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Notification No. B 27 — The Income Tax (Amendment) Bill is published for general information. It was introduced in Parliament on 13 September 2021.

Income Tax (Amendment) Bill

Bill No. 27/2021.

Read the first time on 13 September 2021.

A BILL

intituled

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

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

Short title and commencement

1.—(1) This Act is the Income Tax (Amendment) Act 2021.

(2) Sections 8(*b*), (*c*), (*d*) and (*e*), 11 and 32(*a*), (*b*), (*c*) and (*d*) are deemed to have come into operation on 17 February 2021.

5 (3) Sections 4(*a*), (*b*) and (*c*) and 42 are deemed to have come into operation on 1 April 2021.

(4) Section 13 is deemed to have come into operation on 19 May 2021.

10 (5) Section 36 is deemed to have come into operation on 1 September 2021.

(6) Sections 5(1)(*a*) and (2), 37, 38(1)(*a*) and (2), 39 and 40 come into operation on a date that the Minister appoints by notification in the *Gazette*.

Amendment of section 6

15 **2.** Section 6 of the Income Tax Act (called in this Act the principal Act) is amended by inserting, immediately after subsection (11A), the following subsections:

20 “(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.

25 (11C) A person authorised by the chief executive officer of the Inland Revenue Authority of Singapore under subsection (11B) —

30 (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).

(11D) A person who contravenes subsection (11C)(b) or (c) shall be guilty of an offence.” 5

New section 10P

3. The principal Act is amended by inserting, immediately after section 10O, the following section:

“Tax treatment for trading stock appropriated for non-trade or capital purpose” 10

10P.—(1) This section applies where, at any time on or after the date of commencement of section 3 of the Income Tax (Amendment) Act 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. 15

(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 — 20

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

(b) donates the trading stock. 25

(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: 30

(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.

(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.

(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.

(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.

(7) Rules made for the purposes of subsection (6) may be made to take effect from (and including) the date of commencement of section 3 of the Income Tax (Amendment) Act 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. 5

(9) In this section —

“open market value”, in relation to any trading stock, means — 10

- (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; 15

“trading stock”, in relation to a trade or business — 20

- (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 25
- (b) does not include any material used in the manufacture, preparation or construction of any property mentioned in paragraph (a).” 30

Amendment of section 13

4. Section 13 of the principal Act is amended —

- 5 (a) by deleting the words “31 March 2021” in subsection (1)(zj)(ii)(B) and (iii)(B) and substituting in each case the words “31 December 2026”;
- (b) by deleting the words “1 April 2021” in subsection (1)(zj)(ii)(B) and (iii)(B) and substituting in each case the words “1 January 2027”;
- 10 (c) by deleting the words “nor a permanent establishment in Singapore” in subsection (1)(zj)(iii); and
- (d) by deleting the words “an institution approved as an approved Fund Manager under section 43A and” in the definition of “financial institution” in subsection (16).

Amendment of section 13S

5.—(1) Section 13S of the principal Act is amended —

- 15 (a) by inserting, immediately after subsection (3), the following subsection:

20 “(3A) A reference to the Minister in subsection (3), in the case of an approval granted on or after the date of commencement of section 5(1)(a) of the Income Tax (Amendment) Act 2021, includes the authorised body.”; and

- (b) by deleting the definition of “related party” in subsection (20) and substituting the following definition:

25 ““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
- 30

- (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;”.

(2) Section 13S(20) of the principal Act, as amended by section 5(1)(b), is amended by inserting, immediately after the words “by the Minister” in paragraph (b) of the definition of “related party”, the words “or authorised body”. 5

Amendment of section 13U

6. Section 13U of the principal Act is amended — 10

- (a) by deleting the words “31 March 2022” in subsection (2) and substituting the words “31 December 2027”; and
 (b) by inserting, immediately after subsection (6), the following subsection:

“(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.”. 15
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Amendment of section 13ZA

7. Section 13ZA of the principal Act is amended — 25

- (a) by deleting the words “, that is part of the Budget Statements of the Government dated 18 February 2020, 26 March 2020, 6 April 2020 and 26 May 2020, and the ministerial statement of the Minister dated 17 August 2020” in subsection (1)(b); 30
 (b) by inserting, immediately after the words “in this paragraph” in subsection (1)(g)(i), the words “and paragraph (ga)”;

(c) by inserting, immediately after paragraph (g) of subsection (1), the following paragraph:

“(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;”;

(d) by inserting, immediately after subsection (5), the following subsections:

“(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.

(5B) Rules made for the purposes of subsection (5A) may be made to take effect from (and including) the date of commencement of section 7 of the Income Tax (Amendment) Act 2021.”; and

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- (e) by deleting the full-stop at the end of the definition of “prescribed” in subsection (6) and substituting a semi-colon, and by inserting immediately thereafter the following definition:

““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 section 13ZA(5A), and includes any part of such property.”.

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Amendment of section 14B

8. Section 14B of the principal Act is amended —

- (a) by deleting the words “material or” in subsection (2)(aa)(ii);

- (b) by inserting, immediately after paragraph (aa) of subsection (2), the following paragraph:

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“(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

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(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;";

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(c) by deleting the words "31 December 2025" in subsection (2A) and substituting the words "16 February 2021";

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(d) by inserting, immediately after subsection (2A), the following subsections:

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"(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:

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- (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.

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(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.

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(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.

(2AD) Rules made for the purposes of subsections (2AA) and (2AC) may be made to take effect from (and including) 17 February 2021.”; and

- (e) by deleting the words “subsection (2A)” in subsections (2B) and (3) and substituting in each case the words “subsections (2A), (2AA) and (2AB) (whichever is applicable)”.

Amendment of section 14D

9. Section 14D(5) of the principal Act is amended by deleting the words “(in respect of those relating to general insurance business only)” in paragraph (b) of the definition of “concessionary rate of tax”.

Amendment of section 14I

10.—(1) Section 14I of the principal Act is amended —

- (a) by inserting, immediately after subsection (6AA), the following subsection:

“(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.”;

(b) by deleting the definition of “loan” in subsection (7) and substituting the following definition:

““loan” means any loan, advance or credit facility made or granted by a bank or qualifying finance company, including an overdraft;”;

(c) by deleting the full-stop at the end of the definition of “qualifying profit” in subsection (7) and substituting a semi-colon, and by inserting immediately thereafter the following definition:

““securities” means debentures, bonds or notes.”;
and

(d) by deleting subsection (8).

(2) Subsection (1)(a) has effect for the year of assessment 2023 and subsequent years of assessment, and subsection (1)(b), (c) and (d) has effect for the year of assessment 2022 and subsequent years of assessment.

Amendment of section 14K

11. Section 14K of the principal Act is amended —

(a) by deleting paragraph (a) of subsection (1A) and substituting the following paragraph:

“(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) by inserting, immediately after subsection (1A), the following subsection:

“(1AA) Rules made for the purposes of subsection (1A)(a)(ii) may be made to take effect from (and including) 17 February 2021.”; and

(c) by deleting the definition of “investment development expenditure” in subsection (7) and substituting the following definition:

“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.”.

Amendment of section 14Q

12. Section 14Q(3A) of the principal Act is amended by inserting, immediately after the words “year of assessment 2021”, the words “or 2022”.

Amendment of section 14ZA

13. Section 14ZA of the principal Act is amended —

(a) by deleting paragraph (a) of subsection (1) and substituting the following paragraphs:

“(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*) by inserting, immediately after the words “the date of their issue” in subsection (1)(*b*), the words “(being a date falling within the period between 19 May 2016 and 18 May 2021 (both dates inclusive))”;
- (*c*) by inserting, immediately after subsection (1), the following subsection:
- “(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 —

5 (d) where the expenditure is allowable as a deduction under section 14 — a further deduction of the amount of the expenditure; or

10 (e) where the expenditure is not allowable as a deduction under section 14 — a deduction equal to twice the amount of the expenditure.”;

(d) by inserting, immediately before the definition of “offering document” in subsection (6), the following definition:

15 ““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;”; and

20 (e) by deleting the definition of “qualifying debentures” in subsection (6) and substituting the following definition:

““qualifying debentures” means —

(a) potential seasoned debentures;

25 (b) post-seasoning debentures offered in reliance on an exemption under the Post-seasoning Debentures Regulations; or

30 (c) straight debentures offered in reliance on an exemption under the Straight Debentures Regulations;”.

Amendment of section 14ZB

14. Section 14ZB of the principal Act is amended —

- (a) by deleting the words “31 December 2021” in subsections (1) and (13)(b) and substituting in each case the words “31 December 2023”; and 5
- (b) by deleting “2021” in subsection (4) and substituting “2023”.

Amendment of section 14ZE

15. Section 14ZE of the principal Act is amended —

- (a) by deleting subsection (1) and substituting the following subsection: 10

“(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: 15

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

- (b) by inserting, immediately after subsection (2), the following subsections: 20

“(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: 25

5 (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;

10 (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;

15 (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 20 25 30 16 February 2021.

35 (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 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.”;

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- (c) by inserting, immediately after the definitions of “COVID-19 event” and “monetary payment” in subsection (3), the following definitions:

““petrol car” means a motor car which uses petrol as its source of power;

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“petrol-electric car” means a motor car which uses either or both petrol and electricity as its source of power;”;

- (d) by deleting the words “individual drivers of chauffeured private hire cars and taxis due to COVID-19 events” in the section heading and substituting the words “drivers of chauffeured private hire cars and taxis”.

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Amendment of section 14ZF

16. Section 14ZF of the principal Act is amended —

- (a) by deleting subsection (1) and substituting the following subsection:

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“(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:

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	<i>Provision</i>	<i>Income</i>	<i>Year of assessment</i>
5	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
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15	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”;
20			

25 (b) by inserting, immediately after subsection (2), the following subsection:

30 “(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 —

35 (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.”;
- (c) by deleting the words “between 1 January 2020 and 31 December 2020 (both dates inclusive)” in subsection (3) and substituting the words “between 1 January and 31 December (both dates inclusive) of the year 2020 or 2021 (whichever is applicable)”;
- (d) by deleting the words “and “owner”” in subsection (4) and substituting the words “, “owner” and “prescribed property” ”.

New sections 14ZG and 14ZH

17. The principal Act is amended by inserting, immediately after section 14ZF, the following sections:

“Deduction for expenditure incurred in obtaining or granting, etc., leases of immovable properties

14ZG.—(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.

(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.

(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.

(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.

(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.

Deduction for expenditure incurred on immovable property while vacant

14ZH.—(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.

(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.

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(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.”.

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Amendment of section 15

18. Section 15 of the principal Act is amended by inserting, immediately after subsection (2F), the following subsections:

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“(2G) Subsection (1)(b) and (c) does not apply to any expenditure that qualifies for deduction under section 14ZG.

(2H) Subsection (1)(b) and (f) does not apply to any expenditure that qualifies for deduction under section 14ZH.”.

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New section 15B

19. The principal Act is amended by inserting, immediately after section 15A in Part V, the following section:

“Limit on deduction allowed for leasing or licensing expenditure in 2021

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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).

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(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.

(3) In this section, “COVID-19 event”, “monetary payment” and “prescribed property” have the meanings given by section 13ZA(6).”.

Amendment of section 19

20. Section 19 of the principal Act is amended by inserting, immediately after subsection (9), the following subsections:

“(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.

(11) In subsection (10), “open market value” and “trading stock” have the meanings given by section 10P(9).”.

Amendment of section 19A

21. Section 19A of the principal Act is amended —

- (a) by inserting, immediately after the words “during the basis period for the year of assessment 2021” in subsection (1E), the words “or 2022”; 5
 - (b) by deleting “2021” in subsections (1E)(a) and (1F) and substituting in each case the words “relating to the basis period in which the capital expenditure is incurred”;
 - (c) by deleting “2022” in subsection (1E)(b) and substituting the words “immediately following the year of assessment mentioned in paragraph (a)”; 10
 - (d) by deleting subsection (1G) and substituting the following subsection:
 - “(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 or 2022 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 or 2022, as the case may be.”; 15
 - (e) by deleting the words “on or after 1st January 1996” in subsection (5) and substituting the words “during the period between 1 January 1996 and 16 February 2021 (both dates inclusive)”; and 20
 - (f) by inserting, immediately after subsection (14C), the following subsections: 25
- 30

“(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.

(14E) In subsection (14D), “open market value” and “trading stock” have the meanings given by section 10P(9).”.

New section 19E

22. The principal Act is amended by inserting, immediately after section 19D, the following section:

“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.

(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.

(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.

(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.

(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.

(6) In this section, “IRU” has the meaning given by section 19D(1).”.

Amendment of section 20

23. Section 20(4) of the principal Act is amended by deleting the word “special” in paragraph (b).

Amendment of section 24

24. Section 24 of the principal Act is amended —

(a) by deleting the word “special” in subsection (3)(c); and

(b) by inserting, immediately after subsection (3), the following subsection:

“(3A) In subsection (3), “Indefeasible Right of Use” has the meaning given by section 19D(1).”.

New section 25

25. The principal Act is amended by inserting, immediately after section 24 in Part VI, the following section:

“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 20 of the Limited Liability Partnerships Act;

(b) a conversion of a private company to a limited liability partnership under section 21 of the Limited Liability Partnerships Act;

(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.

(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.

(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;

5 (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;

10 (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;

15 (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

20 (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.

25 (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.

30 (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.”.

Amendment of section 26

26.—(1) Section 26 of the principal Act is amended —

- (a) by deleting the words “or (7)” in subsections (6)(a)(ii) and (c)(ii) and (7)(a)(i)(B); 5
- (b) by inserting, immediately after the words “surplus account” in subsections (6)(a)(iv) and (c)(iv) and (7)(a)(i)(D), the words “of the participating fund”;
- (c) by deleting the word “and” at the end of sub-paragraph (iv) of subsection (6)(a), and by inserting immediately thereafter the following sub-paragraphs: 10
 - “(iva) adding thereto an amount allocated to the surplus account of the participating fund by the insurer in accordance with regulations made under section 17(7) of the Insurance Act, 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); 15
 - (ivb) 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 17(7) of the Insurance Act, but excluding any portion that is not chargeable to tax;” 20
- (d) by inserting, immediately after sub-paragraph (iv) of subsection (6)(c), the following sub-paragraphs: 25
 - “(iva) adding thereto an amount allocated to the surplus account of the participating fund by the insurer in accordance with regulations made under section 17(7) of the Insurance Act, 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); 30
 - (ivb) 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 17(7) of the Insurance Act, but excluding any portion that is not chargeable to tax;”

5 “(iva) adding thereto an amount allocated to the surplus account of the participating fund by the insurer in accordance with regulations made under section 17(7) of the Insurance Act, 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);

10 (ivb) 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 17(7) of the Insurance Act, but excluding any portion that is not chargeable to tax;”;

15 (e) by deleting the word “and” at the end of sub-paragraph (D) of subsection (7)(a)(i), and by inserting immediately thereafter the following sub-paragraphs:

20 “(DA) adding thereto an amount allocated to the surplus account of the participating fund by the insurer in accordance with regulations made under section 17(7) of the Insurance Act, 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);

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(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 17(7) of the Insurance Act, but excluding any portion that is not chargeable to tax;”;

(f) by inserting, immediately after paragraph (a) of subsection (8), the following paragraph:

“(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;”;

(g) by inserting, immediately after the words “or the losses” in subsection (8)(b) and (c), the words “or donations”;

(h) by deleting the words “as is apportioned to the policyholders” in subsection (8)(b) and substituting the words “from a participating fund as is apportioned to policyholders”;

- (i) by deleting the words “such part of the income as is so apportioned” in subsection (8)(b)(i) and substituting the words “any part of the insurer’s income from any participating fund that is apportioned to policyholders”;
 5 and
- (j) by deleting sub-paragraph (ii) of subsection (8)(b) and substituting the following sub-paragraph:

“(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;”.

(2) The amendments to section 26(6) and (7) of the principal Act apply for the year of assessment 2021 and any subsequent year of assessment.

New section 32A

27. The principal Act is amended by inserting, immediately after section 32, the following section:

“Valuation of cost of trading stock converted from non-trade or capital asset

32A.—(1) Where, at any time on or after the date of commencement of section 27 of the Income Tax (Amendment) Act 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.

(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.

(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.

(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.

(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.

(6) Rules made for the purposes of subsection (5) may be made to take effect from (and including) the date of commencement of section 27 of the Income Tax (Amendment) Act 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

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

Amendment of section 34E

10 **28.** Section 34E of the principal Act is amended by deleting subsection (2) and substituting the following subsection:

“(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 —

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(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.”.

Amendment of section 37

20 **29.** Section 37(3A) of the principal Act is amended by deleting “2021” in paragraph (a)(ii) and substituting “2023”.

Amendment of section 37B

25 **30.** Section 37B(11) of the principal Act is amended by deleting the words “(in respect of those relating to general insurance business only)” in paragraph (b)(ii) of the definition of “rate of tax”.

Amendment of section 37C

31. Section 37C of the principal Act is amended by inserting, immediately after subsection (15), the following subsection:

“(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.”.

Amendment of section 37E

32. Section 37E of the principal Act is amended —

- (a) by deleting subsections (1A), (1B) and (1C) and substituting the following subsections:

“(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.

(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.

(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:

<i>First column</i>	<i>Second column</i>	<i>Third column</i>
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)

(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.”;

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(b) by inserting, immediately after the words “year of assessment 2020” in subsection (3A), the words “or 2021”;

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(c) by deleting paragraph (b) of subsection (3A) and substituting the following paragraph:

“(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.”;

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(d) by deleting subsection (8A) and substituting the following subsection:

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“(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 —

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(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.”;

(e) by inserting, immediately after subsection (16), the following subsections:

“(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.

(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.”; and

(f) by deleting the words “(in respect of those relating to general insurance business and life reinsurance business

only)” in paragraph (b) of the definition of “concessory rate of tax” in subsection (17).

Amendment of section 37L

33. Section 37L of the principal Act is amended —

(a) by deleting the words “subsection (16)(c)(v) and (d)(v)” in subsection (16E) and substituting the words “subsections (16)(c)(v) and (d)(v) and (17)(db)”;

(b) by inserting, immediately after paragraph (da) of subsection (17), the following paragraph:

“(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);”.

Amendment of section 42

34. Section 42 of the principal Act is amended —

(a) by deleting the words “Subject to subsection (2), there” in subsection (1) and substituting the word “There”; and

(b) by deleting subsection (2).

Amendment of section 42A

35. Section 42A of the principal Act is amended by inserting, immediately after subsection (12), the following subsections:

“(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.

(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.

(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.”.

Amendment of section 43C

36. Section 43C(1) of the principal Act is amended —

(a) by deleting the words “on or after 1 September 2019” in the second column of the table in paragraph (c) and substituting the words “between 1 September 2019 and 31 August 2021 (both dates inclusive)”; and

(b) by deleting the words “on or after 1 September 2016” in the second column of the table in paragraph (c) and substituting the words “between 1 September 2016 and 31 August 2021 (both dates inclusive)”.

Amendment of section 43W

37. Section 43W(4A) of the principal Act is amended —

(a) by inserting, immediately after the words “the Minister” wherever they appear, the words “or authorised body”; and

(b) by deleting the words “as he thinks fit” and substituting the words “as the Minister or authorised body thinks fit”.

Amendment of section 43ZA

38.—(1) Section 43ZA of the principal Act is amended —

(a) by inserting, immediately after subsection (4), the following subsection:

“(4A) A reference to the Minister in subsection (4), in the case of an approval granted on or after the date of commencement of section 38(1)(a) of the Income Tax (Amendment) Act 2021, includes the authorised body.”; and

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(b) by deleting the definition of “related party” in subsection (7) and substituting the following definition:

““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

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(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.”.

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(2) Section 43ZA(7) of the principal Act, as amended by section 38(1)(b), is amended by inserting, immediately after the words “by the Minister” in paragraph (b) of the definition of “related party”, the words “or authorised body”.

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Amendment of section 43ZB

39. Section 43ZB(4A) of the principal Act is amended —

(a) by inserting, immediately after the words “the Minister” wherever they appear, the words “or authorised body”; and

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(b) by deleting the words “as he thinks fit” and substituting the words “as the Minister or authorised body thinks fit”.

Amendment of section 43ZF

40. Section 43ZF(2) of the principal Act is amended by inserting, immediately after the words “the Minister”, the words “or authorised body”.

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Amendment of section 43ZI

41. Section 43ZI(11) of the principal Act is amended by inserting, immediately after paragraph *(d)*, the following paragraphs:

5 “*(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;

10 *(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;

15 (ii) deduction against any income for any preceding or subsequent year of assessment in accordance with this Act; and

(iii) transfer under section 37C;

20 *(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;”.

Amendment of section 45I

25 **42.** Section 45I of the principal Act is amended by deleting the words “31st March 2021” in subsections (1)*(a)* and (3)*(i)*, *(ii)*, *(iii)*(A) and *(iv)* and substituting in each case the words “31 December 2026”.

Amendment of section 50

43. Section 50 of the principal Act is amended —

30 *(a)* by inserting, immediately after the words “year of assessment” in subsection (9), the words “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)”;

- (b) by deleting the words “2 years” in subsection (10) and substituting the words “3 years”; and
- (c) by inserting, immediately after subsection (10), the following subsections:

“(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.

(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).

(11B) The Comptroller may compound any offence under subsection (11A).”.

Amendment of section 50C

44. Section 50C(6) of the principal Act is amended by inserting, immediately after “(10)”, “, (11), (11A), (11B)”.

Amendment of section 62B

45. Section 62B(7) of the principal Act is amended —

- (a) by deleting the words “section 24, where the buyer and seller” and substituting the words “section 24 or 25, where the buyer and seller or the transferee and transferor (as the case may be)”;
- (b) by inserting, immediately after the words “date of sale”, the words “or transfer (as the case may be)”.

Amendment of section 74

46. Section 74 of the principal Act is amended —

- (a) by deleting the words “arising out of the application” in subsection (2A) and substituting the words “or doubts arising out of the interpretation or application”; and
- (b) by deleting subsection (2B) and substituting the following subsection:

“(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 the date on which the Income Tax (Amendment) Act 2021 is published in the *Gazette*.”.

Amendment of section 94

47. Section 94(2) of the principal Act is amended by deleting “\$1,000” and substituting “\$5,000”.

Amendment of section 94A

48. Section 94A of the principal Act is amended —

- (a) by deleting “\$1,000” in subsections (1) and (3)(b) and substituting in each case “\$5,000”; and
- (b) by deleting “\$50” in subsection (2) and substituting “\$100”.

Amendment of section 101

49. Section 101(2) of the principal Act is amended —

- (a) by inserting, immediately after “45(5),”, the words “50(11A) (including that provision as applied by section 50A(4) or 50C(6)),”; and
- (b) by deleting the words “and 96A” and substituting the words “, 96A, 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)”.

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New section 104A

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50. The principal Act is amended by inserting, immediately after section 104, the following section:

“Protection of informers

104A.—(1) Except as provided in subsection (3), no witness in any civil or criminal proceedings commenced on or after the date of commencement of section 50 of the Income Tax (Amendment) Act 2021 is obliged or permitted —

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- (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.

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(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.

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(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.

(4) In this section, a reference to civil proceedings includes any proceedings before the Board of Review.”.

Amendment of section 105M

51. Section 105M of the principal Act is amended by deleting subsection (1) and substituting the following subsections:

“(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.

(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.

(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 —

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(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.”.

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Amendment of Part 3 of Third Schedule

52.—(1) Section 50 in Part 3 of the Third Schedule to the principal Act is amended —

(a) by inserting, immediately after the words “the year of assessment” in subsection (10), the words “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)”;

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(b) by deleting the words “2 years” in subsection (11) and substituting the words “3 years”; and

(c) by inserting, immediately after subsection (11), the following subsections:

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“(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.

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(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).”.

- 5 (2) Section 50C(6) in Part 3 of the Third Schedule to the principal Act is amended by inserting, immediately after “(11),”, “(11A), (11B), (11C),”.

Amendment of Fifth Schedule

53. The Fifth Schedule to the principal Act is amended —

- 10 (a) by inserting, immediately after sub-paragraph (1A) of paragraph 5, the following sub-paragraphs:

15 “(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-paragraph (1A), 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.

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(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).”; and

- 25 (b) by deleting the word “and” at the end of sub-paragraph (a) of paragraph 7, and by inserting immediately thereafter the following sub-paragraph:

“(aa) “stillborn child” means any child that —

- 30 (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”.

Amendment of Ninth Schedule

54. The Ninth Schedule to the principal Act is amended by inserting, immediately after item 2, the following items:

- “3. SkillsFuture Enterprise Credit
- 4. Senior Employment Credit 5
- 5. Enabling Employment Credit
- 6. CPF Transition Offset
- 7. Foreign Worker Levy Rebate
- 8. Jobs Growth Incentive
- 9. Rental Support Scheme”.

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Related amendment to Betting and Sweepstake Duties Act

55. The Betting and Sweepstake Duties Act is amended by inserting, immediately after section 11, the following section:

“Protection of informers

12.—(1) Except as provided in subsection (3), no witness in any civil or criminal proceedings commenced on or after the date of commencement of section 55 of the Income Tax (Amendment) Act 2021 is obliged or permitted — 15

(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 20

(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. 25

(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. 30

(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.”.

Related amendment to Estate Duty Act

56. The Estate Duty Act is amended by inserting, immediately after section 54, the following section:

“Protection of informers

54A.—(1) Except as provided in subsection (3), no witness in any civil or criminal proceedings commenced on or after the date of commencement of section 56 of the Income Tax (Amendment) Act 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.

(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.

(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.”.

Related amendments to Goods and Services Tax Act

57. The Goods and Services Tax Act is amended —

(a) by inserting, immediately after subsection (6C) of section 6, the following subsections:

“(6CA) 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 Part 1 of the Sixth Schedule, including the audit of any information technology system used by the Inland Revenue Authority of Singapore for such administration.

(6CB) A person authorised by the chief executive officer under subsection (6CA) —

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

(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 (6CA).

(6CC) A person who contravenes subsection (6CB)(b) or (c) shall be guilty of an offence.”;

(b) by inserting, immediately after section 84 in Part XI, the following section:

“Protection of informers

84A.—(1) Except as provided in subsection (3), no witness in any civil or criminal proceedings commenced on or after the date of commencement of section 57(b) of the Income Tax (Amendment) Act 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.

(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.

(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 5

(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, 10

the court may permit enquiry and require full disclosure concerning the informer.

(4) In this section, a reference to civil proceedings includes any proceedings before the Goods and Services Tax Board of Review.”; and 15

(c) by inserting, immediately after item 2 of Part 1 of the Sixth Schedule, the following items:

- “3. SkillsFuture Enterprise Credit
- 4. Senior Employment Credit 20
- 5. Enabling Employment Credit
- 6. CPF Transition Offset
- 7. Foreign Worker Levy Rebate
- 8. Jobs Growth Incentive
- 9. Rental Support Scheme” 25

Related amendment to Private Lotteries Act

58. The Private Lotteries Act is amended by inserting, immediately after section 29, the following section:

“Protection of informers

29A.—(1) Except as provided in subsection (3), no witness in any civil or criminal proceedings commenced on or after the 30

date of commencement of section 58 of the Income Tax (Amendment) Act 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.

(2) If any book 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.

(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.”.

Related amendment to Property Tax Act

59. The Property Tax Act is amended by inserting, immediately after section 64A, the following section:

“Protection of informers

64B.—(1) Except as provided in subsection (3), no witness in any civil or criminal proceedings commenced on or after the

date of commencement of section 59 of the Income Tax (Amendment) Act 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.

(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.

(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.

(4) In this section, a reference to civil proceedings includes any proceedings before the Valuation Review Board.”.

Related amendment to Stamp Duties Act

60. The Stamp Duties Act is amended by inserting, immediately after section 68A in Part IX, the following section:

“Protection of informers

68B.—(1) Except as provided in subsection (3), no witness in any civil or criminal proceedings commenced on or after the date of commencement of section 60 of the Income Tax (Amendment) Act 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.

(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.

(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.”.

Validation relating to section 3

61.—(1) This section applies to any assessment that has been made, or any sum purportedly paid, collected or recovered as tax, before the date of commencement of section 3 of the Income Tax (Amendment) Act 2021, in connection with the appropriation of any trading stock of a person's 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. 5

(2) Any assessment, payment, collection or recovery mentioned in subsection (1) is taken to have been validly made as if section 10P of the principal Act were in force at the material time, and no legal proceedings may be instituted on or after 13 September 2021 on account of such assessment, payment, collection or recovery. 10

Validation relating to section 54

62.—(1) This section applies where, in relation to any public scheme mentioned in subsection (2), the Comptroller of Income Tax has, during the period beginning on the starting date specified against the public scheme in that subsection and ending on the day immediately before the date of commencement of section 54 (called in this section the appointed date) (both dates inclusive) — 15

(a) furnished to — 20

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

(ii) an officer duly authorised by the chief executive officer, 25

any information required for the performance of the official duties of the chief executive officer or authorised officer in administering the public scheme; or

(b) allowed 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. 30

(2) For the purpose of subsection (1), the public schemes and their respective starting dates are as follows:

	<i>Public scheme</i>	<i>Starting date</i>
	SkillsFuture Enterprise Credit	18 February 2020
5	Senior Employment Credit	18 February 2020
	Enabling Employment Credit	18 February 2020
	CPF Transition Offset	18 February 2020
	Foreign Worker Levy Rebate	6 April 2020
	Jobs Growth Incentive	17 August 2020
10	Rental Support Scheme	28 May 2021

(3) For the purpose of subsection (1) and despite the provisions of any notification made under section 6(2) of the Inland Revenue Authority of Singapore Act, the Inland Revenue Authority of Singapore is treated as having been assigned the function of administering each public scheme mentioned in subsection (2) by the Minister for Finance on the starting date that is specified against that public scheme in subsection (2).

(4) An act mentioned in subsection (1)(a) or (b) in relation to a public scheme mentioned in subsection (2) (other than the Rental Support Scheme) is taken to have been validly carried out in accordance with section 6(11A) of the principal Act, as if at the material time —

(a) where the material time falls within the part of the period mentioned in subsection (1) that is before 7 December 2020 — section 6(11A) of, and the Ninth Schedule to, the principal Act as in force on the appointed date were in force; and

(b) where the material time falls within the part of the period mentioned in subsection (1) that is on or after 7 December 2020 — the public scheme were specified in the Ninth Schedule to the principal Act.

(5) An act mentioned in subsection (1)(a) or (b) in relation to the Rental Support Scheme is taken to have been validly carried out in accordance with section 6(11A) of the principal Act as if the Rental Support Scheme were specified in the Ninth Schedule to the principal Act at the material time. 5

Validation relating to section 57(c)

63.—(1) This section applies where, in relation to any public scheme mentioned in subsection (2), the Comptroller of Goods and Services Tax has, during the period beginning on the starting date specified against the public scheme in that subsection and ending on the day immediately before the date of commencement of section 57(c) (called in this section the appointed date) (both dates inclusive) — 10

(a) furnished 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; or 15
- (ii) an officer duly authorised by the chief executive officer,

any information required for the performance of the official duties of the chief executive officer or authorised officer in administering the public scheme; or 20

- (b) allowed 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. 25

(2) For the purpose of subsection (1), the public schemes and their respective starting dates are as follows:

	<i>Public scheme</i>	<i>Starting date</i>
	SkillsFuture Enterprise Credit	18 February 2020
5	Senior Employment Credit	18 February 2020
	Enabling Employment Credit	18 February 2020
	CPF Transition Offset	18 February 2020
	Foreign Worker Levy Rebate	6 April 2020
	Jobs Growth Incentive	17 August 2020
10	Rental Support Scheme	28 May 2021

(3) For the purpose of subsection (1) and despite the provisions of any notification made under section 6(2) of the Inland Revenue Authority of Singapore Act, the Inland Revenue Authority of Singapore is treated as having been assigned the function of administering each public scheme mentioned in subsection (2) by the Minister for Finance on the starting date that is specified against that public scheme in subsection (2).

(4) An act mentioned in subsection (1)(a) or (b) in relation to a public scheme mentioned in subsection (2) (other than the Rental Support Scheme) is taken to have been validly carried out in accordance with section 6(6C) of the Goods and Services Tax Act, as if at the material time —

(a) where the material time falls within the part of the period mentioned in subsection (1) that is before 1 January 2021 — section 6(6C) of, and Part 1 of the Sixth Schedule to, the Goods and Services Tax Act as in force on the appointed date were in force; and

(b) where the material time falls within the part of the period mentioned in subsection (1) that is on or after 1 January 2021 — the public scheme were specified in Part 1 of the Sixth Schedule to the Goods and Services Tax Act.

(5) An act mentioned in subsection (1)(a) or (b) in relation to the Rental Support Scheme is taken to have been validly carried out in accordance with section 6(6C) of the Goods and Services Tax Act as if the Rental Support Scheme were specified in Part 1 of the Sixth Schedule to the Goods and Services Tax Act at the material time. 5

Saving and transitional provisions

64.—(1) Section 50(10) of the principal Act as in force immediately before the date of commencement of section 43(b) of the Income Tax (Amendment) Act 2021, continues to apply in relation to any adjustment of the amount of any tax payable either in Singapore or elsewhere that is made before that date. 10

(2) Section 50(11) set out in Part 3 of the Third Schedule to the principal Act as in force immediately before the date of commencement of section 52(1)(b) of the Income Tax (Amendment) Act 2021, continues to apply in relation to any adjustment of the amount of any tax payable either in Singapore or elsewhere that is made before that date. 15

(3) For a period of 2 years after the date of commencement of any provision of this Act, the Minister may, by regulations, prescribe such additional provisions of a saving or transitional nature consequent on the enactment of that provision as the Minister may consider necessary or expedient. 20

EXPLANATORY STATEMENT

This Bill seeks to implement the tax changes in the Government's 2021 Budget Statement in the Income Tax Act (the Act) and to make certain other amendments to the Act.

The Bill also makes related amendments to the Betting and Sweepstake Duties Act, the Estate Duty Act, the Goods and Services Tax Act, the Private Lotteries Act, the Property Tax Act and the Stamp Duties Act.

Clause 1 relates to the short title and commencement.

Clause 2 amends section 6 (Official secrecy) to empower the Comptroller of Income Tax to allow any person authorised by the chief executive officer of the Inland Revenue Authority of Singapore (IRAS), access to any records or documents, that are necessary for the person to audit IRAS' administration of any public scheme specified in the Ninth Schedule. As a safeguard to ensure the secrecy of taxpayers' information afforded under section 6, any disclosure to another person, or misuse, of such records or documents by the authorised person constitutes an offence.

Clause 3 inserts a new section 10P to provide the tax treatment where any trading stock of a person's trade or business is appropriated for a purpose other than for sale or disposal in the ordinary course of any trade or business of the person. For section 10P to apply, it must be reasonably inferred from the circumstances that the appropriation is permanent. If so, an amount equivalent to the open market value of the trading stock as at the date of appropriation is treated as income of that trade or business. However, where the appropriation is by way of a donation that qualifies for enhanced deduction under section 37(3)(b), (e) or (f) for any year of assessment, the cost of acquiring, making or constructing the trading stock is treated as income of that trade or business instead.

Where the new section 10P applies, the following also apply:

- (a) 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, give notice of the appropriation to the Comptroller;
- (b) in a case where the person has not been assessed for the resulting income, that income is treated as the person's income for the year of assessment in which the Comptroller discovers sufficient facts on the basis of which the Comptroller may reasonably conclude that there has been such appropriation.

Clause 4 amends section 13 (Exempt income) to extend the tax exemption under section 13(1)(zj) for any income from any structured product offered by a financial institution that is derived from Singapore by a non-resident person that is not an individual if —

- (a) the contract for the structured product takes effect on or before 31 December 2026 (currently on or before 31 March 2021); or
- (b) the renewal or extension of the contract commences before 1 January 2027 (currently before 1 April 2021).

Clause 4 also makes the following amendments to section 13:

- (a) deleting the words "nor a permanent establishment in Singapore" in section 13(1)(zj)(iii) because those words are inaccurate;

- (b) deleting the reference to an institution approved as an approved Fund Manager under section 43A in the definition of “financial institution” in section 13(16). Institutions are no longer approved under section 43A.

Clause 5 amends section 13S (Exemption of income of shipping investment enterprise) which provides for certain income derived by an approved shipping investment enterprise to be exempt from tax. The effect of the new subsection (3A) is that the approval of a shipping investment enterprise or its related party may be subject to conditions specified by a public body to which the Minister has assigned his or her powers under that section pursuant to section 3A (called the authorised body), and the period of approval may also be specified or extended by the authorised body.

Clause 5 also amends the definition of “related party” in section 13S(20) to include any entity that is approved by the Minister or authorised body as a related party of an approved shipping investment enterprise in any particular case.

Clause 6 amends section 13U (Exemption of income of not-for-profit organisation) to extend the last date (till 31 December 2027) on which a not-for-profit organisation may be approved by the Minister or a person appointed by the Minister for the purposes of the tax exemption granted under that section.

Clause 6 also amends section 13U to provide that any expenses, losses or allowances incurred or claimed by an approved not-for-profit organisation during the period of its approval that (by reason of its income being exempt from tax) remain unabsorbed at the end of that period, are not available as a deduction against any of its income for —

- (a) the year of assessment relating to the basis period in which the approval of the not-for-profit organisation expires or is withdrawn; or
- (b) any subsequent year of assessment.

Clause 7 amends section 13ZA (Exemption of certain payments received in connection with COVID-19 events) to exempt from tax certain payments or benefits received by a person in connection with support measures introduced by the Government due to a COVID-19 event.

First, it deletes certain qualifiers as regards the description of the public scheme known as the Jobs Support Scheme implemented last year, so that any cash payment made on behalf of the Government to a person under that scheme as extended from time to time will be exempt from tax.

Second, it exempts from tax any benefit received by an individual who drives a chauffeured private hire car or taxi, from the Land Transport Authority of Singapore (LTA) or an entity in the Tenth Schedule (called a Tenth Schedule entity), that is given in connection with an amount received by the LTA or the

Tenth Schedule entity out of a payment made from a fund established by the Government known as the COVID-19 Driver Relief Fund.

Clause 7 also amends section 13ZA to exempt from tax any monetary payment received or receivable by a person who is a lessee or licensee of any property prescribed under section 7 (called a prescribed property) from the person's lessor or licensor in the year 2021, 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 payment is intended by the lessor or licensor to provide relief to the person from any economic hardship arising from a COVID-19 event.

Clause 8 amends subsection (2)(aa) of section 14B (Further deduction for expenses relating to approved trade fairs, exhibitions or trade missions or to maintenance of overseas trade office) to provide that only expenses for the transportation of any sample (and not any material) for use at an overseas trade mission or trade promotion activity are allowed a deduction under section 14B(1).

Clause 8 also inserts a new paragraph (ab) in section 14B(2) to allow a deduction for the following expenses incurred by an approved firm or approved company:

- (a) expenses to establish, maintain or participate in an approved trade fair or trade exhibition held or conducted (whether wholly or in part) by teleconference, videoconferencing or any other electronic means of communications;
- (b) expenses incurred in transporting any sample to any potential client overseas, following the potential client's attendance at or participation in the approved trade fair or trade exhibition.

Clause 8 further inserts a new subsection (2AA) to provide that with effect from (and including) 17 February 2021, certain prescribed expenses under subsection (2)(a) and the new subsection (2)(ab) incurred by any firm or company are allowed a deduction under section 14B, without the need for the firm or company to be approved.

Finally, clause 8 inserts new subsections (2AB) and (2AC) to allow a deduction for the following types of prescribed expenses incurred by any firm or company (whether or not approved) for the primary purpose of promoting the trading of goods or provision of services:

- (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.

The total amount of expenses allowed deductions under the new subsections (2AA) and (2AB) are subject to the overall cap specified in subsection (2B).

Clause 9 amends the definition of “concessionary rate of tax” in section 14D (Expenditure on research and development), which is consequential to the amendment to section 37B(11) by clause 30.

Clause 10 amends section 14I (Provisions by banks and qualifying finance companies for doubtful debts and diminution in value of investments) which among other things gives banks and qualifying finance companies a deduction for provisions made for doubtful debts arising from their loans and the diminution in the value of their investments in securities. The amendments are for the following purposes:

- (a) to provide that, with effect from the year of assessment 2022, a provision for doubtful debts arising from any loan given by a bank or qualifying finance company or for diminution in the value of any investment in any debentures, bonds or notes of a bank or qualifying finance company is allowed a deduction. Before the amendment, a provision for doubtful debts on any loan mentioned in paragraphs (a) to (e) of the existing definition of “loan” in section 14I(7) (excluded loans) or diminution in the value of any debentures, bonds or notes that are issued or guaranteed by the Government or the government of any other country (excluded securities) is not allowed a deduction;
- (b) to provide that, in determining (under section 14I(5) and (6)) the maximum amount of provisions to be allowed a deduction under section 14I for any year of assessment, only loans that have been disbursed by a bank or qualifying finance company will be taken into account. However, the excluded loans and securities mentioned in paragraph (a) will remain excluded for the purpose of determining such maximum amount. This amendment takes effect from the year of assessment 2023, as section 14I(5) and (6) is disappplied for the year of assessment 2022;
- (c) to amend the definition of “securities” to mean only debentures, bonds or notes. This is because banks and qualifying finance companies are no longer required under FRS 109 or SFRS(I) 9 to make provision for diminution in the value of their investment in the other instruments specified in the existing section 14I(8)(b).

Clause 11 amends section 14K (Further or double deduction for overseas investment development expenditure) to provide that, with effect from (and including) 17 February 2021, any prescribed investment development expenditure directly attributable to the carrying out of any study to identify investment overseas that is incurred by any firm or company is allowed a deduction, without the need for the firm or company to be approved.

Clause 11 also expands the scope of investment development expenditure allowed a deduction under section 14K to include expenses that are incurred for the transportation of samples for use in any overseas study for the purpose of identifying investment overseas.

Clause 12 amends subsection (3A) of section 14Q (Deduction for renovation or refurbishment expenditure), which allows the full amount of renovation or refurbishment expenditure incurred by a person during the basis period for the year of assessment 2021 to be deducted in that year of assessment, instead of over 3 years of assessment under subsection (3) (subject to any election by the taxpayer for the deduction to be made in accordance with subsection (3)). The amendment allows the same treatment to be given to any such expenditure incurred during the basis period for the year of assessment 2022.

Clause 13 amends section 14ZA (Further or double deduction for qualifying expenditure on issue of debentures and making available debentures for secondary trading). The section allows a deduction for qualifying expenditure incurred for an issue of certain retail bonds. The retail bonds are straight debentures and post-seasoning debentures the offers of which are exempt from prospectus requirements under various regulations made under the Securities and Futures Act, as well as potential seasoned debentures, i.e., debentures intended to be made available for trading by retail investors on a securities exchange. The section also allows a deduction for qualifying expenditure incurred for making available potential seasoned debentures for such secondary trading. The clause inserts a new subsection (1A) to provide that with effect from (and including) 19 May 2021, a deduction for qualifying expenditure is allowed only if the retail bonds are credit-rated at the time they are issued or made available for secondary trading (as the case may be) and —

- (a) in the case of an issue of post-seasoning debentures which offer is exempt from prospectus requirements — the issue is 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);
- (b) in the case of an issue of potential seasoned debentures, or an issue of straight debentures which offer is exempt from prospectus requirements — the issue is during the period between 19 May 2021 and 31 December 2026 (both dates inclusive); or

- (c) in the case of making available potential seasoned debentures for secondary trading — they are so made available within 5 years starting from the date on which the potential seasoned debentures are issued that is a date falling within the period between 19 May 2021 and 31 December 2026 (both dates inclusive).

Clause 14 amends section 14ZB (Deduction for expenditure for services or secondment to institutions of a public character) which allows an entity whose employees provided services to or were seconded to an institution of a public character, to claim an additional deduction for any qualifying expenditure thereby incurred. The amendment extends by 2 years (till 31 December 2023) the period in which qualifying expenditure incurred may be allowed a deduction under the section.

Clause 15 amends section 14ZE (Deduction for payments made to individual drivers of chauffeured private hire cars and taxis due to COVID-19 events) which allows a deduction for a Tenth Schedule entity against its income for certain payments made to individuals who drive chauffeured private hire cars or taxis due to COVID-19 events.

The amendment enables a deduction to be given for the following expenditure incurred in connection with both COVID-19 and non-COVID-19 events:

- (a) monetary payments given by a Tenth Schedule entity in the year 2021 to a chauffeured private hire car or taxi driver, 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 benefits given by a Tenth Schedule entity on or after 1 January 2021 to a chauffeured private hire car or taxi driver, in connection with an amount received by the entity from the COVID-19 Driver Relief Fund mentioned above;
- (c) monetary payments given by a Tenth Schedule entity on or after 1 January 2021 to an individual who drives a chauffeured private hire car or taxi that is a petrol car or petrol-electric car, in connection with an amount received by the entity out of a payment made on behalf of the Government (known as the Additional Petrol Duty Rebate), that is part of the Government's Budget Statement dated 16 February 2021;
- (d) monetary payments given by any non-individual person (that may not be a Tenth Schedule entity) who paid a tax under section 11 of the Road Traffic Act 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 received by the person as a rebate against that tax on or after 1 August 2021.

Clause 16 amends section 14ZF (Deduction for payments made to lessees or licensees to mitigate impact of COVID-19 event) to allow the lessor or licensor of a prescribed property to be given a tax deduction against the income of the lessor or licensor derived between 1 January 2021 and 31 December 2021 (both dates inclusive) that falls within the basis period for the year of assessment 2022 or 2023 for any monetary payment that is made to the lessee or licensee, if —

- (a) the payment is made pursuant to an undertaking given by the lessor or licensor of the prescribed property 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 by the lessor or licensor to provide relief to his, her or its lessee or licensee from any economic hardship arising from a COVID-19 event.

Clause 17 inserts new sections 14ZG and 14ZH.

The new section 14ZG provides that a deduction may be given to a person for certain expenditure incurred by the person in obtaining, 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. However, this deduction does not apply to a company or trustee of a property trust in the business of letting immovable properties in which it 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).

Similarly, in determining the rental income of a person from an immovable property that is chargeable to tax under section 10(1)(f), a deduction is allowed for certain expenditure incurred by the person in granting, renewing or extending the lease of the immovable property.

The new section 14ZG does not apply to any outgoing or expense that is allowed as a deduction under section 14, or to certain specified leases.

The new section 14ZH provides that any expenditure incurred by a person for the repair, insurance, maintenance or upkeep of an immovable property while it is vacant in any part of a basis period, and any property tax paid on that immovable property in that basis period, are allowed as a deduction against any rental income derived by the person from the immovable property that is chargeable to tax under section 10(1)(f) in that basis period.

Clause 18 makes an amendment to section 15 (Deductions not allowed) which is consequential to the new sections 14ZG and 14ZH.

Clause 19 inserts a new section 15B to disallow a lessee or licensee of a prescribed property from claiming a deduction against the expenditure of the lessee or licensee on the leasing or licensing of that property, of an amount that is

equivalent to the amount of the monetary payment received or receivable by the lessee or licensee mentioned in the new section 13ZA(5A).

Clause 20 amends section 19 (Initial and annual allowances for machinery or plant) so that the allowances under that section may be made in a case where any trading stock is appropriated for use as machinery or plant for a person's trade, profession or business. This amendment is consequential to the new section 10P.

Clause 21 amends section 19A (Allowances of 3 years or 2 years write off for machinery and plant, and 100% write off for computer, prescribed automation equipment and robot, etc.). Under subsection (1E), a person who incurs capital expenditure on the provision of machinery or plant for the purposes of a trade, profession or business carried on by that person in the basis period for the year of assessment 2021, may make an irrevocable election for the following allowances to be made (in lieu of the allowances provided under subsection (1) or section 19):

- (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.

The amendment provides that a person who incurs such capital expenditure in the basis period for the year of assessment 2022 may make an irrevocable election for the making of the allowances mentioned in paragraphs (a) and (b). This treatment also applies (with the necessary modifications) to an instalment paid in a basis period for any year of assessment under a hire-purchase agreement that is entered into in the basis period for the year of assessment 2022.

Clause 21 also amends section 19A(5) which provides that a person that installs any efficient pollution control equipment or device for the purposes of the person's trade, business or profession, may elect for (in lieu of the allowances provided under section 19A(1), (1B) or (1E) or section 19) an allowance of 100% in respect of the capital expenditure incurred. The amendment provides that section 19A(5) will not apply to any equipment or device installed on or after 17 February 2021.

Finally, clause 21 amends section 19A so that the allowances granted under that section apply (with modifications) to a case where any trading stock is appropriated for use as machinery or plant for a person's trade, profession or business. This amendment is consequential to the new section 10P.

Clause 22 inserts a new section 19E. The new section provides that where the capital expenditure for acquiring any machinery, plant or IRU exceeds its open-market price, the Comptroller may treat the open-market price as the capital expenditure for the purposes of making an allowance under section 19 (Initial and

annual allowances for machinery or plant), section 19A (Allowances of 3 years or 2 years write off for machinery and plant, and 100% write off for computer, prescribed automation equipment and robot, etc.) or section 19D (Writing-down allowance for IRU).

The insertion of the new section 19E does not imply that, before its insertion, allowances under sections 19, 19A and 19D could have been made for capital expenditure for any machinery, plant or IRU that exceeds its open-market price.

Clauses 23 and 24 amend sections 20 (Balancing allowances and charges for machinery or plant) and 24 (Special provisions as to certain sales), respectively. The amendments are to replace the term “special allowances” in those sections with “allowances” when referring to the allowances under section 19A. The term “special allowances” is not used in section 19A.

Clause 24 also inserts a definition for the term “Indefeasible Right of Use” in section 24.

Clause 25 inserts a new section 25 to provide that where there is a transfer of property without consideration as a result of the following circumstances, the transferor and transferee may make an election so that among other things, allowances may be made to the transferee under sections 19, 19A and 19D in respect of any expenditure that had been incurred by the transferor on the provision of the property, which remained unallowed under those sections at the time of the transfer:

- (a) a conversion of a firm to a limited liability partnership under section 20 of the Limited Liability Partnerships Act;
- (b) a conversion of a private company to a limited liability partnership under section 21 of the Limited Liability Partnerships Act;
- (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;
- (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.

In addition, allowances in respect of machinery or plant under section 19A and writing-down allowances in respect of an IRU under section 19D continue to be available to the transferee as if the transfer had not taken place. Any balancing charge under section 19D in respect of an IRU or section 20 in respect of machinery or plant must also be made on the transferee on any event occurring after the transfer, as would have fallen to be made on the transferor if the transfer had not happened and the transferor had done all the things and been allowed all the allowances and deductions in connection with the IRU, machinery or plant (as the case may be) that were done by or allowed to the transferee.

Clause 26 amends section 26 (Profits of insurers) to provide that in determining the income of a life insurer, there is to be added the following amounts:

- (a) an amount allocated by the insurer to the surplus account of a participating fund in accordance with regulations made under section 17(7) of the Insurance Act, which must not exceed 1/9th of the tax payable on the amount allocated out of the participating fund by way of bonus to the participating policies;
- (b) any other amount that may be allocated by the insurer to the surplus account of the participating fund in accordance with regulations made under section 17(7) of the Insurance Act, but excluding any portion that is not chargeable to tax.

Clause 26 also amends section 26 to provide that in ascertaining the income of a life insurer, only allowances, losses or donations that are in respect of —

- (a) the income of a life insurer from a participating fund that is apportioned to policyholders in accordance with regulations made under section 43(9) or 43C; or
- (b) any income of the life insurer from another participating fund that is apportioned to policyholders in accordance with those regulations,

may be deducted against the income mentioned in paragraph (a).

In other words, any allowances, losses or donations that are in respect of the insurer's income from a participating fund that is apportioned to shareholders, or from shareholders' fund or any other insurance fund, are not available for deduction against the income mentioned in paragraph (a).

In addition, any unabsorbed allowances, losses or donations for any year of assessment in respect of an insurer's income from a participating fund that is apportioned to policyholders are only available for deduction in a subsequent year of assessment against the insurer's income from that participating fund or any other participating fund that is apportioned to policyholders in accordance with regulations made under section 43(9) or 43C.

Clause 27 inserts a new section 32A to provide that in ascertaining the gains or profits of a person arising from the sale or disposal of any trading stock that was previously not trading stock, the open market value of the property as at the date that the property became trading stock is treated as the cost of the trading stock.

Clause 28 amends section 34E (Surcharge on transfer pricing adjustments) which provides that where the Comptroller makes any adjustment under section 34D(1A) to increase a person's income, or to reduce a person's deduction or loss, a surcharge of 5% of the amount increased or reduced is recoverable from the person as a debt due to the Government. The re-enacted subsection (2) provides for the service of the written notice of the surcharge to be

in accordance with section 8(1), and for the payment of the surcharge to be made in the manner stated in the written notice.

Clause 29 amends section 37 (Assessable income) to extend by 2 years (till 31 December 2023) the period within which a qualifying donation made by a person under section 37(3)(b) to (f) is entitled to a deduction of 2.5 times the amount or value of the donation.

Clause 30 amends the definition of “rate of tax” in section 37B (Adjustment of capital allowances, losses or donations between income subject to tax at different rates). The amendment is made so that the adjustment factor that applies for the purpose of a deduction of any unabsorbed allowances, losses or donations in respect of any income subject to tax at one tax rate against any income that is subject to tax at a different tax rate, will apply to any income derived by an insurer from any insurance business that enjoys a concessionary rate of tax under section 43C, and any unabsorbed allowances, losses or donations in respect of such income.

Clause 31 amends section 37C (Group relief for Singapore companies) to provide that —

- (a) no transfer may be made under that section by a life insurer to another life insurer, of 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; and
- (b) no claim may be made under that section by a life insurer of any qualifying deduction of another life insurer, against any income of the firstmentioned life insurer from a participating fund that is apportioned to policyholders in accordance with those regulations.

Clause 32 amends section 37E (Carry-back of capital allowances and losses) to allow a taxpayer to elect for any qualifying deduction for the year of assessment 2021 to be carried back and deducted against any of the taxpayer’s assessable income for the years of assessment 2020, 2019 and 2018.

The qualifying deduction for the year of assessment 2021 must first be made against the assessable income for the year of assessment 2018. Any balance of the qualifying deduction must then be made against the assessable income for the year of assessment 2019. Any balance thereafter may then be made against the assessable income for the year of assessment 2020.

The amendment also provides in the new subsection (1C) that if a person is entitled to make 2 or more of the qualifying deductions 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:

<i>First column</i>	<i>Second column</i>	<i>Third column</i>
A qualifying deduction under section 37E(1)	First	Full amount of the qualifying deduction
A qualifying deduction for the year of assessment 2020 under section 37E(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 section 37E(1A)	Third	Full amount of the qualifying deduction or its balance as described in subsection (1B)

The following example illustrates the new subsection (1C):

	Year of assessment 2018	Year of assessment 2019	Year of assessment 2020	Year of assessment 2021
Assessable income	\$80,000	-	\$30,000	-
Qualifying deductions	-	\$20,000	-	\$100,000

If an election is made under the existing subsection (1) and the new subsection (1A) of section 37E to carry back qualifying deductions for the years of assessment 2019 and 2021 respectively, the orders for making qualifying deductions against the assessable income for the years of assessment 2018 and 2020 are as follows:

Assessable income for the year of assessment 2018	\$80,000
Less: Qualifying deductions for the year of assessment 2019	\$20,000 [Note 1]
Less: Qualifying deductions for the year of assessment 2021	\$60,000 [Note 2]
Net assessable income for the year of assessment 2018	NIL

Assessable income for the year of assessment 2020	\$30,000
Less: Qualifying deductions for the year of assessment 2021	\$30,000 [Note 3]
Net assessable income for the year of assessment 2020	NIL

Note 1: the full amount of qualifying deductions under the existing subsection (1) is to be deducted before the amount of qualifying deductions under the new subsection (1A), in accordance with the new subsection (1C).

Note 2: the lower of the full amount of qualifying deductions for the year of assessment 2021 and the amount of assessable income for the third year of assessment immediately preceding the year of assessment 2021 (i.e., the year of assessment 2018) is to be deducted against the assessable income for the year of assessment 2018, in accordance with the amended subsection (3A).

Note 3: the lower of the balance of qualifying deductions for the year of assessment 2021 and the amount of assessable income for the year of assessment immediately preceding the year of assessment 2021 (i.e., the year of assessment 2020) is to be deducted against the assessable income for the year of assessment 2020, in accordance with the amended subsection (3A).

A person may elect for any qualifying deduction for the year of assessment 2021 to be deducted under section 37E(1) or the new section 37E(1A).

Clause 32 also amends section 37E to provide that where the Comptroller discovers that any qualifying deduction for the year of assessment 2020 or 2021 made under the new section 37E(1A) against the assessable income of any person for the year of assessment 2017, 2018, 2019 or 2020 (whichever is applicable) has become excessive, the Comptroller may raise an assessment for the year of assessment 2017, 2018, 2019 or 2020, as the case may be —

- (a) in the case of a deduction of the qualifying deduction for the year of assessment 2020 — on or before 31 December 2024; or

(b) in the case of a deduction of the qualifying deduction for the year of assessment 2021 — on or before 31 December 2025.

Clause 32 also amends section 37E to disallow a deduction under that section of any qualifying deduction of a life insurer for any year of assessment against any income of the insurer for any preceding year of assessment from a participating fund that is apportioned to policyholders, unless the qualifying deduction is in respect of such income or any income of the insurer from another participating fund that is apportioned to policyholders in accordance with regulations made under section 43(9) or 43C.

In addition, clause 32 amends section 37E to disallow the deduction under that section of any qualifying deduction for any year of assessment in respect of any income of the insurer from a participating fund that is apportioned to policyholders, against any income of the insurer for any preceding year of assessment, unless the income is from a participating fund that is apportioned to policyholders.

Finally, clause 32 amends the definition of “concessionary rate of tax” in section 37E(17), which is consequential to the amendment to section 37B(11).

Clause 33 amends section 37L (Deduction for acquisition of shares of companies) which allows a Singapore company to claim certain deductions for capital expenditure incurred by the Singapore company or its wholly-owned subsidiary for any qualifying acquisition of ordinary shares in another company. Under the new section 37L(17)(db), no deduction is allowed in respect of any qualifying acquisition mentioned in section 37L(4A)(a) or (b) for any year of assessment relating to the basis period in which the acquiring company or its acquiring subsidiary (as the case may be) fails to satisfy any condition prescribed under section 37L(16E) (*viz.* a condition requiring the acquiring company or acquiring subsidiary to exert “significant influence” over the target company), or for any subsequent year of assessment.

Clause 34 amends section 42 (Rates of tax upon individuals) to delete subsection (2) which provides that the rate of tax applicable to the income of an individual received in Singapore from outside Singapore is to be determined by reference to that income together with all other income and is treated as the highest rate applicable to the individual’s total income. Subsection (2) is deleted as it is obsolete.

Clause 35 amends section 42A (Rebate for children of family) which provides for a rebate against the tax payable by an individual in respect of a child of the individual’s family. The amount of rebate allowable in respect of each child depends on the ranking of the child among his or her siblings in the household. The new section 42A(12A) provides that, in determining the ranking of a child for the purpose of the rebate for the year of assessment 2022 or a subsequent year of assessment, any sibling of the child that is a stillborn child (whether issued from

the mother before, on or after 1 January 2022) is to be included in determining the number of siblings the child has. However, this applies only if the natural mother of the stillborn child is a member of the same household.

Clause 36 amends subsection (1)(c) of section 43C (Exemption and concessionary rate of tax for insurance and reinsurance business), which enables the Minister to make regulations to provide (among other matters) for a concessionary tax rate to be levied on income derived from insurance and reinsurance business by an approved specialised insurer. The amendment provides that the last date on which a specialised insurer may be approved for the purposes of the regulations under section 43C(1)(c) is 31 August 2021.

Clause 37 amends section 43W (Concessionary rate of tax for shipping investment manager) which enables the Minister to make regulations for a concessionary rate of tax of 10% to be levied on certain income of an approved shipping investment manager. The amended subsection (4A) of that section provides that the period of approval of a shipping investment manager may be specified or extended by a public body to which the Minister has assigned that function under section 3A.

Clause 38 amends section 43ZA (Concessionary rate of tax for container investment enterprise) which provides for a concessionary rate of tax of 5% or 10% to be levied on the income of an approved container investment enterprise accruing in or derived from Singapore from various types of activities. The effect of the new subsection (4A) is that the approval of a container investment enterprise or its related party may be subject to conditions specified by a public body to which the Minister has assigned his or her powers under section 3A (called the authorised body), and the period of approval may also be specified or extended by the authorised body. Clause 38 also amends the definition of “related party” in section 43ZA(7) to include any entity that is approved by the Minister or authorised body to be a related party of the approved container investment enterprise in any particular case.

Clause 39 amends section 43ZB (Concessionary rate of tax for container investment manager) which enables the Minister to make regulations for a concessionary rate of tax of 10% to be levied on certain incomes of an approved container investment manager. The amended subsection (4A) of that section provides that the period of approval of a container investment manager may be specified or extended by a public body to which the Minister has assigned that function under section 3A.

Clause 40 amends section 43ZF (Concessionary rate of tax for shipping-related support services). The amended subsection (2) of that section provides that the approval of a company for the purpose of a concessionary rate of tax under that section for income derived from providing any approved shipping-related support service may be subject to conditions imposed by a public body to which the Minister has assigned that power under section 3A.

Clause 41 amends section 43ZI (Concessionary rate of tax for intellectual property income) which provides for a concessionary rate of tax to be levied on a percentage of qualifying intellectual property income derived by an approved company from any qualifying intellectual property right elected by the company for each year of assessment within its tax relief period. The new paragraphs in section 43ZI(11) empower the Minister to make regulations to prescribe the circumstances under which a prescribed amount of expenses, allowances or donations deducted from qualifying intellectual property income may be deemed as a loss in respect of income subject to tax at the rate specified in section 43(1)(a) for a specified year of assessment, and to provide for the manner and extent to which the prescribed amount may be deducted against any income for a year of assessment in accordance with the provisions of the Act (with prescribed modifications).

Clause 42 amends section 45I (Sections 45 and 45A not applicable to certain payments) which exempts banks, merchant banks, finance companies, and certain approved capital markets services licence holders which underwrite debts or equity issuances, from the obligation to withhold tax, when they make payment of any income mentioned in section 12(6) to a non-resident person under specified circumstances. The exemption is extended to cover any such payment made on or before 31 December 2026 under a contract that took effect before 17 February 2012 or under a debt security which was issued before 17 February 2012, or any such payment which was made under a contract that took effect, or was extended or renewed between 17 February 2012 and 31 December 2026 (both dates inclusive), or under a debt security which was issued on a date between 17 February 2012 and 31 December 2026 (both dates inclusive).

Clause 43 amends section 50 (Tax credits) which provides for the grant of a tax credit to a person resident in Singapore for an amount of foreign tax payable in respect of any income chargeable with tax under the Act. The amendment extends the time limit for a person to make any claim for tax credit to 4 years after the end of the year of assessment to which the claim relates, with effect from the year of assessment 2022.

Clause 43 also amends section 50 to extend the time limit (to 3 years) for an assessment or a claim for relief to be made pursuant to an adjustment of the amount of any tax payable by a person in Singapore or elsewhere, which renders the amount of any tax credit given to the person excessive or insufficient.

Finally, clause 43 inserts a new subsection (11) in section 50 that imposes an obligation on a person to give the Comptroller a written notice of any adjustment of tax payable in a foreign territory, which renders excessive the amount of any tax credit given under section 50. The notice must be given within one year of the adjustment and failure to comply constitutes an offence.

Clause 44 amends section 50C (Pooling of credits) which allows a person to elect to be given a pooled credit for any year of assessment if the person is entitled

to 2 or more tax credits under Part XIV. The amendment is consequential to the amendment to section 50.

Clause 45 amends section 62B (Currency other than Singapore dollar to be used in certain circumstances) by making an amendment that is consequential to the introduction of the new section 25.

Clause 46 amends subsection (2A) of section 74 (Additional assessments), which disapplies the time bar under section 74(1) to the making of an additional assessment pursuant to an agreement made in accordance with a mutual agreement procedure under an avoidance of double taxation agreement. The amendment extends the disapplication of the time bar to an advance pricing arrangement made in accordance with a mutual agreement procedure on or after the date of commencement of the clause.

Clause 46 also amends section 74 to make clear that the disapplication of the time bar applies to any agreement to which the existing section 74(2A) applies, that is made on or after 26 October 2017.

Clause 47 amends section 94 (General penalties) by increasing the maximum penalty for an offence under that section for which no other penalty is provided, from \$1,000 to \$5,000.

Clause 48 amends section 94A (Penalty for failure to make return) by increasing the maximum penalty for an offence under section 94A(1) or (3), from \$1,000 to \$5,000. The clause also increases the penalty for a continuing offence mentioned in section 94A(2), from \$50 to \$100 per day.

Clause 49 amends section 101 (Consent for prosecution) to empower the Comptroller to authorise an officer to compound the following offences:

- (a) an offence under the new section 50(11A), including that provision as applied by section 50A(4) or 50C(6);
- (b) an offence under the new 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.

Clause 50 inserts a new section 104A (Protection of informers) to protect the identity of an informer of any offence under the Act from being disclosed in any civil or criminal proceedings. This is to encourage the reporting of offences under the Act.

Clause 51 amends section 105M (Offences) to increase the maximum penalty for an offence arising from non-compliance with section 105L(1), or any regulation made under section 105P that requires a person to apply for registration or report any information to the Comptroller, from \$1,000 to \$5,000. The penalty for any offence that continues after the conviction of such an offence is also increased from \$50 to \$100 per day. The penalty for an offence arising from a

failure or neglect to comply with any other requirement imposed by regulations made under section 105P remains unchanged.

Clause 52 amends Part 3 of the Third Schedule (which sets out the replacement sections 50, 50A and 50C applicable to an umbrella VCC), by making amendments to the replacement sections that are similar to those made to sections 50 and 50C by clauses 43 and 44, respectively.

Clause 53 amends the Fifth Schedule (Child relief) which provides the deduction to be allowed under section 39(2)(e) for the maintenance of an eligible child by an individual. In determining whether a child is a “first eligible child”, “second eligible child” or “third and subsequent eligible child” in respect of whom a deduction is allowed under that provision, for the year of assessment 2022 or a subsequent year of assessment, any sibling that is a stillborn child (whether issued from the mother before, on or after 1 January 2022) is treated as if the sibling were an eligible child. However, this applies only if the married woman, divorcee or widow claiming the deduction is the natural mother of the stillborn child.

Clause 54 amends the Ninth Schedule (Specified public schemes) to insert 7 public schemes for the purpose of section 6(11A), namely, the SkillsFuture Enterprise Credit, Senior Employment Credit, Enabling Employment Credit, CPF Transition Offset, Foreign Worker Levy Rebate, Jobs Growth Incentive and Rental Support Scheme.

Clauses 55 to 60 make amendments similar to clause 50, to the Betting and Sweepstake Duties Act, the Estate Duty Act, the Goods and Services Tax Act, the Private Lotteries Act, the Property Tax Act and the Stamp Duties Act, respectively.

Clause 57 also makes amendments to the Goods and Services Tax Act that are similar to those in clauses 2 and 54.

Clause 61 validates any assessment that has been made or the payment, collection or recovery of any sum purportedly paid, collected or recovered as tax before the date of commencement of section 3 of the Income Tax (Amendment) Act 2021 in connection with the appropriation of any trading stock of a person’s trade or business for any purpose other than for sale or disposal in the ordinary course of any of the person’s trades or businesses. However, this validation does not affect any legal proceedings instituted before the date of introduction of the Bill.

Clause 62 validates the Comptroller of Income Tax’s furnishing of, and grant of access to, any information to the chief executive officer of IRAS or an officer duly authorised by the chief executive officer, that is required for the performance of the official duties of the chief executive officer or authorised officer in administering the 7 public schemes that are inserted in the Ninth Schedule by clause 54. Such an act of the Comptroller of Income Tax is treated as having been

validly carried out in accordance with section 6(11A) read with the amended Ninth Schedule.

Clause 63 similarly validates the Comptroller of Goods and Services Tax's furnishing of, and grant of access to, any information to the chief executive officer or authorised officer mentioned in the preceding paragraph for the reason mentioned in the preceding paragraph. Such an act of the Comptroller of Goods and Services Tax is treated as having been validly carried out in accordance with section 6(6C) of the Goods and Services Tax Act read with the amended Part 1 of the Sixth Schedule to the Goods and Services Tax Act.

Clause 64 inserts saving and transitional provisions to provide that the time limit for an assessment or a claim for relief to be made pursuant to an adjustment of the amount of any tax payable in Singapore or elsewhere, which renders the amount of any tax credit given to the person excessive or insufficient, remains 2 years, if the adjustment is made before the date of commencement of section 43(b) or 52(1)(b) (whichever is applicable) of the Income Tax (Amendment) Act 2021.

Clause 64 also enables the Minister, for a period of 2 years after the commencement of the clause, to make saving and transitional provisions by regulations for the purposes of the Bill.

EXPENDITURE OF PUBLIC MONEY

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