified by the Comptroller.

(3) In determining the amount of gains or profits that are exempt from tax under subsection (1) for any year of assessment, there is to be deducted all outgoings and expenses wholly and exclusively incurred by the divesting VCC 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 VCC, where the Comptroller is satisfied that the interest was payable on capital employed to acquire those shares;

(*c*) any sum payable in lieu of interest or for the reduction thereof, upon any money borrowed by the divesting VCC, 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 those shares;

(*d*) any legal costs incurred for the acquisition or disposal of those shares;

(*e*) any amount paid in respect of stamp duty for the acquisition or disposal of those shares; and

(*f*) any other expenses allowable under this Act that are directly attributable to those gains or profits.

(4) For the purposes of subsection (1), the divesting VCC remains the legal and beneficial owner of any ordinary shares in company X or VCC X (as the case may be) for the purpose of the sub-fund during the borrowing period when the legal interest in such shares had been transferred by the divesting VCC to another person under a securities lending or repurchase arrangement.

(5) Where —

(*a*) gains or profits derived from the disposal of ordinary shares in company X or VCC X by the divesting VCC for the purpose of the sub-fund are exempt from tax under subsection (1); and

(*b*) one or more amounts mentioned in subsection (6) that are attributable to any of the ordinary shares disposed of, have been

allowed as a deduction in determining the chargeable income of the sub-fund under section 107(3) for any year of assessment prior to the year of assessment relating to the basis period in which the ordinary shares are disposed of,

then the amounts in paragraph (*b*) are to be included in the chargeable income of the sub-fund under section 107(3) for the second-mentioned year of assessment.

(6) Subsection (5) applies to the following amounts:

(*a*) any amount provided for a diminution in the value of the ordinary shares;

(*b*) any amount written off against the value of the ordinary shares;

(*c*) any impairment loss for the ordinary shares;

(*d*) any loss recognised in accordance with SFRS for Small Entities, FRS 109 or SFRS(I) 9 (as the case may be), in determining the profit or loss or expense in respect of the ordinary shares.

(7) Where —

(*a*) gains or profits derived from the disposal of ordinary shares by the divesting VCC for the purpose of the sub-fund are exempt from tax under subsection (1); and

(*b*) any write-back for a diminution in the value of the ordinary shares, or profit recognised in accordance with SFRS for Small Entities, FRS 109 or SFRS(I) 9 (as the case may be), that is attributable to any of the ordinary shares (being chargeable income of the sub-fund under section 107(3)) has been charged to tax as income of the umbrella VCC 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 in paragraph (*b*) is taken to be an expense allowable under this Act in determining the chargeable income of the sub-fund under section 107(3) for the second-mentioned year of assessment.

(8) This section does not apply to —

(*a*) the disposal of shares before 1 June 2022 in a company or VCC that —

(i) is in the business of trading Singapore immovable properties; or

(ii) principally carries on the activity of holding Singapore immovable properties,

other than property development, where the shares are not listed on a stock exchange in Singapore or elsewhere;

(*aa*) the disposal of shares on or after 1 June 2022 not listed on a stock exchange in Singapore or elsewhere, being shares in a company or VCC that the Comptroller is satisfied —

(i) is in the business of trading immovable properties situated whether in Singapore or elsewhere;

(ii) principally carries on the activity of holding immovable properties situated whether in Singapore or elsewhere; or

(iii) (being a company) has undertaken property development in Singapore or elsewhere, except where —

(A) the immovable property developed is used by the company to carry on its trade or business (including the business of letting immovable properties), not being a business mentioned in sub-paragraph (i); and

(B) then company did not undertake any property development in Singapore or elsewhere for a period of at least 60 consecutive months before the disposal of shares; or

(*b*) 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 VCC, or are companies or VCCs.

(9) In this section —

"activity of holding immovable properties" excludes the holding of immovable properties where such properties are used to carry on a trade or business, including the business of letting immovable properties;

"borrowing period" and "securities lending or repurchase arrangement" have the meanings given by section 10H(12);

"disposal", in relation to shares, means the transfer of both the legal and beneficial interests in the shares to another;

"FRS 109" and "SFRS(I) 9" have the meanings given by section 34AA(15);

THIRD SCHEDULE — *continued*

"SFRS for Small Entities" has the meaning given by section 34A(10);

"ordinary share", in relation to a VCC, means any share other than a share that carries only a right to any dividend which is —

(*a*) of a fixed amount or at a fixed rate per cent of the value of the share; or

(*b*) either —

(i) where the VCC is a non-umbrella VCC, of a fixed rate per cent of the profits of the non-umbrella VCC; or

(ii) where the VCC is an umbrella VCC, of a fixed rate per cent of the profits of the umbrella VCC in relation to the sub-fund in respect of which the share was issued;

"property development" means construction or causing the construction of any building or part of a building and acquisition of land or building for such construction, and for this purpose "construction" means —

(*a*) any building operations, or demolition and rebuilding operations, in, on, over or under any land for the purpose of erecting a building or part of a building; and

(*b*) any alteration or addition to, or partial demolition and rebuilding of, any building or part of a building,

that requires the approval of the Commissioner of Building Control under the Building Control Act 1989 or (if carried out in a country outside of Singapore) would have required such approval if it had been carried out in Singapore.".

PART 2

PROVISIONS THAT APPLY IN PLACE OF SECTIONS 34G AND 34H TO AN UMBRELLA VCC INCORPORATED OUTSIDE SINGAPORE AND REGISTERED AS A VCC UNDER PART 12 OF VCC ACT

Sections 106(1) and 107(25) and (26)

Sections 34G and 34H are replaced with sections 34G and 34H respectively as set out below for the purposes of determining, under section 107(3), the income of a sub-fund of a body corporate incorporated outside Singapore that is registered as a VCC under Part 12 of the VCC Act and that is an umbrella VCC, and the tax credits for such a body corporate:

"Modifications of provisions for umbrella VCCs redomiciled in Singapore

34G.—(1) This section applies for the purposes of determining under section 107(3) the income of a sub-fund of a redomiciled VCC.

Interpretation

(2) In this section —

"FRS 109" and "SFRS(I) 9" have the meanings given by section 34AA(15);

"redomiciled VCC" means a body corporate incorporated outside Singapore that is registered as a VCC under Part 12 of the VCC Act, and is an umbrella VCC;

"registration date", in relation to a redomiciled VCC, means the date of its registration specified in the notice of transfer of registration issued to it under section 135(3) of the VCC Act.

Deductions for bad debts and impairment losses for debts

(3) Despite sections 10(1), 14(1)(*d*) and 34AA(1), where a redomiciled VCC has any debt owed to it in the course of carrying on a trade or business in relation to a sub-fund outside Singapore (called in this section the sub-fund's trade or business outside Singapore) that was incurred before its registration date and, at any time on or after that date, the debt is written off as bad or impairment loss is provided for that debt —

(*a*) no deduction is allowed for the debt or any provision made for it; and

(*b*) any amount recovered from the debt, or any reversal of the impairment loss, is not chargeable to tax.

Deductions for impairment losses

(4) Despite sections 10(1) and 34AA(1), where a redomiciled VCC incurred before its registration date any impairment loss from any financial asset on revenue account acquired for the purpose of the sub-fund's trade or business outside Singapore, any amount of the loss that is reversed after that registration date is not chargeable to tax.

(5) Where a redomiciled VCC incurs on or after its registration date any impairment loss in the course of carrying on a trade or business in relation to a sub-fund in Singapore (called in this section the sub-fund's trade or business in Singapore), from any financial asset on revenue account that was

acquired for the purpose of the sub-fund's trade or business outside Singapore before its registration date —

(*a*) a deduction is allowed in determining the sub-fund's income for that loss to the extent that it becomes credit-impaired within the meaning of FRS 109 or SFRS(I) 9, as the case may be; and

(*b*) any amount of that loss that is subsequently reversed is deemed as income of the sub-fund to the extent of the deduction allowed under paragraph (*a*).

(6) Subsections (4) and (5) do not apply to an impairment loss from a debt to which subsection (3) applies.

Deductions for expenses

(7) No deduction is allowed under section 14 for any expense incurred by a redomiciled VCC before its registration date for the purpose of the sub-fund's trade or business outside Singapore and for which the VCC has been allowed or given any deduction or relief under any law of a country outside Singapore that levies tax of a similar character to income tax (by whatever name called).

Deductions for trading stocks

(8) For the purposes of determining the amount of deduction to be allowed in determining the sub-fund's income under any provision of this Act for any trading stock that the redomiciled VCC acquired before its registration date for the purpose of the sub-fund's trade or business outside Singapore, the value of the trading stock is the lower of the following:

(*a*) the cost of the trading stock to the redomiciled VCC;

(*b*) the net realisable value of the trading stock on that date.

Deductions under section 14R

(9) Despite anything in section 14R, where the redomiciled VCC has never at any time carried on any trade or business in relation to the sub-fund in or outside Singapore before its registration date, a deduction may only be allowed for the purpose of determining the sub-fund's income under that section for any cost, payment or expenditure incurred or made before that registration date, if such cost, payment or expenditure is incurred or made for the purpose of the sub-fund's trade or business in Singapore.

(10) The deduction under subsection (9) may only be allowed for the year of assessment relating to the basis period in which the sub-fund's trade or business in Singapore commenced.

Allowances for machinery or plant under section 19

(11) Where a redomiciled VCC —

(*a*) incurred capital expenditure before its registration date to acquire any machinery or plant for the purpose of the sub-fund's trade or business outside Singapore; and

(*b*) uses the machinery or plant for the purposes of the sub-fund's trade or business in Singapore on or after that date,

then, for the purpose of determining the sub-fund's income, an initial allowance may be made for that capital expenditure, and an annual allowance may be made for the depreciation by wear and tear of that machinery or plant, in accordance with section 19 as modified under subsection (12).

(12) Section 19 applies in relation to the making of initial and annual allowances under subsection (11), and to initial and annual allowances so made, subject to the following modifications:

(*a*) the allowances may only be made under that section if the redomiciled VCC carries on a trade or business in relation to the sub-fund in Singapore on or after the redomiciled VCC's registration date;

(*b*) the capital expenditure is treated as having been incurred for the provisioning of the machinery or equipment for the sub-fund's trade or business in Singapore;

(*c*) except as provided under paragraph (*d*), the allowances under that section may only be made in respect of the lower of the following:

(i) the net book value of the machinery or plant as of the registration date;

(ii) the market value of the machinery or plant as of that date,

and that lower amount is treated as the capital expenditure incurred in acquiring that machinery or plant, and the original cost of the machinery or plant;

(*d*) for the purposes of making the initial allowance under section 19(1) in determining the sub-fund's income for any machinery or plant that is acquired under a hire-purchase agreement, the reference in that provision to the capital expenditure is a reference to an amount computed by the formula

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

where —

(i) A is —

(A) in the first year of claim for that allowance, the sum of all deposits and instalment payments (excluding finance charges) made up to the end of the basis period in which the date of commencement of the sub-fund's trade or business in Singapore falls; and

(B) in each subsequent year of claim for that allowance, the sum of all instalment payments (excluding finance charges) made in the basis period to which the claim relates;

(ii) B is the sum of all deposits and instalment payments (excluding any finance charges) under the hire-purchase agreement; and

(iii) C is the lower amount of the machinery or plant mentioned in paragraph (*c*);

(*e*) for the purposes of making the initial allowance in determining the sub-fund's income, the capital expenditure is treated as having been incurred by the redomiciled VCC on the first day on which it carries on the sub-fund's trade or business in Singapore;

(*f*) section 19(1B), (2)(*b*), (3), (4), (5) and (5B) does not apply;

(*g*) such other modifications as may be prescribed.

(13) Except as provided under subsection (11), no allowance may be made under section 19 in determining the sub-fund's income in a case mentioned in subsection (11)(*a*) and (*b*), in relation to any capital expenditure mentioned in subsection (11)(*a*).

Allowances for machinery, plant, etc., under section 19A

(14) Where a redomiciled VCC —

(*a*) incurred capital expenditure before its registration date to acquire any item mentioned in section 19A(1), (2), (3), (4), (5), (6), (7) or (8) or develop a website mentioned in section 19A(10), for the purpose of the sub-fund's trade or business outside Singapore; and

(*b*) uses such item or website for the purposes of the sub-fund's trade or business in Singapore on or after that date,

then an allowance may be made in determining the sub-fund's income in lieu of the allowances under section 19 (as applied by subsection (11)), for the capital expenditure under section 19A(1), (2), (3), (4), (5), (6), (7), (8) or (10) (whichever is applicable), as modified under subsection (15).

(15) Section 19A applies in relation to the making of an allowance under subsection (14), and to any allowance so made, subject to the following modifications:

(*a*) the allowance may only be made under that section if the redomiciled VCC carries on a trade or business in relation to the sub-fund in Singapore on or after its registration date;

(*b*) the capital expenditure is treated as having been incurred for the provision of the item or website for the sub-fund's trade or business in Singapore;

(*c*) the allowance may only be made in respect of the lower of the following:

(i) the net book value of the item or website as of the registration date;

(ii) the market value of the item or website as of that date,

and that lower amount is treated as the capital expenditure incurred on the provision of the item or website for the sub-fund's trade or business in Singapore, and the original cost of the item in section 19A(10C) (if applicable);

(*d*) section 19A(1B), (1C), (1D), (1E), (1F), (1G), (2A), (2B), (2BAA), (2BA), (2BB), (2BC), (2C), (2D), (2E), (2F), (2FA), (2FB), (2G), (2GA), (2H), (2HA), (2HB), (2I), (2J), (2K), (9), (9A), (13A), (13B), (16), (16A), (16B), (17) and (18) does not apply;

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(*e*) such other modifications as may be prescribed.

(16) Except as provided under subsection (14), no allowance may be made under section 19A in determining the sub-fund's income in a case mentioned in subsection (14)(*a*) and (*b*), in relation to any capital expenditure mentioned in subsection (14)(*a*).

Writing-down allowances for intellectual property rights under section 19B

(17) Where a redomiciled VCC —

(*a*) incurred capital expenditure before its registration date to acquire any intellectual property rights for the purpose of the sub-fund's trade or business outside Singapore; and

(*b*) uses those rights for the purpose of the sub-fund's trade or business in Singapore on or after that date,

then writing-down allowances may be made in determining the sub-fund's income for the capital expenditure, in accordance with section 19B as modified by subsection (18).

(18) Section 19B applies in relation to the making of writing-down allowances under subsection (17), and to writing-down allowances so made, subject to the following modifications:

(*a*) the allowances may only be made under that section if the sub-fund's trade or business is carried on in Singapore on or after the registration date;

(*b*) the capital expenditure is treated as having been incurred for the acquisition of those intellectual property rights for use in the sub-fund's trade or business in Singapore;

(*c*) the allowances may only be made in respect of the lower of the following:

(i) the acquisition cost of the intellectual property rights less accumulated amortisation and impairment losses as of the registration date;

(ii) the open-market price of the rights as of that date,

and that lower amount is treated as the capital expenditure incurred in acquiring those rights;

(*d*) section 19B(1), (1A), (1AA)(*b*), (1AC), (1AD), (1AE), (1AF), (1AG), (1AH), (1B), (1BAA), (1BA), (1BB), (1BC), (1C), (1D), (1E), (2B), (2C), (2D), (2E), (8), (9), (10D), (10E), (10F), (10G), (10H), (10I), (10J), (10K) and (12) does not apply;

[Act 30 of 2023 wef 30/10/2023]

(*e*) the election under section 19B(1AB) must be made at the time of lodgment of the redomiciled VCC's return of income for the year of assessment relating to the later of the following:

(i) the basis period in which the redomiciled VCC's registration date falls;

(ii) the basis period in which the date of commencement of the sub-fund's trade or business in Singapore falls;

(*f*) such other modifications as may be prescribed.

(19) In subsection (18)(*c*), "open-market price", in relation to intellectual property rights, has the meaning given to it by section 19B(10F), with the reference to the acquisition date of those rights substituted with a reference to the redomiciled VCC's registration date.

(20) Except as provided under subsection (17), no writing-down allowance may be made under section 19B in determining the sub-fund's income in a case mentioned in subsection (17)(*a*) and (*b*) in relation to any capital expenditure mentioned in subsection (17)(*a*).

Section 43(6C) inapplicable

(21) Section 43(6C) does not apply.

Regulations

(22) The Minister may make regulations necessary or convenient to be prescribed for carrying out or giving effect to this section and section 34H, and in particular, make regulations to provide for such transitional, supplementary or consequential matters as the Minister considers necessary or expedient.

Tax credits for approved redomiciled VCCs

34H.—(1) This section applies where —

(*a*) a body corporate incorporated outside Singapore is registered as a VCC under Part 12 of the VCC Act and is an umbrella VCC (called in this section the redomiciled VCC);

(*b*) the redomiciled VCC is approved by the Minister for the purposes of this section;

(*c*) the redomiciled VCC derived or received income for the purpose of a sub-fund (called in this section income *A*) that is chargeable to tax in one or more years of assessment beginning with the year of assessment for the basis period in which its registration date falls; and

(*d*) the redomiciled VCC's place of incorporation levies on the VCC tax of a similar character to income tax (by whatever name called) on an estimate of income *A* (called in this section income *B*).

(2) The redomiciled VCC must be allowed, in accordance with subsection (4), a tax credit against tax payable in respect of the part of

income *A* that is derived or received in the basis period for each year of assessment specified by the Minister to the VCC at the time of its approval (called in this section a specified year of assessment).

(3) The total amount of tax credits to be allowed to the redomiciled VCC for all of its specified years of assessment in respect of income *A*, is an amount *C* that is computed by the formula (B − B1) × D, where —

(*a*) B is the amount of income *B*;

(*b*) B1 is the part of income *B* that is derived wholly from any agreement or arrangement entered into on or after the registration date, as well as any other income prescribed by regulations made under section 34G; and

(*c*) D is the lower of the following:

(i) the rate by which the part of income *A* derived or received in the basis period in which its registration date falls is chargeable to tax;

(ii) the rate by which income *B* is chargeable to the tax described in subsection (1)(*b*).

(4) Where, throughout a basis period for a specified year of assessment, the redomiciled VCC —

(*a*) is resident in Singapore; and

(*b*) satisfies all of the conditions specified by the Minister to it at the time of its approval,

then there is to be allowed, against the amount of tax chargeable on income *E*, a credit of an amount that is the lower of the following:

(*c*) the amount of tax;

(*d*) an amount computed by deducting from the amount *C* the total amount of tax credits previously allowed under this section against the tax chargeable on any income of the sub-fund.

(5) In subsection (4), income *E* for a year of assessment is the amount of the part of income *A* derived or received in the basis period for that year of assessment after deducting the following:

(*a*) the expenses and donations of a sub-fund for that year of assessment that are attributable to or apportioned to the part of income *A*;

(*b*) any capital allowances in respect of any capital expenditure of a sub-fund for that year of assessment that is attributable to the part

of income *A* whether or not any claim for those allowances has been made;

(*c*) any balance of those expenses, allowances and donations which have not been deducted under this subsection for the purpose of determining income *E* for any previous year of assessment.

(6) The balance of any expenses, allowances or donations mentioned in subsection (5) may only be used to determine income *E* for a subsequent specified year of assessment, and is not available as a deduction against any other income in determining the chargeable income of the sub-fund under section 107(3).

(7) However, any balance mentioned in subsection (6) that remains —

(*a*) after ascertaining income *E* for the last of the specified years of assessment; or

(*b*) as of the date of revocation of the approval of the redomiciled VCC,

may be deducted against any other income in determining the chargeable income of the sub-fund under section 107(3) for a subsequent year of assessment, or the year of assessment for the basis period in which the approval is revoked or a subsequent basis period (whichever is applicable), in accordance with section 23 or 37 (as applied by section 107(3)), as the case may be.

(8) Any balance of the amount *C* after a tax credit has been allowed for the last of the specified years of assessment must be disregarded.

(9) If, at any time after the registration date, and during a period specified by the Minister to it at the time of its approval, the redomiciled VCC ceases to carry on any trade or business in Singapore in relation to that sub-fund mentioned in subsection (1), an amount computed using the formula $\frac{F-G}{F} \times H$ is recoverable by the Comptroller from the umbrella VCC as a debt due to the Government, where —

(*a*) F is the total number of its specified years of assessment or 5, whichever is larger;

(*b*) G is the total number of complete years where the umbrella VCC carried on a trade or business in Singapore in relation to that sub-fund; and

(*c*) H is the total amount of tax credits already allowed against the tax chargeable on the income of the sub-fund under this section.

(10) If the Comptroller is satisfied that —

(*a*) the redomiciled VCC gave to the Comptroller information that is false in any material particular, or omitted any material particular from any information or document given to the Comptroller; and

(*b*) as a result of the false information or omission, an amount of tax credit was allowed against tax chargeable on income under this section,

then an amount equal to the amount of tax credit so allowed is recoverable by the Comptroller from the VCC as a debt due to the Government.

(11) The amount of the tax credit recoverable from the VCC under subsection (9) or (10) is considered (for the purpose of section 29 of the VCC Act) liability incurred by the VCC for the purpose of the sub-fund mentioned in subsection (9), or for the purpose of the sub-fund to which the information or document mentioned in subsection (10) relates.

(12) The amount recoverable under subsection (9) or (10) must be paid at the place stated in the notice served by the Comptroller on the redomiciled VCC within 30 days after the service of the notice.

(13) The Comptroller may, in his or her discretion, and subject to such terms and conditions as the Comptroller may impose, extend the time within which payment is to be made.

(14) Sections 86(1), (2), (3), (4), (5) and (6), 87(1) and (2), 89, 90 and 91 apply to the collection and recovery by the Comptroller of the amount recoverable under subsection (9) or (10) as they apply to the collection and recovery of tax.

(15) In this section —

"capital expenditure of a sub-fund", "donation of a sub-fund" and "expense of a sub-fund" have the meanings given by section 107(4);

"place of incorporation", in relation to the redomiciled VCC, means the jurisdiction where the VCC was domiciled at the time it applied for registration under Part 12 of the VCC Act;

"registration" means registration under section 135(1) of the VCC Act;

"registration date", in relation to the redomiciled VCC, means the date of its registration specified in the notice of transfer of registration issued to it under section 135(3) of the VCC Act.".

THIRD SCHEDULE — *continued*

PART 3

PROVISIONS THAT APPLY IN PLACE OF SECTIONS 50, 50A AND 50C WHERE INCOME IS THAT OF UMBRELLA VCC

Sections 106(1) and 107(28)

Sections 50, 50A and 50C as set out below apply in place of sections 50, 50A and 50C respectively in a case where the income in question is that of an umbrella VCC:

"**Tax credits**

50.—(1) This section has effect where, under arrangements having effect under section 49, tax payable in the territory of the government of which the arrangements are made, in respect of any income of an umbrella VCC, is to be allowed as a credit against tax payable in respect of that income in Singapore.

(2) Where the umbrella VCC is resident in Singapore, the amount of income tax chargeable on the income is reduced by deducting, from the amount of the income tax that is attributable to the part of the chargeable income of the umbrella VCC that is income derived or received by the umbrella VCC for the purpose of each of its sub-funds (called in this section a sub-fund's assessable income), the amount of the credit that is attributable to the sub-fund's assessable income.

(3) The amount of the credit under subsection (2) must not exceed the amount produced by computing the amount of the income of the sub-fund in accordance with the provisions of this Act and the subsidiary legislation made under it (as modified by section 107 to apply to a VCC) as if it were a VCC, and then charging it to income tax at a rate ascertained by the formula

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

where —

(*a*) A is the income tax chargeable (before making the reduction under subsection (2)) on the sub-fund's assessable income had it been a VCC; and

(*b*) B is the amount of the sub-fund's assessable income.

(4) Without limiting subsection (3), the amount of the reduction under subsection (2) in respect of any sub-fund for any year of assessment for foreign tax under all arrangements having effect under section 49 must not exceed the total amount of income tax payable by the umbrella VCC that is

attributable to the assessable income of the sub-fund, excluding any tax payable by the umbrella VCC under section 45 or that section as applied by section 107(27), that is attributable to such income.

(5) In computing the amount of the sub-fund's assessable income under subsection (2) —

(*a*) no deduction may 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 is to 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 is to be increased by the amount of the foreign tax not so chargeable that falls to be taken into account in computing the amount of the credit.

(6) Subsection (5)(*a*) and (*b*) applies to the computation of the sub-fund's assessable income in subsection (3) for the purposes of determining the rate mentioned in that subsection, and applies to such computation 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 that is not of a class in relation to which the arrangements so provide,

then, if the dividend is paid to the umbrella VCC for the purpose of a sub-fund and the umbrella VCC controls directly or indirectly, through that sub-fund, not less than one-half of the voting power in the company paying the dividend, credit is to be allowed as if the dividend were a dividend of a class in relation to which the arrangements so provide.

(8) Where an umbrella VCC elects that credit may not be allowed under this section in respect of the income derived or received by the umbrella VCC for the purpose of its sub-funds for any year of assessment, credit may not be allowed under the arrangements against the income tax chargeable in respect of the umbrella VCC's income for that year.

(9) Where an umbrella VCC elects that credit may not be allowed under this section in respect of the income of one or some (but not all) of its sub-funds for any year of assessment, then this section applies as if the umbrella VCC only consists of the sub-fund or sub-funds for which no such election was made.

(10) Any claim for an allowance by way of credit must be made not later than 2 years after the end of the year of assessment to which the claim relates (if the year of assessment is the year of assessment 2021 or a previous year of assessment), or 4 years after the end of the year of assessment to which the claim relates (if the year of assessment is any other year of assessment), and in the event of any dispute as to the amount allowable the claim is subject to objection and appeal in like manner as an assessment.

(11) 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 applies to any assessment or claim to which the adjustment gives rise, being an assessment or claim made not later than 3 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.

(11A) If the amount of any credit given under the arrangements to an umbrella VCC attributable to any of its sub-funds is rendered excessive by reason of any adjustment of the amount of any tax payable in any territory outside Singapore, the umbrella VCC must give the Comptroller a written notice of the particulars of the adjustment, in the manner specified by the Comptroller, within one year after the adjustment is made.

(11B) An umbrella VCC that, without reasonable excuse, fails to comply with subsection (11A) shall be guilty of an offence and shall be liable on conviction to a penalty not exceeding the amount of the excess credit under subsection (11A).

(11C) The Comptroller may compound any offence under subsection (11B).

(12) The amount that corresponds to the amount of tax attributable to a sub-fund's assessable income, that is considered liability incurred by the umbrella VCC for the purpose of the sub-fund under section 107(8), is to be reduced by the amount of the credit deducted from such income under subsection (2).

(13) 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) Even if there are no arrangements in force under section 49 with the government of any territory outside Singapore, tax credit under section 50 must be given to any umbrella VCC resident in Singapore against tax chargeable in respect of any of the following for tax payable under the law of that territory —

(*a*) 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;

(*b*) any dividend derived from that territory;

(*c*) any profit derived from outside Singapore by a branch in that territory of the umbrella VCC;

(*d*) any income derived from any trade or business carried on in that territory through a permanent establishment in that territory;

(*e*) 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;

(*f*) 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

(*g*) any gains or profits of an income nature not falling within paragraphs (*a*), (*b*), (*c*), (*d*), (*e*) and (*f*) that is derived from that territory.

(2) Where —

(*a*) any dividend in respect of which tax credit is given under subsection (1)(*b*) is paid by a company resident outside Singapore to an umbrella VCC resident in Singapore;

(*b*) the dividend is paid to the umbrella VCC for a sub-fund; and

(*c*) the umbrella VCC owns, for the purpose of that sub-fund, not less than 25% of the total number of issued shares of the company paying the dividend,

then the tax credit by which the amount of income tax chargeable on the dividend is to be reduced under section 50(2) must 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.

(3) Where —

(*a*) under arrangements for the time being in force under section 49 with the government of a 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 to an umbrella VCC resident in Singapore for a sub-fund;

(*b*) the dividend is paid to the umbrella VCC for a sub-fund; and

(*c*) the umbrella VCC owns, for the purpose of that sub-fund, not less than 25% of the total number of issued shares of the company paying the dividend,

tax credit under section 50 in respect of such income must be given to the umbrella VCC and applied in accordance with section 50.

(4) Section 50 applies, with the necessary modifications, 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.

(5) Any umbrella VCC granted any tax credit under subsection (1) on any income may not be given any tax credit under section 50 in respect of that income.

(6) The Minister may, in any particular case, waive the requirement of 25% share ownership mentioned in subsections (2) and (3).

(7) In this section, "debt securities" has the meaning given by section 43H(4).

Pooling of credits

50C.—(1) Where, for any year of assessment, an umbrella VCC is entitled to 2 or more tax credits under any other provision of this Part, and some or all of which are attributable to the part of the chargeable income of the VCC that is income derived or received by the umbrella VCC for the purpose of any particular sub-fund (called in this section a sub-fund's assessable income), the umbrella VCC may elect in relation to that sub-fund to be given a pooled credit for that year of assessment in lieu of any 2 or more of those credits (called in this section the replaced credits).

(2) Subsection (1) only applies if the income that is the subject of each replaced credit (called in this section 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 umbrella VCC, 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%;

(*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.

(3) The total amount of the income tax chargeable to the umbrella VCC in respect of all the elected income must be reduced by the amount of the pooled credit.

(4) The amount of the pooled credit is the lower of —

(*a*) the sum of the income tax chargeable for the year of assessment on all the elected income; and

(*b*) the sum of the taxes paid on all the elected income in the territory or territories outside Singapore from which the elected income is derived.

(5) In subsection (4)(*a*), the sum 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 the subsidiary legislation made under it (as modified by section 107 to apply to a VCC) as if the sub-fund were a VCC, and then charging it to income tax at a rate ascertained by the formula

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

where —

(i) A is the income tax chargeable (before allowance of any credit under this Part) on the assessable income of the sub-fund had it been a VCC; and

(ii) B is the amount of that sub-fund's assessable income; and

(*b*) totalling the amounts computed in accordance with paragraph (*a*) of all the replaced credits.

(6) Sections 50(5), (6), (10), (11), (11A), (11B), (11C), (12) and (13) and 50A(2) apply, with the necessary modifications, for the purposes of this section.

(7) To avoid doubt, sections 50 and 50A continue to apply to any income that is the subject of a credit or credits allowed under any other provision of this Part for which no election under this section is made.".

[28/2019; 41/2020; 27/2021]

FOURTH SCHEDULE

Sections 45AA(1), 105R(8) and 106(1) and (3)

PRESCRIBED SECTIONS

Sections 13E, 13G, 13M, 13P, 13R, 14E, 37N, 43C, 43E, 43G, 43I, 43J, 43K, 43L, 43N, 43O, 43P, 43Q, 43R, 43S, 43U, 43V, 43W and 43X.

[32/2019]

FIFTH SCHEDULE

Sections 39(2) and (2AA), 39A and 106(1)

CHILD RELIEF

1. Subject to the provisions of this Schedule, the allowable deduction to an individual in respect of each of his or her eligible children is $4,000 for each child for the year of assessment 2012 or a subsequent year of assessment.

[Act 33 of 2022 wef 04/11/2022]

2. [*Deleted by Act 37 of 2014*]

3. No deduction is allowed in respect of any child 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.

[Act 33 of 2022 wef 04/11/2022]

3A. For the year of assessment 2012 or any subsequent year of assessment, no deduction is 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 or her 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 or she 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.

[Act 33 of 2022 wef 04/11/2022]

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 is to be apportioned in such manner as appears to the Comptroller to be reasonable.

5.—(1) [*Deleted by Act 33 of 2022 wef 04/11/2022*]

(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 (*X*) who —

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

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

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

(*c*) if *X* is the first eligible child	15% of her earned income;
(*d*) if *X* is the second eligible child	20% of her earned income;
(*e*) if *X* is the third eligible child or a subsequent eligible child	25% of her earned income.

[Act 30 of 2023 wef 30/10/2023]

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

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

(*b*) if *X* is born to the married woman, divorcee or widow and her husband, former husband or deceased husband (as the case may be), before the date of their marriage — the date of the marriage;

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

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

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

[Act 30 of 2023 wef 30/10/2023]

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

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

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

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

(*c*)	if *Y* is the eligible child	$8,000;
(*d*)	if *Y* is the second eligible child	$10,000;
(*e*)	if *Y* is the third eligible child or a subsequent eligible child	$12,000.

[Act 30 of 2023 wef 30/10/2023]

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

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

(*b*) if *Y* is born to the married woman, divorcee or widow and her husband, former husband or deceased husband (as the case may be), before the date of their marriage — the date of the marriage;

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

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

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

[Act 30 of 2023 wef 30/10/2023]

(1B) For the purposes of determining whether a child is a "first eligible child", "second eligible child" or "third and subsequent eligible child" in sub-paragraphs (1A) and (1AB), for the year of assessment 2022 or any subsequent year of assessment, a sibling of the child, being a sibling that is a stillborn child (whether issued from the child's mother before, on or after 1 January 2022), is treated as if the stillborn child were an eligible child, but only if the natural mother of the stillborn child is the married woman, divorcee or widow claiming the deduction.

[Act 30 of 2023 wef 30/10/2023]

(1C) To avoid doubt, sub-paragraph (1B) does not imply that a stillborn child is an eligible child in respect of whom a deduction is allowable under section 39(2)(*e*).

(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 (1A) or (1AB), the deduction is to be allowed to one such claimant only as determined by the Comptroller (whose decision is final) having regard to the circumstances of the case, including rights of custody, care and control and level of maintenance provided by each claimant.

[Act 33 of 2022 wef 04/11/2022]

[Act 30 of 2023 wef 30/10/2023]

(3) The total deductions allowable to a married woman, divorcee or widow under sub-paragraphs (1A) and (1AB) must not exceed 100% of her earned income for any year of assessment.

[Act 33 of 2022 wef 04/11/2022]

[Act 30 of 2023 wef 30/10/2023]

6.—(1) [*Deleted by Act 37 of 2014*]

(2) The total deductions allowable to all individuals under paragraphs 1 and 5(1A) or (1AB) and proviso (v) to section 39(2)(*e*) in respect of the same child must not exceed $50,000.

[Act 33 of 2022 wef 04/11/2022]

[Act 30 of 2023 wef 30/10/2023]

(3) For the purpose of sub-paragraph (2), any deduction allowable under paragraph 1 or proviso (v) to section 39(2)(*e*) must first be allowed before a deduction, to the extent allowable under sub-paragraph (2), is allowed under paragraph 5.

7. In this Schedule —

(*a*) "child", in relation to an individual claiming a deduction, means a legitimate child, stepchild or child adopted in accordance with any written law relating to the adoption of children;

FIFTH SCHEDULE — *continued*

(*aa*) "stillborn child" means any child that —

(i) issues from the child's mother after the twenty-second week of pregnancy; and

(ii) does not show any sign of life at any time after being completely expelled or extracted from the mother; 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 is to be determined by the Comptroller whose decision is final.

[37/2014; 27/2021]

SIXTH SCHEDULE

Sections 19(2), (2AB), (2A), 19A(2FA) and (2G) and 106(1) and (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, bulldozers 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
9. Electronic equipment (including assets such as electronic detection, guidance, control,	8

SIXTH SCHEDULE — *continued*

Item	*Number of years of working life of asset*
radiation, computation, test and navigation equipment)	
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 bowling alleys, billiard and pool establishments, theatres, cinemas, concert	10

SIXTH SCHEDULE — *continued*

Item	*Number of years of working life of asset*
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.

SEVENTH SCHEDULE

ADVANCE RULINGS

PART 1

Sections 106(1) and (3) and 108(1) and (2)

1.—(1) Subject to the provisions of this Part, on an application made by a person in accordance with this Part, the Comptroller must 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 must not make a ruling on a provision of this Act that authorises or requires the Comptroller to —

(*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*) must be made in such form as the Comptroller may determine; and

(*b*) must comply with the disclosure requirements of paragraph 9.

(5) An applicant for a ruling may at any time withdraw the application by written notice 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 must 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

(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 must, where the Comptroller 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 the Comptroller's 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 the person has relied on the ruling in preparing and providing the return,

the Comptroller must 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.

6. A ruling applies 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 does 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 the person's 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 must —

(*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

(*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 must 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 the Comptroller 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 must 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 must 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 mentioned 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.

(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 continues 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 must disclose in the return —

(*d*) the existence of the ruling;

(*e*) whether or not the person has relied on the ruling in preparing and providing the return; and

(*f*) any material changes to the arrangement identified in the ruling.

18.—(1) The Comptroller may, in respect of an application for a ruling made on or after 1 May 2019, publish a summary of the ruling with the express consent of the applicant.

(2) For the purpose of sub-paragraph (1) —

(*a*) the summary must set out the tax position of the ruling in a general manner; and

(*b*) the Comptroller must take reasonable care to ensure that the summary does not permit the applicant, the arrangement to which the ruling relates or any party to the arrangement to be identified.

PART 2

Sections 106(1) and (3) and 108(3)

1.—(1) The fees specified in respect of an application for a ruling made in accordance with Part 1 are as follows:

(*a*) a non-refundable application fee of $660 (inclusive of goods and services tax), which must accompany the application;

(*b*) a further fee, calculated at $165 (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;

(*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 the Comptroller's 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 any fees under sub-paragraph (1)(*b*), (*c*) and (*d*) that are incurred up to the time the Comptroller receives the notice of the withdrawal from the applicant.

2.—(1) This paragraph applies to any application for a ruling made on or after 1 May 2019.

(2) When the Comptroller informs the applicant that the Comptroller agrees to make a ruling on the application, unless the application is withdrawn, the applicant must pay any further fee and additional fee which may apply to the application under paragraph 1(1), in amounts estimated by the Comptroller.

(3) The Comptroller may at any time increase any amount estimated for any such fee and, unless the application is withdrawn, the applicant must pay the increase.

(4) Upon the application being withdrawn or the Comptroller making a ruling, as the case may be —

(*a*) if the further fee or additional fee for the application under paragraph 1(1) is more than the amount already paid as that fee, the applicant must pay the difference between those amounts for that fee; and

(*b*) if the amount already paid as the further fee or additional fee is more than the amount of that fee for the application under paragraph 1(1), the Authority must refund the applicant the difference between those amounts for that fee.

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.

[S 303/2016; S 290/2019]

EIGHTH SCHEDULE

Sections 105D(2) and 106(1) and (3)

INFORMATION TO BE INCLUDED IN A REQUEST FOR INFORMATION UNDER PART 20A

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.
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.

EIGHTH SCHEDULE — *continued*

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.

NINTH SCHEDULE

Sections 6(11A) and 106(1) and (3)

SPECIFIED PUBLIC SCHEMES

1. Wage credit scheme
2. Jobs support scheme
3. SkillsFuture Enterprise Credit
4. Senior Employment Credit
5. Enabling Employment Credit
6. CPF Transition Offset
7. Foreign Worker Levy Rebate
8. Jobs Growth Incentive
9. Rental Support Scheme
10. Small Business Recovery Grant

[S 310/2022 wef 11/04/2022]

11. Progressive Wage Credit Scheme

[S 310/2022 wef 11/04/2022]

[41/2020; 27/2021]

12. Uplifting Employment Credit

[S 331/2023 wef 05/06/2023]

TENTH SCHEDULE

Sections 13X(1), 14ZC(1), (2), (2A) and (3) and 106(1) and (3)

TENTH SCHEDULE ENTITIES

1. SMRT TAXIS PTE. LTD.

TENTH SCHEDULE — *continued*

2. TRANS-CAB SERVICES PTE. LTD.
3. COMFORT TRANSPORTATION PTE LTD
4. CITYCAB PTE LTD
5. PRIME CAR RENTAL & TAXI SERVICES PTE. LTD.
6. PREMIER TAXIS PTE. LTD.
7. HDT SINGAPORE TAXI PTE. LTD.
8. GRABCAR PTE LTD
9. VELOX DIGITAL SINGAPORE PTE LTD
10. RYDE TECHNOLOGIES PTE LTD
11. TADA MOBILITY (SINGAPORE) PTE LTD

[41/2020]

ELEVENTH SCHEDULE

Sections 6(12B) and 106(3)

PRESCRIBED INFORMATION

1. The name of a company
2. The tax reference number of a company
3. The revenue of a company in the basis period for any year of assessment that is derived from any trade or business carried on by that company, presented in ranges determined by the Comptroller
4. Whether a company has any net profit or loss before tax in the basis period for any year of assessment
5. Whether a company carried on any trade or business in the basis period for any year of assessment
6. Whether a company claimed the deduction of any expense under any of the following provisions in the basis period for any year of assessment:
   (*a*) section 14A
   (*b*) section 14B
   (*c*) section 14C
   (*d*) section 14D(1)
   (*e*) section 14E
   (*f*) section 14H

ELEVENTH SCHEDULE — *continued*

(*g*) section 14U

7. Whether a company received any income in Singapore from outside Singapore (excluding income exempt from tax under section 13(8)) in the basis period for any year of assessment

[Act 33 of 2022 wef 04/11/2022]

LEGISLATIVE HISTORY

INCOME TAX ACT 1947

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 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	:	1 January 1989 9 February 1990 15 January 1989 (Section 16(*a*) and c) 17 February 1989 (Section 2 and 3(*b*))

91. 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

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. 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*))

147. 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

148. 2004 Revised Edition — Income Tax Act
(G.N. No. S 400/2007 — Rectification Order)

Date of operation	:	1 January 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 21 of 2017 — The Kwong-Wai-Shiu Free Hospital (Transfer of Undertaking and Dissolution) Act 2017

Date of First Reading	:	7 November 2016 (Bill No. 39/2016 published on 7 November 2016)
Date of Second and Third Readings	:	3 April 2017
Date of commencement	:	2 July 2017

197. 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 21 February 2017 1 April 2017 1 June 2017 26 October 2017

198. Act 9 of 2018 — Cybersecurity Act 2018

Date of First Reading	:	8 January 2018 (Bill No. 2/2018 published on 8 January 2018)
Date of Second and Third Readings	:	5 February 2018
Date of commencement	:	31 August 2018

199. Act 4 of 2017 — Securities and Futures (Amendment) Act 2017

Date of First Reading	:	7 November 2016 (Bill No. 35/2016)
Date of Second and Third Readings	:	9 January 2017

Date of commencement	:	8 October 2018

200. Act 45 of 2018 — Income Tax (Amendment) Act 2018

Date of First Reading	:	10 September 2018 (Bill No. 37/2018)
Date of Second and Third Readings	:	2 October 2018
Date of commencement	:	1 April 2017 26 October 2017 20 February 2018 1 April 2018 4 May 2018 1 July 2018 12 November 2018

201. Act 5 of 2016 — Banking (Amendment) Act 2016

Date of First Reading	:	25 January 2016 (Bill No. 1/2016 published on 25 January 2016)
Date of Second and Third Readings	:	29 February 2016
Date of commencement	:	30 November 2018

202. Act 52 of 2018 — Goods and Services Tax (Amendment) Act 2018

Date of First Reading	:	1 October 2018 (Bill No. 46/2018 published on 1 October 2018)
Date of Second and Third Readings	:	19 November 2018
Date of commencement	:	1 January 2019

203. Act 19 of 2017 — Early Childhood Development Centres Act 2017

Date of First Reading	:	6 February 2017 (Bill No. 7/2017 published on 6 February 2017)
Date of Second and Third Readings	:	28 February 2017
Date of commencement	:	2 January 2019

204. G.N. No. S 290/2019 — Income Tax Act (Amendment of Seventh Schedule) Order 2019

Date of commencement	:	1 May 2019

205. Act 32 of 2019 — Income Tax (Amendment) Act 2019

Date of First Reading	:	2 September 2019 (Bill No. 26/2019 published on 2 September 2019)
Date of Second and Third Readings	:	7 October 2019
Date of commencement	:	1 January 2018 12 November 2018 12 December 2018 20 December 2018 31 December 2018 1 January 2019 19 February 2019 1 April 2019 1 July 2019 2 December 2019 1 January 2020

206. Act 28 of 2019 — Variable Capital Companies (Miscellaneous Amendments) Act 2019

Date of First Reading	:	5 August 2019 (Bill No. 23/2019)
Date of Second and Third Readings	:	3 September 2019
Date of commencement	:	15 January 2020

207. Act 20 of 2019 — Point-to-Point Passenger Transport Industry Act 2019

Date of First Reading	:	8 July 2019 (Bill No. 14/2019 published on 8 July 2019)
Date of Second and Third Readings	:	6 August 2019
Date of commencement	:	30 October 2020

208. Act 41 of 2020 — Income Tax (Amendment) Act 2020

Date of First Reading	:	5 October 2020 (Bill No. 38/2020)
Date of Second and Third Readings	:	3 November 2020
Date of commencement	:	12 December 2018 19 February 2020 1 April 2020

		1 July 2020 7 December 2020 6 December 2022

209. Act 40 of 2019 — Supreme Court of Judicature (Amendment) Act 2019

Date of First Reading	:	7 October 2019 (Bill No. 32/2019)
Date of Second and Third Readings	:	5 November 2019
Date of commencement	:	2 January 2021

210. Act 27 of 2021 — Income Tax (Amendment) Act 2021

Date of First Reading	:	13 September 2021 (Bill No. 27/2021)
Date of Second and Third Readings	:	5 October 2021
Date of commencement	:	17 February 2021 1 April 2021 19 May 2021 1 September 2021 16 November 2021

211. Act 1 of 2020 — Banking (Amendment) Act 2020

Date of First Reading	:	4 November 2019 (Bill No. 35/2019)
Date of Second and Third Readings	:	6 January 2020
Date of commencement	:	1 July 2021

212. Act 15 of 2021 — Significant Infrastructure Government Loan Act 2021
(Amendments made by the above Act)

Date of First Reading	:	5 April 2021 (Bill No. 6/2021 published on 5 April 2021)
Second and Third Readings	:	10 May 2021
Date of Commencement	:	3 August 2021

213. 2020 Revised Edition — Income Tax Act 1947

Operation	:	31 December 2021

214. G.N. No. S 40/2022 — Revised Edition of the Laws (Rectification of Acts) Order 2022

Operation	:	31 December 2021
Publication	:	21 January 2022

215. G.N. No. S 759/2022 — Revised Edition of the Laws (Rectification of Acts) (No. 2) Order 2022

Operation	:	31 December 2021
Publication	:	26 September 2022

216. Act 39 of 2021 — Central Provident Fund (Amendment) Act 2021

Date of First Reading	:	4 October 2021 (Bill No. 36/2021 published on 4 October 2021)
Second and Third Readings	:	2 November 2021
Date of Commencement	:	1 January 2022

217. Act 35 of 2021 — Government Borrowing (Miscellaneous Amendments) Act 2021

Date of First Reading	:	4 October 2021 (Bill No. 32/2021 published on 4 October 2021)
Second and Third Readings	:	3 November 2021
Date of Commencement	:	31 January 2022

218. Act 25 of 2021 — Courts (Civil and Criminal Justice) Reform Act 2021

Date of First Reading	:	26 July 2021 (Bill No. 18/2021)
Date of Second and Third Readings	:	14 September 2021
Date of commencement	:	1 April 2022

219. G.N. No. S 310/2022 — Income Tax Act 1947 (Amendment of Ninth Schedule) Order 2022

Date of commencement	:	11 April 2022

220. Act 18 of 2022 — Financial Services and Markets Act 2022

Date of First Reading	:	14 February 2022 (Bill No. 4/2022)
Date of Second and Third Readings	:	5 April 2022

Date of commencement	:	30 June 2022

221. Act 36 of 2022 — Accountancy Functions (Consolidation) Act 2022

Date of First Reading	:	3 October 2022 (Bill No. 29/2022)
Date of Second and Third Readings	:	9 November 2022
Date of commencement	:	1 April 2023

222. G.N. No. S 331/2023 — Income Tax Act 1947 (Amendment of Ninth Schedule) Order 2023

Date of commencement	:	5 June 2023

223. Act 33 of 2022 — Income Tax (Amendment) Act 2022

Date of First Reading	:	12 September 2022 (Bill No. 23/2022)
Date of Second and Third Readings	:	3 October 2022
Date of commencement	:	19 February 2019 1 November 2021 4 November 2022 1 January 2023 21 August 2023

224. Act 39 of 2023 — Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2023

Date of First Reading	:	3 October 2023 (Bill No. 33/2023)
Date of Second and Third Readings	:	7 November 2023
Date of commencement	:	29 December 2023

225. Act 30 of 2023 — Income Tax (Amendment) Act 2023

Date of First Reading	:	18 September 2023 (Bill No. 30/2023)
Date of Second and Third Readings	:	3 October 2023
Date of commencement	:	15 February 2023 1 September 2023

30 October 2023
1 January 2024

Abbreviations

(updated on 29 August 2022)

G.N.	Gazette Notification
G.N. Sp.	Gazette Notification (Special Supplement)
L.A.	Legislative Assembly
L.N.	Legal Notification (Federal/Malaysian)
M.	Malaya/Malaysia (including Federated Malay States, Malayan Union, Federation of Malaya and Federation of Malaysia)
Parl.	Parliament
S	Subsidiary Legislation
S.I.	Statutory Instrument (United Kingdom)
S (N.S.)	Subsidiary Legislation (New Series)
S.S.G.G.	Straits Settlements Government Gazette
S.S.G.G. (E)	Straits Settlements Government Gazette (Extraordinary)

COMPARATIVE TABLE

INCOME TAX ACT 1947

This Act has undergone renumbering in the 2020 Revised Edition. This Comparative Table is provided to help readers locate the corresponding provisions in the last Revised Edition.

2020 Ed.	2014 Ed.
—	**10A** [*Repealed by Act 32 of 2019*]
10A	**10B**
10B	**10C**
10C	**10D**
10D	**10E**
10E	**10F**
—	**10G** [*Repealed by Act 37 of 2002*]
10F	**10H**
—	**10I** [*Repealed by Act 37 of 2014*]
—	**10J** [*Repealed by Act 37 of 2014*]
—	**10K** [*Repealed by Act 37 of 2014*]
10G	**10L**
—	**10M** [*Repealed by Act 37 of 2014*]
10H	**10N**
10I	**10O**
10J	**10P**
13D	**13CA**
—	**13D** [*Repealed by Act 19 of 2013*]
—	**13E** [*Repealed by Act 19 of 2013*]
13E	**13F**
13F	**13G**
13G	**13H**
—	**13I** [*Repealed by Act 29 of 2012*]
13H	**13J**

2020 Ed.	2014 Ed.
—	**13K** [*Repealed by Act 29 of 2012*]
13I	**13L**
13J	**13M**
13K	**13N**
13L	**13O**
13M	**13P**
13N	**13Q**
13O	**13R**
13P	**13S**
13Q	**13T**
13R	**13U**
13S	**13V**
13T	**13W**
13U	**13X**
13V	**13Y**
13W	**13Z**
13X	**13ZA**
—	**14C** [*Repealed by Act 34 of 2016*]
14C	**14D**
14D	**14DA**
—	**14F** [*Repealed by Act 41 of 2020*]
—	**14G** [*Repealed by Act 21 of 2003*]
14F	**14H**
14G	**14I**
—	(8) [*Deleted by Act 27 of 2021*]
—	**14J** [*Repealed by Act 19 of 2013*]
14H	**14K**
14I	**14KA**

2020 Ed.	2014 Ed.
—	**14L** [*Repealed by Act 41 of 2020*]
—	**14M** [*Repealed by Act 39 of 2017*]
14J	**14N**
14K	**14O**
14L	**14P**
14M	**14PA**
14N	**14Q**
14O	**14R**
14P	**14S**
14Q	**14T**
14R	**14U**
14S	**14V**
14T	**14W**
14U	**14WA**
14V	**14X**
14W	**14Y**
14X	**14Z**
14Y	**14ZA**
14Z	**14ZB**
14ZA	**14ZC**
14ZB	**14ZD**
14ZC	**14ZE**
14ZD	**14ZF**
14ZE	**14ZG**
14ZF	**14ZH**
—	**36**—(2) [*Deleted by Act 29 of 2012*]
—	**37A** [*Repealed by Act 19 of 2013*]
37A	**37B**

2020 Ed.	2014 Ed.
37B	**37C**
37C	**37D**
37D	**37E**
37E	**37F**
37F	**37G**
—	**37H** [*Repealed by Act 32 of 2019*]
37G	**37I**
37H	**37IA**
37I	**37IB**
37J	**37IC**
37K	**37ID**
37L	**37IE**
37M	**37J**
37N	**37K**
37O	**37L**
37P	**37M**
37Q	**37N**
—	**42**—(3) [*Deleted by Act 19 of 2013*]
—	**43D** [*Repealed by Act 34 of 2016*]
43D	**43E**
—	**43F** [*Repealed by Act 34 of 2016*]
43E	**43G**
—	**43H** [*Repealed by Act 34 of 2016*]
43F	**43I**
43G	**43J**
—	**43K** [*Repealed by Act 34 of 2016*]
—	**43L** [*Repealed by Act 7 of 2007*]
—	**43M** [*Repealed by Act 21 of 2003*]

2020 Ed.	2014 Ed.
43H	**43N**
—	**43O** [*Repealed by Act 19 of 2013*]
43I	**43P**
43J	**43Q**
—	(3) [*Deleted by Act 32 of 2019*]
43K	**43R**
—	(5) [*Deleted by Act 32 of 2019*]
—	**43S** [*Repealed by Act 34 of 2016*]
—	**43T** [*Repealed by Act 34 of 2016*]
—	**43U** [*Repealed by Act 39 of 2017*]
—	**43V** [*Repealed by Act 34 of 2016*]
43L	**43W**
43M	**43X**
43N	**43Y**
43O	**43Z**
43P	**43ZA**
43Q	**43ZB**
43R	**43ZC**
43S	**43ZD**
43T	**43ZE**
43U	**43ZF**
43V	**43ZG**
—	(8) [*Deleted by Act 41 of 2020*]
43W	**43ZH**
43X	**43ZI**
—	**46**—(4) [*Deleted by Act 19 of 2013*]
—	(5) [*Deleted by Act 19 of 2013*]
—	(6) [*Deleted by Act 19 of 2013*]

2020 Ed.	2014 Ed.
—	**92**—(5) [*Deleted by Act 19 of 2013*]
—	**100**—(3) [*Deleted by Act 32 of 2019*]