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Notification No. B 34 — The Income Tax (Amendment No. 3) Bill is hereby published for general information. It was introduced in Parliament on 10th October 2016.

Income Tax (Amendment No. 3) Bill

Bill No. 34/2016.

Read the first time on 10 October 2016.

A BILL

i n t i t u l e d

An Act to amend the Income Tax Act (Chapter 134 of the 2014 Revised Edition) and to make related amendments to the Economic Expansion Incentives (Relief from Income Tax) Act (Chapter 86 of the 2005 Revised Edition), the Goods and Services Tax Act (Chapter 117A of the 2005 Revised Edition) and the Stamp Duties Act (Chapter 312 of the 2006 Revised Edition).

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 No. 3) Act 2016.

(2) Section 12 is deemed to have come into operation on 28 November 2013.

(3) Section 50(*a*) is deemed to have come into operation on 1 January 2014.

(4) Section 5(*b*) is deemed to have come into operation on 27 November 2014.

(5) Sections 2, 6(*a*), (*c*), (*e*), (*f*) and (*g*), 7(*a*), (*b*), (*e*), (*f*), (*h*), (*i*) and (*j*), 9, 15, 19, 20, 22, 33, 37, 38, 60(*b*) to (*e*) and 64(1) and (2) are deemed to have come into operation on 25 March 2016.

(6) Sections 13, 14, 23, 31 and 63(*a*) to (*f*) are deemed to have come into operation on 1 April 2016.

(7) Section 51 is deemed to have come into operation on 11 April 2016.

(8) Section 39 is deemed to have come into operation on 19 April 2016.

(9) Sections 16 and 18(*b*) are deemed to have come into operation on 19 May 2016.

(10) Sections 17 and 18(*a*) are deemed to have come into operation on 1 July 2016.

Amendment of section 2

2. Section 2 of the Income Tax Act (called in this Act the principal Act) is amended —

(*a*) by inserting, immediately after the definition of "local forces" in subsection (1), the following definitions:

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

"offshore renewable energy" means —

(*a*) ocean thermal power;

(*b*) offshore geothermal power;

(*c*) offshore solar power;

(*d*) offshore wind power;

(*e*) osmotic power;

(*f*) tidal power; or

(*g*) wave power;"; and

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

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

Amendment of section 8A

3. Section 8A of the principal Act is amended by inserting, immediately after subsection (3), the following subsection:

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

Amendment of section 10A

4. Section 10A of the principal Act is amended by inserting, immediately after subsection (1), the following subsection:

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

Amendment of section 13

5. Section 13 of the principal Act is amended —

(*a*) by inserting, immediately after the word "derived" in subsection (1)(*n*), the words "in the basis period for any

year of assessment before the year of assessment 2018"; and

(*b*) by deleting subsections (12A) and (12B) and substituting the following subsections:

"(12A) Every order made under subsection (12) still in force on 1 April 2020, that exempts from tax any income received in Singapore by —

(*a*) the trustee of a real estate investment trust; or

(*b*) a company incorporated in Singapore the share capital of which is, on the commencement of the order, 100% owned by the trustee of a real estate investment trust,

applies on or after that date (and despite anything in the order) only to income described in subsection (12B).

(12B) Subsection (12A) applies to income received in Singapore by the trustee or the company and exempt from tax by the order, that is paid out of income or gains —

(*a*) relating to any immovable property situated outside Singapore that is acquired (directly or indirectly) by the trustee or the company before 1 April 2020; and

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

Amendment of section 13A

6. Section 13A of the principal Act is amended —

(*a*) by inserting, immediately after subsection (1CG), the following subsections:

"(1CH) The income of a shipping enterprise mentioned in this section includes income derived on or after 25 March 2016 by the shipping enterprise from —

(*a*) any mobilisation or holding of any ship used or to be used for offshore renewable energy activity, or offshore mineral activity, outside the limits of the port of Singapore; or

(*b*) the demobilisation of any ship after it has been so used,

where the mobilisation, holding or demobilisation is undertaken by the shipping enterprise itself using a Singapore ship.

(1CI) The income of a shipping enterprise mentioned in this section includes income derived on or after 25 March 2016 by the shipping enterprise from —

(*a*) any mobilisation or holding of a Singapore ship owned or operated by the shipping enterprise and used or to be used for offshore renewable energy activity, or offshore mineral activity, outside the limits of the port of Singapore; or

(*b*) the demobilisation of a Singapore ship owned or operated by the shipping enterprise after it has been so used.

(1CJ) The income of a shipping enterprise mentioned in this section includes income derived on or after 25 March 2016 from foreign exchange and

risk management activities that are carried out in connection with and incidental to any activity mentioned in subsection (1CH) or (1CI).";

(*b*) by inserting, immediately after subsection (1CJ), the following subsection:

"(1CK) The income of a shipping enterprise mentioned in this section includes income derived on or after the date the Income Tax (Amendment No. 3) Act 2016 is published in the *Gazette*, from foreign exchange and risk management activities that are carried out in connection with and incidental to any activity mentioned in subsection (1CD), (1CE) or (1CF).";

(*c*) by deleting the words "or (1CG)" in subsection (3)(*b*) and substituting the words ", (1CG), (1CH), (1CI) or (1CJ)";

(*d*) by deleting the words "or (1CJ)" in subsection (3)(*b*) and substituting the words ", (1CJ) or (1CK)";

(*e*) by inserting, immediately after the words "offshore oil or gas activity" in the definitions of "holding" and "mobilisation" in subsection (16), the words ", offshore renewable energy activity or offshore mineral activity";

(*f*) by deleting the word "or" at the end of paragraph (*a*)(iii) of the definition of "operation" in subsection (16); and

(*g*) by deleting the word "and" at the end of sub-paragraph (iv) of paragraph (*a*) of the definition of "operation" in subsection (16) and substituting the word "or", and by inserting immediately thereafter the following sub-paragraph:

"(v) the use, on or after 25 March 2016, outside the limits of the port of Singapore of the ship for offshore renewable energy activity or offshore mineral activity; and".

Amendment of section 13F

7. Section 13F of the principal Act is amended —

(*a*) by deleting the word "and" at the end of subsection (1)(*j*);

(*b*) by deleting the full-stop at the end of paragraph (*k*) of subsection (1) and substituting a semi-colon, and by inserting immediately thereafter the following paragraphs:

"(*l*) on or after 25 March 2016 from —

(i) the operation outside the limits of the port of Singapore of any foreign ship for offshore renewable energy activity or offshore mineral activity; and

(ii) the charter of any foreign ship for offshore renewable energy activity or offshore mineral activity to any person, where such ship is used by the person for the person's operation outside the limits of the port of Singapore;

(*m*) on or after 25 March 2016 from —

(i) the sale of a foreign ship used for offshore renewable energy activity or offshore mineral activity;

(ii) the assignment to another of all its rights as the buyer under a contract for the construction of a ship for offshore renewable energy activity or offshore mineral activity that, at the time of assignment, is intended to be a foreign ship to be used for that activity or any prescribed purpose; or

(iii) the sale of all of the issued ordinary shares in a special purpose company of the approved international

shipping enterprise where, at the time of the sale of the shares, the special purpose company —

(A) owns any foreign ship that is used for offshore renewable energy activity or offshore mineral activity; or

(B) is the buyer under a contract for the construction of a foreign ship for that activity and that is intended to be used for that activity or any prescribed purpose;

(*n*) on or after 25 March 2016 from —

(i) any mobilisation or holding of any ship used or to be used for offshore renewable energy activity, or offshore mineral activity, outside the limits of the port of Singapore; or

(ii) the demobilisation of any ship after it has been so used,

where the mobilisation, holding or demobilisation is undertaken by the approved international shipping enterprise itself using a foreign ship;

(*o*) on or after 25 March 2016 from —

(i) any mobilisation or holding of a foreign ship owned or operated by the approved international shipping enterprise and used or to be used for offshore renewable energy activity, or offshore mineral activity, outside the limits of the port of Singapore; or

(ii) the demobilisation of a foreign ship owned or operated by the approved international shipping enterprise after it has been so used; and

(*p*) on or after 25 March 2016 from foreign exchange and risk management activities which are carried out in connection with and incidental to an activity described in paragraph (*l*), (*n*) or (*o*).";

(*c*) by deleting the word "and" at the end of subsection (1)(*o*);

(*d*) by deleting the full-stop at the end of paragraph (*p*) of subsection (1) and substituting the word "; and", and by inserting immediately thereafter the following paragraph:

"(*q*) on or after the date the Income Tax (Amendment No. 3) Act 2016 is published in the *Gazette*, from foreign exchange and risk management activities that are carried out in connection with and incidental to an activity mentioned in subsection (1)(*f*), (*h*), (*i*) or (*j*).";

(*e*) by inserting, immediately after subsection (1AB), the following subsection:

"(1AC) Subsection (1)(*m*) does not apply to —

(*a*) any income of an approved international shipping enterprise as a lessor of a foreign ship used for offshore renewable energy activity or offshore mineral activity, under a finance lease that is treated as a sale under section 10D; or

(*b*) any income of an approved international shipping enterprise from carrying on a business of trading in foreign ships used for either of those activities, or of constructing for sale foreign ships for either of those activities.";

(*f*) by deleting the words "and (*h*) to (*k*)" in subsection (4) and substituting the words ", (*h*) to (*l*), (*n*), (*o*) and (*p*)";

(*g*) by deleting the words ", (*n*), (*o*) and (*p*)" in subsection (4) and substituting the words "and (*n*) to (*q*)";

(*h*) by deleting the words "subsection (1)(*g*) in any basis period" in subsection (4A) and substituting the words "subsection (1)(*g*) or (*m*) in any basis period";

(*i*) by deleting the words "subsection (1)(*g*) in that same basis period" in subsection (4A) and substituting the words "either subsection (1)(*g*) or (*m*) in that same basis period"; and

(*j*) by deleting the definition of "special purpose company" in subsection (6) and substituting the following definition:

" "special purpose company", in relation to an approved international shipping enterprise, means a company that is wholly owned by the shipping enterprise and whose only business or intended business is —

(*a*) any operation mentioned in subsection (1)(*a*), (*b*), (*c*), (*f*), (*i*) and (*j*);

(*b*) any operation of a Singapore ship as defined in section 13A(16); or

(*c*) any operation or activity mentioned in subsection (1)(*l*), (*n*) or (*o*) that takes place on or after 25 March 2016.".

Amendment of section 13H

8. Section 13H of the principal Act is amended —

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

"(1) The Minister may make regulations to provide that such income as the Minister may specify of an

approved venture company derived by it from making approved investments is exempt from tax.";

(*b*) by deleting the words "or taxed at a concessionary rate" in subsections (2) and (4);

(*c*) by deleting the words "or tax at a concessionary rate" in subsection (2A);

(*d*) by deleting the words "in the case of income which is exempt from tax," in subsection (4)(*a*);

(*e*) by deleting paragraph (*aa*) of subsection (4);

(*f*) by deleting "(*aa*)," in subsection (4)(*d*);

(*g*) by deleting subsection (5A); and

(*h*) by deleting the words "or subject to tax at a concessionary rate under regulations made under subsection (1) ought not to have been so exempted or taxed" in subsection (16) and substituting the words "under regulations made under subsection (1) ought not to have been so exempted".

Amendment of section 13S

9. Section 13S of the principal Act is amended —

(*a*) by inserting, immediately before the word "from" in subsection (1)(*a*) and (*b*), the words "before 25 March 2016";

(*b*) by inserting, immediately before the word "for" in subsection (1)(*c*), the words "before 25 March 2016,";

(*c*) by deleting the word "and" at the end of paragraph (*c*) of subsection (1), and by inserting immediately thereafter the following paragraphs:

"(*ca*) on or after 25 March 2016 from the chartering or finance leasing of any sea-going ship acquired by the approved shipping investment enterprise before or during the period of its approval mentioned

in subsection (3), for use outside the limits of the port of Singapore;

(*cb*) on or after 25 March 2016 from foreign exchange and risk management activities which are carried out in connection with and incidental to any activity mentioned in paragraph (*ca*); and";

(*d*) by deleting the words "or (*c*)" in subsection (1A) and substituting the words ", (*c*), (*ca*) or (*cb*)";

(*e*) by inserting, immediately after the words "offshore oil or gas activity" in subsection (4)(*b*), the words ", offshore renewable energy activity or offshore mineral activity"; and

(*f*) by deleting the words "and (*c*)" in subsection (6) and substituting the words ", (*c*), (*ca*) and (*cb*)".

Amendment of section 13U

10. Section 13U(2) of the principal Act is amended by deleting the words "15th February 2007 to 14th February 2017" and substituting the words "15 February 2007 to 31 March 2022".

Amendment of section 13Z

11. Section 13Z(1) of the principal Act is amended by deleting the words "1st June 2012 to 31st May 2017" in paragraph (*a*) and substituting the words "1 June 2012 to 31 May 2022".

Amendment of section 14

12. Section 14(8) of the principal Act is amended —

(*a*) by inserting, immediately after the words "subsection (1)(*f*)" in the definition of "general contribution", the words "or (*fb*), as the case may be,"; and

(*b*) by inserting, immediately after the words "subsection (1)(*f*)" in paragraph (*e*) of the definition of "medical expenses", the words "or (*fb*), as the case may be".

Amendment of section 14B

13. Section 14B of the principal Act is amended by deleting "2016" in subsections (2A) and (12) and substituting in each case "2020".

Amendment of section 14K

14. Section 14K of the principal Act is amended by deleting "2016" in subsections (1A)(*a*) and (8) and substituting in each case "2020".

New section 14Z

15. The principal Act is amended by inserting, immediately after section 14Y, the following section:

"**Attribution of deductible expenses incurred before commencement of trade, etc.**

14Z.—(1) This section applies where —

(*a*) a person derives the first dollar of income from a trade, business, profession or vocation in a basis period;

(*b*) the person incurs an expense —

(i) before the date the person derives the first dollar of income mentioned in paragraph (*a*); but

(ii) on or after 25 March 2016; and

(*c*) for the purpose of ascertaining the person's income from that trade, business, profession or vocation in that basis period, a deduction may be allowed under a provision of this Part for that expense by reason of section 14U.

(2) This section also applies where —

(*a*) a person commences a trade, business or profession in a basis period;

(*b*) the person incurs an expense —

(i) before the date the person commences the trade, business or profession; but

(ii) on or after 25 March 2016; and

(*c*) for the purpose of ascertaining the person's income from that trade, business or profession in that basis period, a deduction may be allowed under section 14A, 14D, 14Q or 14S by reason of section 14A(3), 14D(2), 14Q(4) or 14S(5), as the case may be.

(3) Where the person's income from that trade, business, profession or vocation (as the case may be) in that basis period comprises any 2 or all of the following:

(*a*) normal income;

(*b*) concessionary income;

(*c*) exempt income,

the deduction for the expense is to be allowed in the following manner:

(i) where the Comptroller is of the opinion that —

(A) where the expense is one mentioned in subsection (1) — it is incurred in the production of the normal income only; or

(B) where the expense is one mentioned in subsection (1) or (2) and is incurred before the commencement of the trade, business, profession or vocation — it would have been incurred in the production of the normal income had it been incurred after such commencement,

the expense is to be deducted against the normal income;

(ii) where the Comptroller is of the opinion that —

(A) where the expense is one mentioned in subsection (1) — it is incurred in the production of the concessionary income only; or

(B) where the expense is one mentioned in subsection (1) or (2) and is incurred before the commencement of the trade, business,

profession or vocation — it would have been incurred in the production of the concessionary income had it been incurred after such commencement,

the expense is to be deducted against the concessionary income;

(iii) where the Comptroller is of the opinion that —

(A) where the expense is one mentioned in subsection (1) — it is incurred in the production of the exempt income only; or

(B) where the expense is one mentioned in subsection (1) or (2) and is incurred before the commencement of the trade, business, profession or vocation — it would have been incurred in the production of the exempt income had it been incurred after such commencement,

the expense is to be deducted against the exempt income;

(iv) in any other case, the expense is to be deducted against the normal income, concessionary income and exempt income (whichever is applicable), in the respective proportions that such part of the normal income, concessionary income and exempt income bear to such part of the total income from that trade, business, profession or vocation in the same basis period, as the Comptroller considers reasonable.

(4) Where the person's income from that trade, business, profession or vocation in that basis period comprises only concessionary income or only exempt income, the expense is to be deducted against that income.

(5) In this section —

"concessionary income" means income that is subject to a concessionary rate of tax as defined in section 14D(5);

"exempt income" means income that is exempt from tax under this Act or the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86);

"normal income" means income that is subject to tax at the rate of tax in section 42(1) or 43(1), as the case may be.".

New section 14ZA

16. The principal Act is amended by inserting, immediately after section 14Z, the following section:

"**Further or double deduction for qualifying expenditure on issue of debentures and making available debentures for secondary trading**

14ZA.—(1) Where the Comptroller is satisfied that qualifying expenditure in connection with —

(*a*) an issue of qualifying debentures; or

(*b*) making available potential seasoned debentures for secondary trading within 5 years starting from the date of their issue,

has been incurred on or after 19 May 2016 by a person carrying on a trade or business in Singapore, that person is to be allowed —

(i) where the expenditure is allowable as a deduction under section 14, a further deduction of the amount of such expenditure; or

(ii) where the expenditure is not allowable as a deduction under section 14, a deduction equal to twice the amount of such expenditure.

(2) The maximum amount of qualifying expenditure that may be allowed a deduction under this section is —

(*a*) subject to paragraphs (*b*) and (*c*), $500,000 for each issue of qualifying debentures or making available of potential seasoned debentures for secondary trading;

(*b*) subject to paragraph (*c*), $500,000 for both the issue of potential seasoned debentures and the making available of the same debentures for secondary trading; and

(*c*) $1,000,000 per person, irrespective of the number of times the person issues qualifying debentures or makes available potential seasoned debentures for secondary trading.

(3) It is a condition for allowing a deduction to a person under this section in respect of an issue of potential seasoned debentures, that they are made available for secondary trading within a period of one year starting from the date of their issue (called in this section the window period).

(4) If the condition in subsection (3) is not satisfied, the total deductions under this section already allowed to the person in respect of that issue are treated as the person's income for the year of assessment relating to the basis period in which the first day after the end of the window period falls.

(5) Subsections (3) and (4) do not affect the right of the person to be allowed a deduction under this section in relation to making available the potential seasoned debentures for secondary trading after the window period, except that the deduction may only be allowed in the year of assessment relating to the basis period in which those debentures are so made available.

(6) In this section —

"offering document" means a prospectus, an offer circular, an information memorandum, a pricing supplement or any other document issued to investors in connection with an offer of debentures;

"post-seasoning debenture", "retail investor" and "seasoned debenture" have the meanings given to those expressions in the Post-seasoning Debentures Regulations;

"Post-seasoning Debentures Regulations" means the Securities and Futures (Offers of Investments)

(Exemption for Offers of Post-seasoning Debentures) Regulations 2016 (G.N. No. S 224/2016);

"potential seasoned debentures" means debentures the offering documents for the offer of which include a statement to the effect that the debentures are intended to be made available on a securities exchange for trading by retail investors;

"product highlights sheet" —

(*a*) in relation to an offer of straight debentures, has the meaning given to it in the Straight Debentures Regulations; or

(*b*) in relation to an offer of post-seasoning debentures, has the meaning given to it in the Post-seasoning Debentures Regulations;

"qualifying debentures" means any of the following debentures:

(*a*) potential seasoned debentures issued during the period between 19 May 2016 and 18 May 2021 (both dates inclusive);

(*b*) post-seasoning debentures offered in reliance on an exemption under the Post-seasoning Debentures Regulations and issued within 5 years starting from the date of issue of the corresponding seasoned debentures, being a date falling within the period between 19 May 2016 and 18 May 2021 (both dates inclusive);

(*c*) straight debentures offered in reliance on an exemption under the Straight Debentures Regulations and issued during the period between 19 May 2016 and 18 May 2021 (both dates inclusive);

"qualifying expenditure" means —

(*a*) in relation to an issue of potential seasoned debentures, any of the following that are

incurred in connection with the issue, and for the purpose of allowing the debentures to be made available for secondary trading, or for the purpose of the subsequent issue of post-seasoning debentures:

(i) professional fees for conducting due diligence;

(ii) origination, underwriting and distribution fees;

(iii) advertising and marketing expenses;

(*b*) in relation to the making available of potential seasoned debentures for secondary trading, any of the expenditure mentioned in paragraph (*a*)(i), (ii) and (iii) that are incurred in connection with making available the debentures for secondary trading; or

(*c*) in relation to an issue of post-seasoning debentures or straight debentures, any of the following that are incurred in connection with the issue:

(i) professional fees for conducting due diligence;

(ii) professional fees for the drafting and preparation of, and the printing costs of —

(A) the product highlights sheet for the offer pertaining to the issue, in the case of an issue of post-seasoning debentures; or

(B) the product highlights sheet and simplified disclosure document for the offer pertaining to the issue, in the case of an issue of straight debentures;

(iii) origination, underwriting and distribution fees;

(iv) advertising and marketing expenses,

but excludes trustee fees, agency fees and Central Depository fees;

"securities exchange" has the same meaning as in section 2(1) of the Securities and Futures Act (Cap. 289);

"simplified disclosure document" and "straight debenture" have the meanings given to those expressions in the Straight Debentures Regulations;

"Straight Debentures Regulations" means the Securities and Futures (Offers of Investments) (Exemption for Offers of Straight Debentures) Regulations 2016 (G.N. No. S 225/2016).

(7) In this section, a person makes available potential seasoned debentures for secondary trading if the person makes them available on a securities exchange for trading by retail investors.".

New section 14ZB

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

"**Deduction for expenditure for services or secondment to institutions of a public character**

14ZB.—(1) Subject to this section, where the Comptroller is satisfied that a qualifying person has incurred, during the period between 1 July 2016 and 31 December 2018 (both dates inclusive), qualifying expenditure in respect of —

(*a*) the provision during that period by a qualifying employee of the qualifying person, of services that satisfy subsection (2) to an IPC; or

(*b*) the secondment during that period of a qualifying employee of the qualifying person to an IPC,

then there is to be allowed to the qualifying person —

(i) where the expenditure is allowable as a deduction under section 14, a further deduction equal to 150% of the endorsed amount of the expenditure in addition to the deduction allowed under that section; or

(ii) where such expenditure is not allowable as a deduction under section 14, a deduction equal to 250% of the endorsed amount of the expenditure.

(2) The services mentioned in subsection (1)(*a*) must be —

(*a*) the subject of an arrangement between the qualifying person and the IPC; and

(*b*) provided on the instruction or request of the qualifying person.

(3) The maximum amount of qualifying expenditure for which a qualifying person may be allowed the deduction under subsection (1) is $250,000 for each year of assessment.

(4) The maximum amount of qualifying expenditure for which deductions may be allowed under subsection (1) in relation to each IPC is $25,000 for the period between 1 July 2016 and 31 December 2016 (both dates inclusive) and $50,000 for each of the calendar years 2017 and 2018, and this is irrespective of the number of qualifying persons claiming the deduction.

(5) Where 2 or more qualifying persons —

(*a*) incur qualifying expenditure in relation to one IPC in a period or calendar year which in total exceeds the maximum amount for that period or calendar year under subsection (4); and

(*b*) claim a deduction under subsection (1) for such expenditure,

the deduction is to be allowed for such part or parts of the expenditure incurred by such person or persons that the IPC specifies to the Comptroller.

(6) A deduction under subsection (1) may only be allowed for any qualifying expenditure if —

(*a*) before the date the services are first provided to the IPC in the basis period or the date of commencement of the secondment (as the case may be), the qualifying person makes a declaration, duly endorsed by the IPC and in a form determined by the Minister, regarding —

(i) the nature of the services which the person has arranged with the IPC to be provided to the IPC, or the nature of the secondment (as the case may be); and

(ii) the expected expenditure;

(*b*) within such time as the Comptroller may specify, the IPC submits to the Comptroller a declaration by the qualifying person, in a form determined by the Minister, regarding —

(i) the services provided to the IPC or the secondment to the IPC (as the case may be); and

(ii) the amount of the actual qualifying expenditure incurred, as well as the part of that amount (which may be the full amount or a part of it) endorsed by the IPC for the deduction under subsection (1); and

(*c*) the claim for the deduction is made in the manner determined by the Comptroller.

(7) A deduction is not allowed under subsection (1) for any expenditure to the extent that it is or is to be subsidised by a grant or subsidy from the Government or a statutory board.

(8) A deduction is not allowed under subsection (1) in relation to the provision of any service or any secondment if there is any agreement or understanding (whether oral or in writing and whether express or implied) that the IPC will confer a benefit of any kind on the qualifying person in return for the provision of the service or the secondment.

(9) A deduction is not allowed under subsection (1) for any expenditure incurred on any activity that is or is to be subsidised, fully or partially, by a matching grant under the Share as One Programme administered by the National Council of Social Services.

(10) The Comptroller may disallow in whole or in part a claim for a deduction under subsection (1) if the Comptroller is not satisfied that the endorsed amount of the expenditure is reasonable having regard to the period and nature of the services provided or the period and nature of the secondment (as the case may be), and other relevant circumstances.

(11) If, at any time after a qualifying person has been allowed a deduction under subsection (1) for any qualifying expenditure, the person is reimbursed for any amount of the expenditure, the amount of the deduction that corresponds to the expenditure reimbursed is treated as the person's income for the year of assessment in which the Comptroller discovers the reimbursement.

(12) In this section —

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

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

"employee", in relation to a qualifying person, includes an individual —

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

(*b*) whose salary and other remuneration is borne, directly or indirectly, by the qualifying person and not claimed by the central hirer as a deduction against the central hirer's own income;

"endorsed amount", in relation to any expenditure, means the amount of the expenditure endorsed by an IPC under subsection (6)(*b*);

"IPC" means an institution of a public character as defined in section 2(1);

"qualifying employee", in relation to a qualifying person, means an employee who, at the time of provision of the services or during the secondment (as the case may be), is under a contract of service with the qualifying person or (if the employee is engaged under a central hiring arrangement) the central hirer, under which the employee is required to work for at least 35 hours each week, but excludes —

(*a*) where the qualifying person is a partnership, a partner of the partnership; and

(*b*) where the qualifying person is a company, a shareholder of the company who is also a director of the company;

"qualifying expenditure" —

(*a*) in relation to the provision of services by a qualifying employee of a qualifying person to an IPC, means the sum of —

(i) the amount of the salary expenditure incurred by the qualifying person for —

(A) the period during which the employee provided those services that falls within the employee's working hours; or

(B) if the period during which the employee provided those services does not fall within the employee's working hours, the period of the time off in lieu given to the employee; and

(ii) the amount of the expenditure (not being capital expenditure) incurred by the qualifying person that was necessary for the provision of the services, excluding any private or domestic expense; and

(*b*) in relation to the secondment of a qualifying employee of the qualifying person to an IPC, means the sum of —

(i) the amount of the salary expenditure incurred by the qualifying person for the period of the secondment; and

(ii) the amount of the expenditure (not being capital expenditure) incurred by the qualifying person that was necessary for the provision of services by the qualifying employee to the IPC during the period of the secondment, excluding any private or domestic expense;

"qualifying person" means —

(*a*) any company or firm (including a partnership) that carries on a trade, profession or business in Singapore;

(*b*) a body of persons (whether corporate or unincorporate) that carries on a club or a similar institution and receives from its members (within the meaning of section 11) less than half of its gross receipts on revenue account (including entrance fees and subscriptions); or

(*c*) a body of persons (whether corporate or unincorporate) that carries on a trade or professional association in such circumstances that more than half its receipts by way of entrance fees and subscriptions are from Singapore members (within the meaning of section 11) who claim or would be entitled to claim such sums as allowable deductions for the purposes of section 14;

"related party" has the same meaning as in section 13(16);

"salary expenditure", in relation to an employee, means expenditure comprising wages and salary for the employee, but excludes any sum contributed to the Central Provident Fund in respect of the employee, or any bonus, commission, gratuity, leave pay, perquisite, allowance, or any other payment (whether in cash or kind) prescribed by rules made under section 7.

(13) In this section, a qualifying person is treated as having incurred any expenditure, if —

(*a*) it directly incurs that expenditure for which it is not reimbursed; or

(*b*) another person directly incurs that expenditure and the qualifying person is liable to reimburse the other person for it, and the incurring of the expenditure and of the liability both occur in the period between 1 July 2016 and 31 December 2018 (both dates inclusive).".

Amendment of section 15

18. Section 15 of the principal Act is amended —

(*a*) by inserting, immediately after the words "section 14X" in subsection (2A), the words "or 14ZB"; and

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

"(2B) Subsection (1)(*b*) and (*c*) does not apply to any expenditure which qualifies for deduction under section 14ZA.".

Amendment of section 18C

19. Section 18C of the principal Act is amended —

(*a*) by inserting, immediately after the words "subsection (1) or (1A)" in subsection (2), the words "that is a pre-25 March 2016 application";

(*b*) by deleting the words "such intensified use of the land for the purposes of such trade or business as may be prescribed by regulations" in subsection (2) and substituting the words "the prescribed intensified use of the land for the purposes of a prescribed trade or business";

(*c*) by deleting subsections (2A) and (2B) and substituting the following subsections:

"(2A) The Minister or such person as he may appoint may, on application by a person who made an application under subsection (1) or (1A) pursuant to which a construction or renovation of a building or structure is approved under subsection (2), vary a condition of the approval as to the particular trade or business for which the building or structure may be used upon completion of the construction or renovation, if the Minister or the appointed person is satisfied that the ground mentioned in subsection (2) for approving an application under subsection (1) or (1A) continues to be met.

(2B) The Minister or such person as he may appoint may, by notice in writing, approve an application made under subsection (1) or (1A) that is a post-25 March 2016 application if, based on the information provided by the applicant, the Minister or the appointed person is satisfied that —

(*a*) on completion of the construction or renovation, at least 80% of the total floor area of the building or structure will be used —

(i) by —

(A) a single person who is either the applicant or a person related to the applicant; or

(B) 2 or more persons who satisfy the requirements of relatedness; and

(ii) for one or more prescribed trades or businesses; and

(*b*) the construction or renovation of the building or structure on the land promotes the prescribed intensified use of the land for the purposes of that trade or business or, if there is more than one trade or business, such of those trades or businesses as may be designated in the regulations.

(2C) An approval under subsection (2B) is subject to the condition that, upon completion of the construction or renovation, at least 80% of the total floor area of the building or structure will be used —

(*a*) by one or more persons specified in the notice mentioned in subsection (2B) who —

(i) if it will be used by a single person, is either the applicant of the application concerned under subsection (1) or (1A), or a person related to the applicant; or

(ii) if it will be used by 2 or more persons, satisfy the requirements of relatedness; and

(*b*) for one or more trades or businesses specified in the application.

(2D) An approval under subsection (2B) may be subject to such other conditions as the Minister or the person appointed under that subsection may impose.

(2E) The Minister or such person as he may appoint may, on application by a person who made an application under subsection (1) or (1A) pursuant to which a construction or renovation of a building or structure is approved under subsection (2B) —

(*a*) substitute any person or trade or business mentioned in subsection (2C) with any other person or trade or business; or

(*b*) add a person or trade or business to the person or trade or business mentioned in subsection (2C),

if the Minister or the person appointed is satisfied that the requirements in subsection (2B)(*a*) and (*b*) continue to be met.

(2F) Where a trade or business is prescribed by regulations under subsection (11A), then, unless otherwise provided in the regulations, the Minister or person appointed under subsection (2) or (2B), as the case may be, may only —

(*a*) approve an application under subsection (2) for a renovation or construction because it promotes the prescribed intensified use of the land for that trade or business; or

(*b*) approve an application under subsection (2B) because at least 80% of the total floor area of the building or

structure will be used, on completion of the construction or renovation, by a person or persons mentioned in subsection (2B)(*a*)(i) for that trade or business or for trades or businesses which include that trade or business,

if —

(i) the application is made on or after a prescribed date; and

(ii) the application for planning permission or conservation permission for the construction or renovation is made on or after a prescribed date.

(2G) In relation to any construction or renovation that is approved pursuant to an application to which subsection (2F) applies, the qualifying capital expenditure for which an allowance may be made under subsections (3) and (4) excludes any expenditure incurred before a prescribed date, unless the regulations under subsection (11A) provide otherwise.

(2H) The prescribed date mentioned in subsection (2F)(i) or (ii) or (2G) is, unless otherwise specified in the regulations, the date the trade or business is prescribed by regulations under subsection (11A).

(2I) To avoid doubt, a reference in subsections (2F) and (2H) to the prescribing of a trade or business under subsection (11A) is, in the case of an application made under subsection (1) or (1A) before 25 March 2016, a reference to the prescribing of a trade or business under subsection (2) in force immediately before that date.

(2J) In relation to any construction or renovation that is approved pursuant to a post-25 March 2016

application (other than one with only a single specified user and a single specified trade or business), the qualifying capital expenditure for which an allowance may be made under subsections (3) and (4) excludes any expenditure incurred before 25 March 2016.";

(*d*) by inserting, immediately after the words "subsections (5)" in subsection (4), ", (5AA)";

(*e*) by inserting, immediately after the words "trade or business" in subsection (4), the words "or (as the case may be) trades or businesses,";

(*f*) by deleting the word "No" in subsection (5) and substituting the words "Where the construction or renovation is approved pursuant to a pre-25 March 2016 application, no";

(*g*) by deleting the words "or partnership" wherever they appear in subsection (5);

(*h*) by inserting, immediately after subsection (5), the following subsection:

"(5AA) Where the construction or renovation is approved pursuant to a post-25 March 2016 application, no allowance is to be made under subsection (4) for any year of assessment unless —

(*a*) in a case where 2 or more temporary occupation permits are to be issued for the subject of the approved construction or renovation, but not all of those temporary occupation permits have been issued, at least 80% of the total floor area of the subject of each temporary occupation permit that has been issued; or

(*b*) in any other case, at least 80% of the total floor area of the subject of the approved construction or renovation,

is used, at the end of the basis period for that year of assessment —

(i) for the purposes of the specified trade or business or one or more of the specified trades or businesses; and

(ii) by —

(A) one person who is a specified user and is either the applicant of the post-25 March 2016 application or related to the applicant; or

(B) 2 or more persons who are specified users and satisfy the requirements of relatedness.";

(*i*) by deleting the words "subsection (5)" in subsection (5A) and substituting the words "subsections (5) and (5AA)";

(*j*) by deleting the words "any condition imposed under subsection (2)" in subsection (8) and substituting the words "the condition in subsection (2C), or any condition imposed under subsection (2) or (2D)";

(*k*) by inserting, immediately after subsection (11), the following subsection:

"(11A) The Minister may make regulations prescribing matters required or permitted by this section to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to this section.";

(*l*) by inserting, immediately after the words "subsection (2)" in the definition of "approved construction or approved renovation" in subsection (12), the words "or (2B)";

(*m*) by inserting, immediately after the definition of "port land" in subsection (12), the following definitions:

" "post-25 March 2016 application" means an application under subsection (1) or (1A) —

(*a*) that is made on or after 25 March 2016; and

(*b*) that relates to the construction or renovation of a building or structure for which an application for planning permission or conservation permission is made on or after 25 March 2016;

"pre-25 March 2016 application" means an application under subsection (1) or (1A) that is not a post-25 March 2016 application;";

(*n*) by deleting the words "which are incurred in respect of any construction or renovation on or after 23 February 2010 (in the case of subsection (1)) or 22 February 2014 (in the case of subsection (1A))" in the definition of "qualifying capital expenditure" in subsection (12);

(*o*) by deleting the definition of "specified trade or business" in subsection (12) and substituting the following definitions:

" "specified trade or business" means —

(*a*) the trade or business specified in a condition of approval under subsection (2) as one for which the building or structure may be used upon completion of the approved construction or renovation, including one substituted for that trade or business pursuant to a variation under subsection (2A); or

(*b*) the trade or business or any of the trades or businesses mentioned in subsection (2C)(*b*), including one substituted for that trade or business or added under subsection (2E),

as the case may be;

"specified user" means the person or any of the persons mentioned in subsection (2C), including one substituted for that person or added under subsection (2E);"; and

(*p*) by inserting, immediately after subsection (14), the following subsections:

"(15) In this section —

(*a*) 2 or more persons satisfy the requirements of relatedness if —

(i) each of them is related to one or more of the others; and

(ii) either —

(A) one of them is the applicant of the application under subsection (1) or (1A) and the other or others is or are related to the applicant; or

(B) all of them are related to the applicant; and

(*b*) a person is related to another person if —

(i) one of those persons beneficially holds, directly or indirectly, at least 75% of the total number of issued ordinary shares of the other person (being a company);

(ii) one of those persons is entitled, directly or indirectly, to at least 75% of the income of the other person (being a partnership);

(iii) a third person beneficially holds, directly or indirectly, at least 75% of the total number of issued ordinary shares of each of those persons (being companies);

(iv) a third person is entitled, directly or indirectly, to at least 75% of the income of each of those persons (being partnerships); or

(v) a third person beneficially holds, directly or indirectly, at least 75% of the total number of issued ordinary shares of one of those persons (being a company), and is entitled, directly or indirectly, to at least 75% of the income of the other person (being a partnership).

(16) A reference to a person in subsections (2B)(*a*)(i), (2C)(*a*), (2E)(*a*) and (*b*), (5AA)(ii) and (15), and in the definition of "specified user" in subsection (12), includes a partnership.".

Amendment of section 19B

20. Section 19B of the principal Act is amended —

(*a*) by inserting, immediately after the words "that trade or business" in subsection (1), the words "and the acquisition date of those rights is on or before the last day of the basis period relating to the year of assessment 2016";

(*b*) by inserting, immediately after subsection (1A), the following subsections:

"(1AA) Where —

(*a*) a company carrying on a trade or business has incurred capital expenditure in acquiring any intellectual property rights for use in that trade or business; and

(*b*) the acquisition date of those rights is on or after the first day of the basis period relating to the year of assessment 2017,

writing-down allowances in respect of that expenditure must be made to it during a writing-down period of 5 years, 10 years or 15 years (as elected by the company) beginning with the year of assessment relating to the basis period in which that expenditure is incurred.

(1AB) The company mentioned in subsection (1AA) must make an irrevocable election to the Comptroller for the writing-down allowances to be made to it over a writing-down period of 5 years, 10 years or 15 years.

(1AC) The election under subsection (1AB) must be made at the time of lodgment of the company's return of income for the year of assessment relating to —

(*a*) if the payment for the intellectual property rights is made by instalments, the basis period in which the first of any deposit or instalment payment for those rights is made; or

(*b*) in any other case, the basis period in which the expenditure is incurred.";

(*c*) by inserting, immediately after the words "subsection (1)" in subsections (1BAA) and (10)(*a*), the words "or (1AA)";

(*d*) by inserting, immediately after the words "instalments paid" in subsection (1C)(*c*), the words "(excluding any finance charges)";

(*e*) by inserting, immediately after the words "all instalments" in subsection (1C)(*c*), the words "(excluding any finance charges)";

(*f*) by inserting, immediately after subsection (1D), the following subsection:

"(1E) To avoid doubt, the writing-down allowance under subsection (1A), (1B) or (1BAA) is to be made

to a company during the applicable writing-down period in subsection (1) or (1AA).";

(*g*) by deleting subsection (2) and substituting the following subsection:

"(2) The total writing-down allowance to be made for any year of assessment to a company for capital expenditure incurred in acquiring any intellectual property rights under subsection (1) or (1AA), and under subsection (1A), (1B) or (1BAA), is an amount computed in accordance with the formula

$$A \times B,$$

where A is —

(*a*) 20% if the writing-down period for that allowance is 5 years;

(*b*) 10% if the writing-down period for that allowance is 10 years; or

(*c*) $6\frac{2}{3}$% if the writing-down period for that allowance is 15 years; and

B is the sum of —

(*a*) the capital expenditure; and

(*b*) the writing-down allowance under subsection (1A), (1B) or (1BAA) for that expenditure.

";

(*h*) by deleting the word "and" at the end of subsection (2A)(*a*);

(*i*) by deleting the full-stop at the end of paragraph (*b*) of subsection (2A) and substituting the word "; and", and by inserting immediately thereafter the following paragraph:

"(*c*) in the case of writing-down allowances mentioned in subsection (1AA), the

company makes the election mentioned in subsection (1AB).";

(*j*) by deleting the words "the requirement under subsection (2A)" in subsections (2B) and (2D) and substituting in each case the words "any of the requirements under subsection (2A)(*a*) and (*b*)";

(*k*) by inserting, immediately after the words "subsections (1)" wherever they appear in subsections (2C), (4)(ii), (4A)(*b*) and (5), ", (1AA)";

(*l*) by deleting the words "5 years" in subsection (2E) and substituting the words "5 years, 10 years or 15 years (depending on the writing-down period for those allowances)";

(*m*) by inserting, immediately after the words "subsection (1)" in subsection (4), ", (1AA)";

(*n*) by inserting, immediately after "(1A)" wherever it appears in subsection (10A), ", (1AA)";

(*o*) by inserting, immediately after subsection (10D), the following subsections:

"(10E) If, in the case of an acquisition of intellectual property rights —

(*a*) whose acquisition date is on or after 25 March 2016; and

(*b*) the payment for which is not made by instalments,

the capital expenditure incurred for the acquisition exceeds the open-market price for those rights, then, for the purpose of determining the amount of writing-down allowances for that expenditure under subsection (1AA), (1BAA) or (2C), the Comptroller may treat the open-market price as the amount of that expenditure, and in that event subsection (5) also applies as if the open-market price were the amount of that expenditure.

(10F) In subsection (10E), "open-market price", for intellectual property rights, means either —

(*a*) the price which those rights could have been purchased in the open market on the acquisition date of those rights; or

(*b*) if, by reason of the special nature of those rights, it is not possible to determine the price mentioned in paragraph (*a*), such other value as the Comptroller considers to be a reasonable value for those rights after considering the valuation of those rights by an appropriate valuer and other relevant circumstances.

(10G) If, in the case of an acquisition of intellectual property rights —

(*a*) whose acquisition date is on or after 25 March 2016; and

(*b*) the payment for which is made by instalments,

the total amount of the deposits and instalment payments (excluding any finance charges) made in a basis period exceeds the open-market price for those rights, then, for the purpose of determining the amount of writing-down allowances in such a case under subsection (1AA) or (2C), the Comptroller may treat the open-market price as the amount of such expenditure, and in that event subsection (5) also applies as if the open-market price were the amount of such expenditure.

(10H) In subsection (10G), "open-market price", for intellectual property rights, means an amount computed by the formula

$$\frac{C}{D} \times E,$$

where C is the total amount of the deposits and instalment payments (excluding any finance charges) made in the basis period;

D is the total amount of all the deposits and instalment payments (excluding any finance charges) under the agreement to acquire those rights; and

E is either —

(*a*) the price (excluding any finance charges) which those rights could have been purchased in the open market on their acquisition date; or

(*b*) if, by reason of the special nature of those rights, it is not possible to determine the price mentioned in sub-paragraph (*a*), such other value as the Comptroller considers to be a reasonable value for those rights after considering the valuation of those rights by an appropriate valuer and other relevant circumstances.

(10I) If, in the case of an acquisition of intellectual property rights —

(*a*) whose acquisition date is on or after 25 March 2016; and

(*b*) the payment for which is made by instalments,

the amount mentioned in subsection (1C)(*a*)(i) exceeds the open-market price mentioned in

subsection (10F), then, for the purpose of determining the amount of writing-down allowances to be made for any year of assessment under subsection (1BAA), the Comptroller may treat the open-market price mentioned in subsection (10F) as the amount mentioned in subsection (1C)(*a*)(i).

(10J) If —

(*a*) intellectual property rights or a part of such rights are or is sold, transferred or assigned on or after 25 March 2016; and

(*b*) the rights or part are or is sold, transferred or assigned for less than the open-market price,

then, for the purpose of determining the amount of any charge under subsection (4), (4A) or (5), the Comptroller may treat the open-market price as the price at which the rights or part (as the case may be) are or is sold, transferred or assigned.

(10K) In subsection (10J), "open-market price", for intellectual property rights or a part of such rights, means —

(*a*) the price which those rights or that part would have fetched if sold, transferred or assigned in the open market at the time of the actual sale, transfer or assignment; or

(*b*) if, by reason of the special nature of those rights or part, it is not possible to determine the price mentioned in paragraph (*a*), such other value as the Comptroller considers to be a reasonable value for those rights or that part after considering the valuation of those rights or that part by an appropriate valuer and other relevant circumstances.";

(*p*) by inserting, immediately before the definition of "approved" in subsection (11), the following definition:

" "appropriate valuer" means a valuer who is independent of any party to the acquisition, sale, transfer or assignment (as the case may be) of the intellectual property rights, and has qualifications and experience that are relevant to the valuation in question;"; and

(*q*) by inserting, immediately after subsection (12), the following subsection:

"(13) In this section, for a company, the acquisition date of any intellectual property rights is —

(*a*) the date of the signing of the agreement to acquire those rights; or

(*b*) if there is no agreement, the date on which those rights are assigned to the company.".

Amendment of section 37E

21. Section 37E(17) of the principal Act is amended —

(*a*) by deleting the word "or" at the end of paragraph (*a*) of the definition of "concessionary rate of tax"; and

(*b*) by deleting paragraph (*b*) of the definition of "concessionary rate of tax" and substituting the following paragraphs:

"(*b*) section 43A, 43C (in respect of those relating to offshore general insurance business only), 43D (repealed), 43E, 43F (repealed), 43G, 43H (repealed), 43I, 43J, 43K (repealed), 43L (repealed), 43N, 43P, 43Q, 43R, 43S (repealed), 43T (repealed), 43U, 43V (repealed), 43W, 43X, 43Y, 43Z, 43ZA, 43ZB, 43ZC, 43ZD, 43ZE, 43ZF, 43ZG or 43ZH, or the regulations made under any of them, as the case may be; or

(*c*) section 19J(5C) or (5E) or 19KA(1)(*b*) (as the case may be) of the Economic

Expansion Incentives (Relief from Income Tax) Act.".

Amendment of section 37I

22. Section 37I of the principal Act is amended —

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

"(4DB) In subsections (4C)(*a*)(i) and (4D)(*a*), a reference to the cash price of intellectual property rights is, in a case where the Comptroller has treated the open-market price mentioned in section 19B(10I) as the amount mentioned in section 19B(1C)(*a*)(i) in relation to those rights, a reference to the open-market price.";

(*b*) by inserting, immediately after "19B(1)" in subsection (14), the words "or (1AA)"; and

(*c*) by inserting, immediately after subsection (21C), the following subsection:

"(21D) To avoid doubt, where the Comptroller has treated the open-market price mentioned in section 19B(10E) as the capital expenditure incurred for the acquisition of intellectual property rights, then the reference in this section to selected expenditure, insofar as it relates to that capital expenditure, is a reference to such open-market price.".

Amendment of section 37L

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

(*a*) by deleting "(11B)" in subsection (7) and substituting the words "(11AB), (11B), (11C)";

(*b*) by deleting the word "also" in subsection (11A);

(*c*) by inserting, immediately after the words "one basis period of the acquiring company" in subsection (11A), the words

", and are qualifying acquisitions referred to in subsection (11AA)";

(*d*) by inserting, immediately after subsection (11A), the following subsections:

"(11AA) Subsection (11A) applies to the following qualifying acquisitions:

(*a*) a qualifying acquisition made before 1 April 2016 except (if the qualifying acquisitions in that basis period include an acquisition mentioned in subsection (4A)(*a*) or (*c*) (called in this paragraph the anchor acquisition) that is made on or after 1 April 2016) a qualifying acquisition mentioned in subsection (4A)(*b*) or (*d*) (as the case may be) that has the same target company as that of the anchor acquisition;

(*b*) if the qualifying acquisitions in that basis period include an acquisition mentioned in subsection (4A)(*a*) or (*c*) (called in this paragraph the anchor acquisition) that is made before 1 April 2016, a qualifying acquisition mentioned in subsection (4A)(*b*) or (*d*) (as the case may be) made on or after 1 April 2016 that has the same target company as the anchor acquisition.

(11AB) The following provisions apply for the purpose of determining the amount of deductions under subsection (7) to be allowed to the acquiring company for all qualifying acquisitions of ordinary shares in one or more target companies whose dates of acquisition fall within one basis period of the acquiring company, and are qualifying acquisitions mentioned in subsection (11AC):

(*a*) where the sum of the amounts of "A" mentioned in subsection (8A) in respect of all such qualifying acquisitions exceeds $40 million, the amount by which the sum exceeds $40 million is to be disregarded for the purposes of the deduction to be allowed under this section;

(*b*) where the sum mentioned in paragraph (*a*) does not exceed $40 million but the sum of the following exceeds $40 million:

(i) the sum mentioned in paragraph (*a*);

(ii) the sum of all contingent consideration in respect of all such qualifying acquisitions incurred in the basis period of the acquiring company for any year of assessment subsequent to the first year of assessment and in any earlier year of assessment other than the first year of assessment,

the amount by which the sum of sub-paragraphs (i) and (ii) exceeds $40 million is to be disregarded for the purposes of the deduction to be allowed under this section.

(11AC) Subsection (11AB) applies to the following qualifying acquisitions:

(*a*) a qualifying acquisition made on or after 1 April 2016 except (if the qualifying acquisitions in that basis period include an acquisition mentioned in subsection (4A)(*a*) or (*c*) (called in this paragraph the anchor acquisition) that is made before 1 April 2016) a qualifying acquisition mentioned in subsection (4A)(*b*) or (*d*) (as the case may

be) that has the same target company as the anchor acquisition;

(*b*) if the qualifying acquisitions in that basis period include an acquisition mentioned in subsection (4A)(*a*) or (*c*) (called in this paragraph the anchor acquisition) that is made on or after 1 April 2016, a qualifying acquisition mentioned in subsection (4A)(*b*) or (*d*) (as the case may be) made before 1 April 2016 that has the same target company as the anchor acquisition.";

(*e*) by inserting, immediately after the words "subsection (4A)(*a*), (*c*) or (*e*)" in subsection (11B), the words "that is made before 1 April 2016, but does not include any acquisition referred to in subsection (4A)(*a*) or (*c*) that is made on or after 1 April 2016";

(*f*) by inserting, immediately after subsection (11B), the following subsection:

"(11C) Despite subsections (11), (11A) and (11AB), the following provisions apply in determining the amount of deductions under subsection (7) to be allowed to the acquiring company for all qualifying acquisitions of ordinary shares in target companies whose dates of acquisition fall within one basis period of the acquiring company, if the qualifying acquisitions in that basis period include at least one acquisition mentioned in subsection (4)(*a*) or (*c*) or subsection (4A)(*a*), (*c*) or (*e*) that is made before 1 April 2016, and at least one acquisition mentioned in subsection (4A)(*a*) and (*c*) that is made on or after 1 April 2016:

(*a*) where the sum of the following (called in this subsection X) exceeds $5 million:

(i) the sum of the amounts determined by the following formulae in respect

of those acquisitions which are acquisitions mentioned in subsection (4):

(A) "0.05 × A" in subsection (8);

(B) "0.05 × B" in subsection (9);

(C) "0.05 × D" in subsection (10);

(ii) the sum of the amounts determined by the following formulae in respect of those acquisitions which are acquisitions mentioned in subsection (11AA):

(A) "0.25 × A" in subsection (8A);

(B) "0.25 × B" in subsection (9A);

(C) "0.25 × D" in subsection (10A),

the excess is to be disregarded for the purposes of the deduction to be allowed under this section in respect of those acquisitions;

(*b*) where the sum of the amounts (called in this subsection Y) determined by the following formulae in respect of those acquisitions which are acquisitions mentioned in subsection (11AC):

(i) "0.25 × A" in subsection (8A);

(ii) "0.25 × B" in subsection (9A);

(iii) "0.25 × D" in subsection (10A);

exceeds $10 million, the excess is to be disregarded for the purposes of the deduction to be allowed under this section in respect of those acquisitions;

(*c*) despite paragraphs (*a*) and (*b*), where the sum of X and Y exceeds $10 million, the

excess is to be disregarded for the purposes of the deduction to be allowed under this section for all of the acquisitions mentioned in those paragraphs."; and

(*g*) by deleting the words "and (11B)" in subsection (12) and substituting the words ", (11B) and (11C)".

Amendment of section 39

24.—(1) Section 39 of the principal Act is amended —

(*a*) by deleting the words "maximum amount by which each account may be topped-up in accordance with regulations made under the Central Provident Fund Act" in subsection (3)(*a*) and substituting the words "maximum relief amount prescribed by rules made under section 7";

(*b*) by deleting the words "maximum amount by which the account may be topped-up in accordance with regulations made under the Central Provident Fund Act" in subsection (3A)(*a*) and substituting the words "maximum relief amount prescribed by rules made under section 7"; and

(*c*) by inserting, immediately after subsection (3A), the following subsection:

"(3B) The rules mentioned in subsections (3) and (3A) may prescribe different maximum relief amounts for different individuals or classes of individuals, and for the retirement account and the special account.".

(2) Subsection (1) has effect for the year of assessment 2017 and subsequent years of assessment.

New section 39A

25. The principal Act is amended by inserting, immediately after section 39, the following section:

"**Limit on total deduction under section 39**

39A. Despite anything in section 39 or the Fifth Schedule, for the year of assessment 2018 and every subsequent year of assessment, the total amount of all deductions allowable to any individual under section 39 must not exceed $80,000 for that year of assessment.".

Amendment of section 40B

26. Section 40B of the principal Act is amended by inserting, immediately after subsection (3), the following subsection:

"(3A) To avoid doubt, for the purpose of subsection (3), section 39A applies to the computation of the tax that would be payable by a resident of Singapore in the circumstances mentioned in that subsection.".

Amendment of section 40C

27. Section 40C of the principal Act is amended by inserting, immediately after subsection (3), the following subsection:

"(3A) To avoid doubt, for the purpose of subsection (3), section 39A applies to the computation of the tax that would be payable by a resident of Singapore in the circumstances mentioned in that subsection.".

Amendment of section 40D

28. Section 40D of the principal Act is amended by inserting, immediately after subsection (3), the following subsection:

"(3A) To avoid doubt, for the purpose of subsection (3), section 39A applies to the computation of the tax that would be payable by a resident of Singapore in the circumstances mentioned in that subsection.".

Amendment of section 43

29. Section 43 of the principal Act is amended —

(*a*) by deleting the words "and (ii)" in subsection (2A)(*a*)(iv) and substituting the words ", (ii) and (iii)";

(*b*) by inserting, immediately after sub-paragraph (iv) of subsection (2A)(*a*), the following sub-paragraph:

"(v) rental support payment in relation to any immovable property, which is paid to the trustee by —

(A) the person (*A*) who sold to the trustee the property or any interest in the owner of the property;

(B) a person who wholly owns (directly or indirectly) *A*; or

(C) any other person approved by the Comptroller;";

(*c*) by deleting the word "or" at the end of sub-paragraph (ii) of subsection (2A)(*b*), and by inserting immediately thereafter the following sub-paragraph:

"(iii) rental support payment in relation to any immovable property, which is paid to the firstmentioned trustee by —

(A) the person (*A*) who sold to that trustee the property or any interest in the owner of the property;

(B) a person who wholly owns (directly or indirectly) *A*; or

(C) any other person approved by the Comptroller; or";

(*d*) by deleting "(iv)" in subsection (2B)(*a*) and substituting "(v)";

(*e*) by deleting the words "and (iv)" in subsection (3B) and substituting the words ", (iv) and (v)";

(*f*) by deleting the full-stop at the end of the definition of "real estate investment trust" in subsection (10) and substituting a semi-colon, and by inserting immediately thereafter the following definition:

" "rental support payment", in relation to immovable property, means any payment —

(*a*) made under an agreement —

(i) made at the time of the sale mentioned in subsection (2A)(*a*)(v)(A) or (*b*)(iii)(A); and

(ii) that provides for such payment to be made only for a fixed period of time; and

(*b*) that is intended to compensate a party to the agreement in the event that the amount of rental income from the property over a period of time is less than an amount agreed as the expected rental income for the same period, taking into account prevailing and forecasted market conditions at the time of that sale.".

Amendment of section 43A

30. Section 43A(1) of the principal Act is amended by deleting the words "or such other concessionary rate".

Repeal and re-enactment of section 43C

31. Section 43C of the principal Act is repealed and the following section substituted therefor:

"**Exemption and concessionary rate of tax for insurance and reinsurance business**

43C.—(1) Despite section 43, the Minister may make regulations —

(*a*) to provide for tax at the rate of 10% to be levied and paid for each year of assessment upon such income as the Minister may specify that is derived by an approved insurer from offshore life business within the meaning of section 26, or the business (other than the business of life assurance) of insuring and reinsuring offshore risks;

(*b*) to provide for exemption from tax of such income as the Minister may specify that is derived from insurance and reinsurance business by the following:

(i) an approved specialised insurer whose approval is granted before 1 September 2016;

(ii) an approved captive insurer whose approval is granted before 1 April 2018;

(*c*) to provide for tax at the rate specified in the first column of the following table, to be levied and paid for each year of assessment upon such income as the Minister may specify that is derived from insurance and reinsurance business by an approved insurer set out opposite that rate in the second column of the table:

Tax rate	*Approved insurer*
5%	An approved specialised insurer whose approval is granted between 1 September 2016 and 31 August 2019 (both dates inclusive), and who had not been approved as such at any time before the date of the approval
8%	An approved specialised insurer whose approval is granted on or after 1 September 2019, and who had not been approved as such at any time before the date of the approval
10%	(i) An approved specialised insurer whose approval is granted on or

after 1 September 2016, and who had been approved as such at any time before the date of the firstmentioned approval

(ii) An approved captive insurer whose approval is granted on or after 1 April 2018

(*d*) to provide for exemption from tax of such income as the Minister may specify that is derived by an approved insurer whose approval is granted before 1 April 2016, from marine hull and liability insurance and reinsurance business;

(*e*) to provide for tax at the rate specified in the first column of the following table, to be levied and paid for each year of assessment upon such income as the Minister may specify that is derived from marine hull and liability insurance and reinsurance business by an approved insurer set out opposite that rate in the second column of the table:

Tax rate	*Approved insurer*
5%	An approved insurer whose approval was granted between 19 February 2011 and 31 March 2016 (both dates inclusive), and who had been approved as such at any time before the date of the firstmentioned approval
10%	An approved insurer whose approval is granted on or after 1 April 2016

(*f*) to provide for the deduction (otherwise than in accordance with this Act), from the income mentioned in paragraphs (*a*) to (*e*), of allowances under section 19, 19A, 20, 21 or 22, expenses, losses and donations allowable under this Act, including

deduction of these allowances, expenses, losses and donations in such manner and to such extent as the Comptroller may determine;

(*g*) to provide for the period of each approval, and the conditions subject to which a specified insurer may be or may continue to be approved; and

(*h*) to provide for such matters as the Minister may consider necessary or expedient for carrying out the purposes under paragraphs (*a*) to (*g*).

(2) No approval may be granted to an insurer for the purpose of paragraph (*a*), (*b*), (*c*), (*d*) or (*e*) of subsection (1) on or after the date prescribed in the regulations for that paragraph.

(3) In this section —

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

"captive insurer" has the same meaning as in section 1A of the Insurance Act (Cap. 142);

"insurer" means —

(*a*) a company licensed under the Insurance Act to carry on insurance business in Singapore; or

(*b*) a person (including a partnership), other than an individual, permitted under the Insurance Act to carry on insurance business in Singapore under a foreign insurer scheme;

"specialised insurer" means an insurer underwriting any of the following insurance risks (whether or not it also underwrites any other type of risk):

(*a*) terrorism risks;

(*b*) political risks;

(*c*) energy risks;

(*d*) aviation and aerospace risks;

(*e*) agriculture risks;

(*f*) risks arising from a natural catastrophe.".

Amendment of section 43E

32. Section 43E(1) of the principal Act is amended by deleting the words "or such other concessionary rate".

Amendment of section 43G

33. Section 43G of the principal Act is amended —

(*a*) by deleting the words "the rate of 10% or such other concessionary rate shall be levied and paid" in subsection (1) and substituting the words "the concessionary rate specified in subsection (1A) is levied and must be paid";

(*b*) by inserting, immediately after subsection (1), the following subsection:

"(1A) In subsection (1), the concessionary rate is —

(*a*) in the case of a Finance and Treasury Centre approved as such on or before 24 March 2016, 10%; or

(*b*) in any other case, 8%."; and

(*c*) by deleting the words "31st March 2016" in subsection (5) and substituting the words "31 March 2021".

Amendment of section 43I

34. Section 43I(1) of the principal Act is amended by deleting the words "or such other concessionary rate as the Minister may by regulations prescribe".

Amendment of section 43J

35. Section 43J(1) of the principal Act is amended by deleting the words "or such other concessionary rate".

Amendment of section 43N

36. Section 43N(1) of the principal Act is amended by deleting the words "or such other concessionary rate".

Amendment of section 43P

37. Section 43P of the principal Act is amended —

(*a*) by inserting, immediately after the words "qualifying structured commodity financing activities" in subsection (1)(*b*), the words ", treasury activities or advisory services in relation to mergers and acquisitions"; and

(*b*) by inserting, immediately after the words "qualifying structured commodity financing activities" in the definition of "qualifying company" in subsection (3), the words ", treasury activities or advisory services in relation to mergers and acquisitions".

Amendment of section 43ZF

38. Section 43ZF(8) of the principal Act is amended by inserting, immediately after paragraph (*p*) of the definition of "shipping-related business", the following paragraph:

"(*q*) use of any ship for offshore renewable energy activity or offshore mineral activity;".

Amendment of section 43ZG

39. Section 43ZG of the principal Act is amended —

(*a*) by deleting the semi-colon at the end of the definition of "pioneer service company" in subsection (7) and substituting a full-stop;

(*b*) by deleting the definition of "tax relief period" in subsection (7); and

(*c*) by inserting, immediately after subsection (7), the following subsection:

"(8) In subsection (5)(*b*), the tax relief period of a fund management company for the activity mentioned in that provision is —

(*a*) the company's tax relief period under section 18 of the Economic Expansion

Incentives (Relief from Income Tax) Act, in force immediately before 19 April 2016; or

(*b*) the period treated as the company's tax relief period for that activity under section 37(3)(*c*) of the Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2016 (Act 11 of 2016),

as the case may be.".

Amendment of section 45

40. Section 45 of the principal Act is amended —

(*a*) by inserting, immediately after subsection (1B), the following subsections:

"(1C) The Minister may, by rules made under section 7, substitute the rate in subsection (1)(*a*)(i), (ii) or (iii) with a higher or lower rate (including 0%) for any person or class of persons that is or are subject to that subsection, and subsection (1) applies to that person or class of persons accordingly.

(1D) The rules mentioned in subsection (1C) may —

(*a*) provide that the substitute rate applies only if such conditions as may be specified in the rules are satisfied; and

(*b*) prescribe different substitute rates for different persons or classes of persons.";

(*b*) by deleting the words "bank or financial institution" in subsection (2)(*a*) and substituting the words "person or class of persons";

(*c*) by deleting the words "22% or 17% or the rate specified in section 43(3) or (3A)" in subsection (2)(*b*) and substituting the words "the rate in subsection (1)(*a*)(i), (ii) or (iii), or the

rate prescribed by rules mentioned in subsection (1C) in substitution for that rate"; and

(*d*) by inserting, immediately after the word "paid," in subsection (4)(*a*), the words "or such other date as may be allowed under subsection (2)(*a*),".

Amendment of section 45EA

41. Section 45EA of the principal Act is amended —

(*a*) by inserting, immediately after subsection (3A), the following subsections:

"(3B) The Minister may, by rules made under section 7, substitute the rate in subsection (3) with a higher or lower rate (including 0%) for any SRS member or class of SRS members that is or are subject to that subsection, and subsection (3) applies to that SRS member or class of SRS members accordingly.

(3C) The rules mentioned in subsection (3B) may —

(*a*) provide that the substitute rate applies only if such conditions as may be specified in the rules are satisfied; and

(*b*) prescribe different substitute rates for different SRS members or classes of SRS members.";

(*b*) by deleting the words "22%, then the reference to the rate of 22% in subsection (3)" in subsection (5) and substituting the words "22% or the rate prescribed by the rules mentioned in subsection (3B) in substitution for it, then the reference to the rate of 22% or the substitute rate";

(*c*) by inserting, immediately after the words "subsection (8)(*a*)" in subsection (9), the words "and in the manner mentioned in subsection (9A)"; and

(*d*) by inserting, immediately after subsection (9), the following subsection:

"(9A) The notice under subsection (9) must be given using the electronic service, except that the Comptroller may in any particular case or class of cases permit the notice to be given in any other manner.".

Amendment of section 45G

42. Section 45G of the principal Act is amended by inserting, immediately after subsection (4A), the following subsection:

"(4B) Subsection (1) does not apply to any distribution made to an organisation that is declared by an order under section 2(1) of the International Organisations (Immunities and Privileges) Act (Cap. 145) as an organisation of which the Government and the government or governments of one or more foreign sovereign Powers are members, if that distribution is exempt from tax by reason of that order.".

Amendment of section 63

43. Section 63 of the principal Act is amended —

(*a*) by deleting the word "Every" in subsections (1) and (1A) and substituting in each case the words "Unless exempted by rules mentioned in subsection (3), every";

(*b*) by inserting, immediately after subsection (1), the following subsection:

"(1AA) A person mentioned in subsection (1) must furnish the estimate of the person's chargeable income for a year of assessment using the electronic service if rules mentioned in subsection (3) require a class of persons to furnish their estimates for that year of assessment using the electronic service, and the person belongs to that class.";

(*c*) by inserting, immediately after subsection (2), the following subsection:

"(3) The Minister may, by rules made under section 7, do any of the following:

(*a*) require a specified class of persons subject to subsection (1) to furnish the estimate of their chargeable income for any year of assessment under that subsection using the electronic service;

(*b*) exempt any person or class of persons from subsection (1) or (1A) in respect of one or more years of assessment, subject to such conditions as may be specified in the rules."; and

(*d*) by deleting the words "or (1A)" in subsection (2) and substituting the words ", (1AA) or (1A)".

Repeal and re-enactment of section 65

44. Section 65 of the principal Act is repealed and the following section substituted therefor:

"**Power to call for returns**

65.—(1) For the purpose of obtaining full information in respect of a person's income, the Comptroller may give notice to the person requiring the person to complete and return to the Comptroller, within the time specified in the notice, a return specified in the notice.

(2) The time specified in the notice must not be less than 30 days after the date of service of the notice on the person.".

Amendment of section 65B

45. Section 65B of the principal Act is amended —

(*a*) by deleting the word "and" at the end of subsection (1)(*d*);

(*b*) by deleting the full-stop at the end of paragraph (*e*) of subsection (1) and substituting the word "; and", and by inserting immediately thereafter the following paragraph:

"(*f*) shall be entitled to require a person in or at the building or place and who appears to the Comptroller or officer to be acquainted with

any facts or circumstances concerning the person's or another person's income, assets or liabilities —

(i) to answer any question to the best of that person's knowledge, information and belief; or

(ii) to take reasonable steps to produce a document for inspection.";

(*c*) by inserting, immediately after the word "disclose" in subsection (2), the words "(including through the production of a document)"; and

(*d*) by inserting, immediately after subsection (3A), the following subsections:

"(3B) For the purposes of this Act, the Comptroller may by notice require any person to attend personally before the Comptroller or an officer authorised by the Comptroller, at the place and time specified in the notice, to do one or both of the following:

(*a*) provide, to the best of that person's knowledge, information and belief, any information concerning the person's or any other person's income, assets or liabilities;

(*b*) take reasonable steps to produce for inspection any document concerning any of those matters.

(3C) The power to require a person to provide information or produce a document under subsection (1)(*f*) or (3), or when in attendance before the Comptroller or an authorised officer pursuant to a notice under subsection (3B), includes the power —

(*a*) to require that person, or any person who is or was an officer or employee of that

person, to provide an explanation of the information or document;

(*b*) if the information is not provided or the document is not produced, to require that person to state, to the best of the person's knowledge and belief, where it is;

(*c*) if the information is recorded otherwise than in legible form, to require the information to be made available to the Comptroller or authorised officer (as the case may be) in legible form; and

(*d*) in the case of a document, to inspect, copy or make extracts from the document without fee or reward, and to take possession of the document if in the Comptroller or authorised officer's opinion —

(i) the inspection, copying or extraction cannot reasonably be performed without taking possession of the document;

(ii) the document may be interfered with or destroyed unless possession of the document is taken; or

(iii) the document may be required as evidence in proceedings for an offence under this Act or in proceedings for the recovery of tax or penalty, or in proceedings by way of an appeal against an assessment.

(3D) A statement made by any person asked under subsection (1)(*f*), or when in attendance before the Comptroller or an authorised officer pursuant to a notice under subsection (3B), must —

(*a*) be reduced to writing;

(*b*) be read over to the person;

(*c*) if the person does not understand English, be interpreted for the person in a language that the person understands; and

(*d*) be signed by the person.

(3E) In this section —

"document" includes, in addition to a document in writing —

(*a*) any map, plan, graph or drawing;

(*b*) any photograph;

(*c*) any label, marking or other writing which identifies or describes anything of which it forms a part, or to which it is attached by any means;

(*d*) any disc, tape, soundtrack or other device in which sounds or other data (not being visual images) are embodied so as to be capable (with or without the aid of some other equipment) of being reproduced from it;

(*e*) any film (including microfilm), negative, tape, disc or other device in which one or more visual images are embodied so as to be capable (with or without the aid of some other equipment) of being reproduced from it; and

(*f*) any paper or other material on which there are marks, impressions, figures, letters, symbols or perforations having a meaning for persons qualified to interpret them;

"writing" includes any mode of representing or reproducing words, figures, drawings or symbols in a visible form.".

Amendment of section 65C

46. Section 65C of the principal Act is amended —

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

"(*a*) fails, neglects or refuses to comply with any notice or requirement of the Comptroller or an officer authorised by the Comptroller under section 64, 65, 65A or 65B, or a demand for information; or";

(*b*) by deleting subsection (2) and substituting the following subsection:

"(2) Any person guilty of an offence under subsection (1) shall be liable on conviction to a fine not exceeding $10,000 or to imprisonment for a term not exceeding 12 months or to both and, in the case of a continuing offence, to a further fine not exceeding $100 for every day or part of a day during which the offence continues after conviction.";

(*c*) by deleting subsection (5) and substituting the following subsection:

"(5) Except as provided under section 65B(2), it is not a defence to a charge under subsection (1) for a failure to provide any information or produce any document sought by a notice mentioned in section 65B, that the person is under a duty of secrecy in respect of that information or the contents of that document (called in this section a displaced duty of secrecy).";

(*d*) by inserting, immediately after subsection (7), the following subsection:

"(7A) In subsections (5), (6) and (7) —

(*a*) a reference to a notice under section 65B to provide information includes a reference to a requirement to provide information under section 65B(1)(*f*) and a demand for information; and

(*b*) a reference to a notice under section 65B to produce a document includes a reference to a requirement to produce a document under section 65B(1)(*f*).";

(*e*) by deleting subsection (8) and substituting the following subsection:

"(8) Any person who, in purported compliance with a notice or requirement of the Comptroller or an officer authorised by the Comptroller under section 64, 65, 65A or 65B, or with a demand for information, produces any document which contains any information, or provides any information, known to the person to be false or misleading in a material particular —

(*a*) without indicating to the Comptroller or the officer that the information is false or misleading and the part that is false or misleading; and

(*b*) without providing correct information to the Comptroller or the officer if the person is in possession of, or can reasonably acquire, the correct information,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding $10,000 or to imprisonment for a term not exceeding 2 years or to both."; and

(*f*) by inserting, immediately after subsection (9), the following subsection:

"(10) In this section, "demand for information" means a demand by the Comptroller or an officer authorised by the Comptroller to answer a question when in attendance before the Comptroller or the officer pursuant to a notice under section 65B(3B).".

Amendment of section 65D

47. Section 65D of the principal Act is amended —

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

"(*c*) a person is given a notice, or is required, under section 65B to provide the information or to produce a document containing the information.";

(*b*) by deleting the words "notice referred to in subsection (1)(*c*) is not excused from providing the information" in subsection (2) and substituting the words "notice or requirement mentioned in subsection (1)(*c*) is not excused from providing the information or document";

(*c*) by deleting the words "notice referred to in subsection (1)(*c*)" in subsections (3) and (4)(*a*) and substituting in each case the words "notice or requirement mentioned in subsection (1)(*c*)";

(*d*) by inserting, immediately after the word "notice" in subsection (4)(*b*), the words "or requirement"; and

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

"(5) In this section, a notice under section 65B to provide information includes a demand for information as defined in section 65C(10).".

Amendment of section 68

48. Section 68 of the principal Act is amended by deleting subsection (12) and substituting the following subsections:

"(12) The Comptroller may under subsection (5), (6), (8) or (9), in any particular case or class of cases —

(*a*) accept such shorter period of notice as the Comptroller may consider reasonable;

(*b*) accept the notice mentioned in that subsection within such time after the occurrence of the event mentioned in that subsection as the Comptroller may consider reasonable; or

(*c*) waive the requirement for a notice under that subsection subject to conditions.

(13) Subsection (5), (6), (8) or (9) (as the case may be) applies to a case to which subsection (12)(*a*) applies as if the reference to the period of one month is a reference to the shorter period.

(14) In a case where subsection (12)(*b*) applies, the employer or partners (as the case may be) need not comply with subsection (5), (6), (8) or (9) (as the case may be) but must, within the time mentioned in subsection (12)(*b*), give notice to the Comptroller of —

(*a*) in the case of subsection (5), the name and address of the individual and the actual date of cessation of the individual's employment;

(*b*) in the case of subsection (6), the actual date of departure of the individual;

(*c*) in the case of subsection (8), the name and address of the person and the actual date of the person's cessation as a partner; or

(*d*) in the case of subsection (9), the actual date of departure of the partner.".

Amendment of section 71

49. Section 71 of the principal Act is amended by inserting, immediately after subsection (3), the following subsection:

"(3A) The Minister may, by rules made under section 7, exempt any person or class of persons from subsection (3), subject to such conditions as may be specified in the rules.".

Amendment of section 76

50. Section 76 of the principal Act is amended —

(*a*) by deleting subsection (3) and substituting the following subsection:

"(3) Such application must state precisely the grounds of the person's objections to the assessment and must be made within —

(*a*) if the person is a company and the notice of assessment is served on the person on or after 1 January 2014, 2 months; or

(*b*) in any other case, 30 days,

from the date of the service of the notice of assessment."; and

(*b*) by inserting, immediately after subsection (8), the following subsections:

"(9) The Minister may, by rules made under section 7, substitute a longer period for a period in subsection (3) or (8) for all persons or cases, any class of persons or cases, or any person or case, and subsection (3) or (8) (as the case may be) applies accordingly to all persons or cases, the class of persons or cases, or the person or case.

(10) The rules mentioned in subsection (9) may —

(*a*) provide that the substitute period applies only if such conditions as may be specified in the rules are satisfied; and

(*b*) prescribe different substitute periods for different persons or cases and classes of persons or cases.".

Amendment of section 92E

51. Section 92E of the principal Act is amended by deleting "30%" in paragraph (*a*) and substituting "50%".

Amendment of section 93

52. Section 93 of the principal Act is amended by deleting subsection (9) and substituting the following subsections:

"(9) In subsection (8), the rate of interest is —

(*a*) for any part of the period for which interest is payable (called in this subsection the interest period) up to and including 30 June 2016, 5% per annum;

(*b*) for any part of the interest period that is later but falling before the publication date, the average of the prime lending rates for such months in the previous year as are prescribed by rules made under section 7;

(*c*) for any part of the interest period falling on or after the publication date but within the period between 1 January and 31 March (both dates inclusive) of any year, the prime lending rate for the year that is 2 years before that year; or

(*d*) for any part of the interest period falling on or after the publication date but within the period between 1 April and 31 December (both dates inclusive) of any year, the prime lending rate for the previous year.

(10) In subsection (9), "publication date" means the date the Income Tax (Amendment No. 3) Act 2016 is published in the *Gazette*.

(11) In subsection (9)(*c*) and (*d*), the prime lending rate for any year is the average of the prime lending rates for the months of October, November and December of that year, or such other months prescribed by rules made under section 7 in their place, of such financial institution or financial institutions in Singapore as the Minister may determine, rounded to the nearest 0.5%, or another percentage prescribed by rules made under that section in its place.".

Amendment of section 105I

53. Section 105I of the principal Act is amended —

(*a*) by inserting, immediately before the definition of "competent authority agreement", the following definitions:

" "Action 13 Report" means the Transfer Pricing Documentation and Country-by-Country Reporting, Action 13 — 2015 Final Report published by the Organisation for Economic Co-operation and Development on 5 October 2015;

"CbCR exchange agreement" means a bilateral or multilateral agreement that is based on a model agreement in the Action 13 Report, and that requires the exchange of country-by-country reports;"; and

(*b*) by inserting, immediately after the definition of "competent authority agreement", the following definition:

" "country-by-country report" means a report by that name mentioned in the Action 13 Report, to be made in the format set out in the Report;".

Amendment of section 105J

54. Section 105J of the principal Act is amended by inserting, immediately after the word "agreement", the words ", and to enable country-by-country reports to be filed with the Comptroller in accordance with the Action 13 Report".

Amendment of section 105K

55. Section 105K of the principal Act is amended —

(*a*) by inserting, immediately after paragraph (*aa*), the following paragraph:

"(*ab*) a CbCR exchange agreement between the Government and —

(i) the government of another country; or

(ii) the governments of 2 or more countries;";

(*b*) by deleting the words "or (*aa*)" in paragraph (*b*) and substituting the words ", (*aa*) or (*ab*)"; and

(*c*) by inserting, immediately after "(*aa*)" in paragraph (*c*), ", (*ab*)".

Amendment of section 105L

56. Section 105L of the principal Act is amended by inserting, immediately after subsection (1A), the following subsection:

"(1B) In subsection (1), the reference to a person falling within any description of persons prescribed by regulations —

(*a*) excludes one given a written notice by the Comptroller pursuant to a regulation made under section 105P(2)(*ba*)(i); and

(*b*) includes one given a written notice by the Comptroller pursuant to a regulation made under section 105P(2)(*ba*)(ii).".

Amendment of section 105N

57. Section 105N(2) of the principal Act is amended by deleting paragraph (*d*) and substituting the following paragraph:

"(*d*) the Comptroller may authorise —

(i) an officer of the Monetary Authority of Singapore; or

(ii) an accountant,

under section 4(1) to perform or assist in the performance of a duty of the Comptroller under section 65, 65A or 65B; and".

Amendment of section 105P

58. Section 105P of the principal Act is amended —

(*a*) by inserting, immediately after subsection (1), the following subsection:

"(1A) The Minister may also make regulations to enable the Comptroller to obtain a country-by-country report or its equivalent in a case where the Comptroller is unable to obtain the report or its equivalent from the tax authority of a country in accordance with the Action 13 Report because —

(*a*) the Government does not have a CbCR exchange agreement with the government of that country; or

(*b*) the Government has a CbCR exchange agreement with the government of that country, but the Minister is of the opinion that the agreement is not operating effectively.";

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

"(*ba*) where the international tax compliance agreement in question is a CbCR exchange agreement, or the regulation is for the purpose in subsection (1A), enable the Comptroller —

(i) after taking into account prescribed factors, to give written notice to a prescribed person that the person need not comply with section 105L or any other obligation of a prescribed person under the regulations; and

(ii) if the Comptroller considers appropriate after taking into account

those factors, to give written notice to one or more other persons to discharge those obligations in place of the prescribed person mentioned in sub-paragraph (i).”; and

(*c*) by inserting, immediately after the word “agreements” in the section heading, the word “, etc.”.

Repeal of obsolete provisions and consequential amendments

59. The principal Act is amended —

(*a*) by repealing sections 13(1)(*p*), (*u*), (*ua*) and (*zc*), 14C, 43D, 43F, 43H, 43K, 43S, 43T and 43V;

(*b*) by deleting the definition of “concessionary rate of tax” in section 14D(5) and substituting the following definition:

“ “concessionary rate of tax” means the rate of tax in accordance with —

(*a*) any order made under section 13(12);

(*b*) section 43C (in respect of those relating to offshore general insurance business only), 43E, 43G, 43I, 43J, 43N, 43P, 43Q, 43R, 43U, 43W, 43X, 43Y, 43Z, 43ZA, 43ZB, 43ZC, 43ZD, 43ZE, 43ZF, 43ZG or 43ZH, or the regulations made under any of them, as the case may be; or

(*c*) section 19J(5C) or (5E) or 19KA(1)(*b*) (as the case may be) of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86);”;

(*c*) by deleting the words “43D, 43E, 43F, 43G, 43H, 43I, 43J, 43K” in paragraph (*b*) of the definition of “ “higher rate of tax” or “lower rate of tax” ” in section 37B(7) and substituting the words “43D (repealed), 43E,

43F (repealed), 43G, 43H (repealed), 43I, 43J, 43K (repealed)";

(*d*) by deleting the words "43S, 43T, 43U, 43V" in paragraph (*b*) of the definition of " "higher rate of tax" or "lower rate of tax" " in section 37B(7) and substituting the words "43S (repealed), 43T (repealed), 43U, 43V (repealed)";

(*e*) by inserting, immediately after the words "section 14C" in the definition of "concessionary rate of tax" in section 37M(3), the words "in force immediately before the date the Income Tax (Amendment No. 3) Act 2016 is published in the *Gazette*";

(*f*) by inserting, immediately before the definition of "associated company" in section 43E(4), the following definition:

" "approved" means approved by the Minister or such person as the Minister appoints;";

(*g*) by inserting, immediately before the definition of "associated company" in section 43G(3), the following definition:

" "approved" means approved by the Minister or such person as the Minister appoints;";

(*h*) by inserting, immediately before the definition of "global trading company" in section 43P(3), the following definition:

" "approved" means approved by the Minister or such person as the Minister appoints;";

(*i*) by deleting paragraphs (*a*) and (*b*) of section 43Q(2A) and substituting the following paragraphs:

"(*a*) any company which holds membership of any class or description of a futures market, or of a clearing house for the futures market, maintained by the Singapore

Exchange Limited or any of its subsidiaries; and

(*b*) a member of the corporation known as the Singapore Commodity Exchange Ltd,"; and

(*j*) by inserting, immediately after subsection (4) of section 43R, the following subsection:

"(5) In this section, "approved company" means a company approved by the Minister, or such person as the Minister may appoint, for the purposes of this section.".

Other miscellaneous amendments

60. The principal Act is amended —

(*a*) by deleting the words "and (iv)" in sections 13(1)(*zh*) and 35(16)(*a*) and substituting in each case the words ", (iv) and (v)";

(*b*) by inserting, immediately after the words "carries on that trade or business" in section 14A(3), the words "but a deduction for these is subject to section 14Z";

(*c*) by inserting, immediately after the words "carries on that trade or business" in sections 14D(2) and 14S(5), the words "but a deduction for this is subject to section 14Z";

(*d*) by inserting, immediately after the words "carries on that trade, profession or business" in section 14Q(4), the words "but the deduction for this is subject to section 14Z";

(*e*) by deleting the word "A" in section 14U(1) and substituting the words "Subject to section 14Z, a";

(*f*) by deleting the words "and (ii)" in section 35(16)(*b*) and substituting the words ", (ii) and (iii)";

(*g*) by deleting "13H," in section 36(1C)(*a*); and

(*h*) by deleting "13H" in paragraph (*b*) of the definition of " "higher rate of tax" or "lower rate of tax" " in section 37B(7).

Consequential amendment to Economic Expansion Incentives (Relief from Income Tax) Act

61. Section 66(1) of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86) is amended by deleting the words "section 13H, 43A, 43C, 43D, 43E, 43F, 43G, 43H, 43I, 43J, 43K, 43N, 43P, 43Q, 43R, 43S, 43T, 43U, 43V" in the definition of "concessionary income" and substituting the words "section 43A, 43C, 43E, 43G, 43I, 43J, 43N, 43P, 43Q, 43R, 43U".

Related amendments to Goods and Services Tax Act

62. The Goods and Services Tax Act (Cap. 117A) is amended —

(*a*) by deleting the words "$5,000 or to imprisonment for a term not exceeding 6 months" in section 66 and substituting the words "$10,000 or to imprisonment for a term not exceeding 12 months";

(*b*) by deleting the word "and" at the end of section 84(1)(*d*);

(*c*) by deleting the full-stop at the end of paragraph (*e*) of section 84(1) and substituting the word "; and", and by inserting immediately thereafter the following paragraph:

"(*f*) shall be entitled to require a person in or at the building or place and who appears to the Comptroller or officer to be acquainted with any facts or circumstances concerning the person's or another person's transactions made in the course of a business —

(i) to answer any question to the best of that person's knowledge, information and belief; or

(ii) to take reasonable steps to produce a document for inspection.";

(*d*) by inserting, immediately after the words "The Comptroller may" in section 84(2), the words "by notice";

(*e*) by inserting, immediately after subsection (2) of section 84, the following subsections:

"(2A) For the purposes of this Act, the Comptroller may by notice require any person to attend personally before the Comptroller or an officer authorised by the Comptroller, at a place and time specified in the notice, to do one or both of the following:

(*a*) provide, to the best of that person's knowledge, information and belief, any information concerning the person's or any other person's transactions made in the course of a business;

(*b*) take reasonable steps to produce for inspection a document concerning those transactions.

(2B) The power to require a person to provide information or produce a document under subsection (1)(*f*) or (2), or when in attendance before the Comptroller or an authorised officer pursuant to a notice under subsection (2A), includes the power —

(*a*) to require that person, or any person who is or was an officer or employee of that person, to provide an explanation of the information or document;

(*b*) if the information is not provided or the document is not produced, to require that person to state, to the best of the person's knowledge and belief, where it is;

(*c*) if the information is recorded otherwise than in legible form, to require the information to be made available to the

Comptroller or authorised officer (as the case may be) in legible form; and

(*d*) in the case of a document, to inspect, copy or make extracts from the document without fee or reward, and to take possession of the document if in the Comptroller or authorised officer's opinion —

(i) the inspection, copying or extraction cannot reasonably be performed without taking possession of the document;

(ii) the document may be interfered with or destroyed unless possession of the document is taken; or

(iii) the document may be required as evidence in proceedings for an offence under this Act or in proceedings for the recovery of tax or penalty, or in proceedings by way of an appeal against an assessment.

(2C) A statement made by any person asked under subsection (1)(*f*), or in compliance with a demand for information, must —

(*a*) be reduced to writing;

(*b*) be read over to the person;

(*c*) if the person does not understand English, be interpreted for the person in a language that the person understands; and

(*d*) be signed by the person.

(2D) Any person who, without reasonable excuse, fails, neglects or refuses to comply with any notice or requirement of the Comptroller or an officer authorised by the Comptroller under this section, or

with a demand for information, shall be guilty of an offence and shall be liable on conviction to —

(*a*) a fine not exceeding $10,000 or to imprisonment for a term not exceeding 12 months or to both; and

(*b*) in the case of a continuing offence, a further fine not exceeding $100 for every day or part of a day during which the offence continues after conviction.

(2E) Any person who, in purported compliance with a notice or requirement of the Comptroller or an officer authorised by the Comptroller under this section, or with a demand for information, produces any document which contains any information, or provides any information, known to the person to be false or misleading in a material particular —

(*a*) without indicating to the Comptroller or the officer that the information is false or misleading and the part that is false or misleading; and

(*b*) without providing correct information to the Comptroller or the officer if the person is in possession of, or can reasonably acquire, the correct information,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding $10,000 or to imprisonment for a term not exceeding 2 years or to both.";

(*f*) by inserting, immediately after the word "disclose" in section 84(3), the words "(including through the production of a document)";

(*g*) by inserting, immediately after subsection (3) of section 84, the following subsection:

"(3A) The generality of the term "reasonable excuse" in subsection (2D) is not affected by subsection (3)."; and

(*h*) by inserting, immediately after subsection (5) of section 84, the following subsection:

"(6) In this section, "demand for information" means a demand by the Comptroller or an officer authorised by the Comptroller to answer a question when in attendance before the Comptroller or the officer pursuant to a notice under subsection (2A).".

Related amendments to Stamp Duties Act

63. The Stamp Duties Act (Cap. 312) is amended —

(*a*) by deleting "(8F)" in section 15A(7) and substituting "(8FD)";

(*b*) by inserting, immediately after the words "or (*d*)" in section 15A(8B)(*a*), the words "that is made before 1 April 2016";

(*c*) by inserting, immediately after the words "or (*c*)" in section 15A(8B)(*b*), the words ", or an acquisition mentioned in subsection (5)(*a*) or (*b*) that is made on or after 1 April 2016";

(*d*) by inserting, immediately after subsection (8C) of section 15A, the following subsections:

"(8CA) Subject to subsection (8CB), where the qualifying acquisitions in the financial year —

(*a*) include an acquisition in subsection (5)(*a*) or (*b*) that is made on or after 1 April 2016; and

(*b*) does not include an acquisition in subsection (3)(*a*) or (*c*), or an acquisition in subsection (5)(*a*), (*b*) or (*d*) that is made before 1 April 2016,

the maximum amount of relief from duty allowed is $80,000.

(8CB) Where the qualifying period is the financial year of the acquiring company and the financial year exceeds 12 months, the maximum amount of relief from duty to be allowed to the acquiring company with respect to all the acquisitions to which subsection (8CA) applies for each of the following periods must not exceed $80,000:

(*a*) the first 12 months of that financial year;

(*b*) the remaining period of that financial year.";

(*e*) by deleting subsection (8F) of section 15A and substituting the following subsections:

"(8F) For the purposes of subsection (8CA), where subsection (6)(*c*) applies, the qualifying acquisitions to which subsection (8CA) applies are treated as occurring in the financial year of the acquiring company in which the acquisitions referred to in subsection (8CA)(*a*) occur.

(8FA) Subject to subsection (8FB), where the qualifying acquisitions in the financial year —

(*a*) include an acquisition in subsection (3)(*a*) or (*c*); and

(*b*) include an acquisition in subsection (5)(*a*), (*b*) or (*d*),

the maximum amount of relief from duty allowed is an amount computed by the formula:

$$A + B + C,$$

where A is the lesser of —

(i) the total amount of ad valorem stamp duty chargeable on every

one of those qualifying acquisitions that is —

(A) an acquisition in subsection (3)(*a*);

(B) an acquisition in subsection (3)(*d*) that relates to an acquisition in sub-paragraph (A) and to the same target company;

(C) an acquisition in subsection (3)(*c*); or

(D) an acquisition in subsection (3)(*e*) that relates to an acquisition in sub-paragraph (C) and to the same target company; and

(ii) $200,000;

B is the lesser of —

(i) the total amount of ad valorem stamp duty chargeable on every one of those qualifying acquisitions that is —

(A) an acquisition in subsection (5)(*a*) that is made before 1 April 2016;

(B) an acquisition in subsection (5)(*b*) that is made before 1 April 2016;

(C) an acquisition in subsection (5)(*c*) that relates to an acquisition in sub-paragraph (A) or (B) and to the same target company;

(D) an acquisition in subsection (5)(*d*); or

(E) an acquisition in subsection (5)(*e*) that relates to an acquisition in sub-paragraph (D) and to the same target company; and

(ii) the balance after deducting A from $40,000 or, if the balance is negative, zero; and

C is the lesser of —

(i) the total amount of ad valorem stamp duty chargeable on every one of those qualifying acquisitions that is —

(A) an acquisition in subsection (5)(*a*) that is made on or after 1 April 2016;

(B) an acquisition in subsection (5)(*b*) that is made on or after 1 April 2016; or

(C) an acquisition in subsection (5)(*c*) that relates to an acquisition in sub-paragraph (A) or (B) and to the same target company; and

(ii) the balance after deducting A and B from $80,000 or, if the balance is negative, zero.

(8FB) Where the qualifying period is the financial year of the acquiring company and the financial year exceeds 12 months, the maximum amount of relief

from duty to be allowed to the acquiring company with respect to all the acquisitions to which subsection (8FA) applies must not exceed the maximum amount of relief from duty under that subsection for each of the following periods:

(*a*) the first 12 months of that financial year;

(*b*) the remaining period of that financial year.

(8FC) Subject to subsection (8FD), where the qualifying acquisitions in the financial year —

(*a*) include an acquisition in subsection (5)(*a*), (*b*) or (*d*) made before 1 April 2016;

(*b*) include an acquisition in subsection (5)(*a*) or (*b*) made on or after 1 April 2016; and

(*c*) does not include an acquisition in subsection (3)(*a*) or (*c*),

the maximum amount of relief from duty allowed is an amount computed by the formula

$$A + B,$$

where A is the lesser of —

(i) the total amount of ad valorem stamp duty chargeable on every one of those qualifying acquisitions that is —

(A) an acquisition in subsection (5)(*a*) that is made before 1 April 2016;

(B) an acquisition in subsection (5)(*b*) that is made before 1 April 2016;

(C) an acquisition in subsection (5)(*c*) that relates to an acquisition in

sub-paragraph (A) or (B) and to the same target company;

(D) an acquisition in subsection (5)(*d*); or

(E) an acquisition in subsection (5)(*e*) that relates to an acquisition in sub-paragraph (D) and to the same target company; and

(ii) $40,000; and

B is the lesser of —

(i) the total amount of ad valorem stamp duty chargeable on every one of those qualifying acquisitions that is —

(A) an acquisition in subsection (5)(*a*) that is made on or after 1 April 2016;

(B) an acquisition in subsection (5)(*b*) that is made on or after 1 April 2016;

(C) an acquisition in subsection (5)(*c*) that relates to an acquisition in sub-paragraph (A) or (B) and to the same target company; and

(ii) the balance after deducting A from $80,000.

(8FD) Where the qualifying period is the financial year of the acquiring company and the financial year exceeds 12 months, the maximum amount of relief from duty to be allowed to the acquiring company

with respect to all the acquisitions to which subsection (8FC) applies must not exceed the maximum amount of relief from duty under that subsection for each of the following periods:

(*a*) the first 12 months of that financial year;

(*b*) the remaining period of that financial year.";

(*f*) by deleting "(8F)" in section 15A(8G) and substituting "(8FD)";

(*g*) by deleting subsection (3) of section 65 and substituting the following subsections:

"(3) Any person who contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding $10,000 or to imprisonment for a term not exceeding 12 months or to both.

(3A) Any person who contravenes subsection (2) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding $10,000 or to imprisonment for a term not exceeding 2 years or to both.";

(*h*) by deleting subsection (1) of section 70C and substituting the following subsection:

"(1) For the purposes of this Act, the Commissioner may by notice require any person to attend personally before the Commissioner or an authorised officer, at a place and time specified in the notice, to do one or both of the following:

(*a*) provide, to the best of that person's knowledge, information and belief, any information concerning the liability of any instrument to duty;

(*b*) produce for examination any instrument, book, document, account or other record

(each called in this section a record) concerning such liability.";

(*i*) by deleting the words ", instruments, books, documents and other records" in section 70C(3) and substituting the words "and records";

(*j*) by deleting the words "instruments, books, documents, accounts or" in section 70C(3);

(*k*) by inserting, immediately after subsection (3) of section 70C, the following subsection:

"(3A) In addition to the powers under subsection (3), the Commissioner may also require a person in or at the building or place and who appears to the Commissioner to be acquainted with any facts or circumstances concerning the liability of any instrument to duty —

(*a*) to answer any question to the best of that person's knowledge, information and belief; or

(*b*) take reasonable steps to produce any record for examination.";

(*l*) by deleting the words "may take possession of any such instrument, book, document, account or record" in section 70C(4) and substituting the words "or the authorised officer may take possession of any record produced in purported compliance with a requirement under subsection (1) or (3A), or which the Commissioner finds in the building or place under subsection (3),";

(*m*) by deleting the words "instrument, book, document, account or" in section 70C(4)(*b*) and (*c*);

(*n*) by inserting, immediately after subsection (4) of section 70C, the following subsection:

"(4A) A statement made by any person asked when in attendance before the Commissioner or an

authorised officer under subsection (1), or under subsection (3A), must —

(*a*) be reduced to writing;

(*b*) be read over to the person;

(*c*) if the person does not understand English, be interpreted for the person in a language that the person understands; and

(*d*) be signed by the person.";

(*o*) by inserting, immediately after the words "The Commissioner may" in section 70C(5), the words "by notice";

(*p*) by deleting subsection (6) of section 70C and substituting the following subsections:

"(6) The power to require a person to provide information or produce a record under subsection (3A) or (5), or when in attendance before the Commissioner or an authorised officer pursuant to a notice under subsection (1), includes the power —

(*a*) to require that person, or any person who is or was an officer or employee of that person, to provide an explanation of the information or record;

(*b*) if the information is not provided or the record is not produced, to require that person to state, to the best of the person's knowledge and belief, where it is; and

(*c*) if the information is recorded otherwise than in legible form, to require the information to be made available to the Comptroller or authorised officer (as the case may be) in legible form.

(6A) Any person who, without reasonable excuse, fails, neglects or refuses to comply with —

(*a*) a notice or requirement of the Commissioner under this section; or

(*b*) a demand by the Commissioner or an authorised officer to answer a question when in attendance before the Commissioner or officer pursuant to a notice under subsection (1),

shall be guilty of an offence, and shall be liable on conviction to a fine not exceeding $10,000 or to imprisonment for a term not exceeding 12 months or to both and, in the case of a continuing offence, to a further fine not exceeding $100 for every day or part of a day during which the offence continues after conviction.

(6B) In this section, "authorised officer" means any Deputy Commissioner of Stamp Duties and any officer of the Inland Revenue Authority of Singapore assisting the Commissioner in the administration of this Act."; and

(*q*) by inserting, immediately after the word "record" in the section heading of section 70C, the words ", or to obtain information".

Savings and transitional provisions

64.—(1) An application under section 18C(1) or (1A) of the principal Act that is otherwise a post-25 March 2016 application within the meaning of the amended section 18C, is considered a pre-25 March 2016 application for the purposes of that section, if —

(*a*) the application is made on or before the date this Act is published in the *Gazette*; and

(*b*) based on the information provided by the applicant, the Minister or the person appointed by the Minister under the amended section 18C is satisfied that, on completion of the construction or renovation, at least 80% of the total floor area of the building or structure is to be used —

(i) by a single person who is either the applicant or is not related to the applicant within the meaning of the amended section 18C; and

(ii) for a single prescribed trade or business within the meaning of the amended section 18C.

(2) In subsection (1), "the amended section 18C" means section 18C of the principal Act as amended by section 19 of this Act.

(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 savings or transitional nature consequent on the enactment of that provision as the Minister may consider necessary or expedient.

EXPLANATORY STATEMENT

This Bill seeks to implement the tax changes in the Government's 2016 Budget Statement in the Income Tax Act (Cap. 134) (the Act) and to make certain other amendments to the Act, as well as to make related amendments to the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86) and the Stamp Duties Act (Cap. 312). This Bill also amends the Income Tax Act, the Goods and Services Tax Act (Cap. 117A) and the Stamp Duties Act, in order to enhance the information gathering power generally for the administration of taxes.

Clause 1 relates to the short title and commencement.

Clause 2 amends section 2 (Interpretation) to include definitions for the expressions "offshore mineral", "offshore renewable energy" and "ship used for offshore renewable energy activity or offshore mineral activity". One or more of these expressions are used in the amended sections 13A, 13F, 13S and 43ZF.

Clause 3 inserts a new subsection (3A) in section 8A (Electronic service) to provide that subsection (3) (which provides that the giving of notices or information under certain provisions of the Act may be or must be done using the electronic service) does not affect other provisions of the Act which require or allow the Comptroller to require things to be done using the electronic service. These provisions include the new section 63(1AA) as well as sections 65B(3) and 68(2).

Clause 4 amends section 10A (Profits of investment company) to provide that no investment company may be approved for the purposes of the section on or after 31 December 2016.

Clause 5 amends section 13 (Exempt income) to withdraw the tax exemption for income derived by non-residents from trading in Singapore through consignees of certain commodities in the basis period for the year of assessment 2018 and subsequent years of assessment.

The clause also replaces subsections (12A) and (12B) of section 13. Subsections (12A) and (12B) currently provide that all orders made under subsection (12) which exempt from tax income received by the trustee of a real estate investment trust (REIT) or a wholly-owned subsidiary of a REIT, continue to have effect on or after 1 April 2020 only in relation to income derived from any immovable property that is situated outside Singapore and acquired by the trustee or subsidiary before 1 April 2020, and that remains beneficially owned by the trustee or subsidiary on the date of receipt of the income. With the amendments, the orders will have effect on or after 1 April 2020 on income received in Singapore that is paid out of income or gains —

(*a*) relating to immovable property situated outside Singapore and acquired by the trustee or subsidiary before that date; and

(*b*) derived either at a time when the trustee or subsidiary beneficially owns the property (e.g. rental income), or from the disposal of the property (e.g. capital gains).

Clause 6 amends section 13A (Exemption of shipping profits) to provide that the income of a shipping enterprise from a Singapore ship used for offshore renewable energy activity or offshore mineral activity, as well as various other activities concerning a ship used for such activity, is exempt from tax.

The clause also provides that the income of a shipping enterprise from foreign exchange and risk management activities carried out in connection with various tax-exempt activities is exempt from tax.

Clause 7 amends section 13F (Exemption of international shipping profits) to provide that the income of an approved international shipping enterprise from the following activities is exempt from tax:

(*a*) various activities (such as operation outside the limits of the Singapore port, and charter, mobilisation and demobilisation of a ship used outside those limits) concerning a foreign ship that is used for offshore renewable energy activity or offshore mineral activity;

(*b*) the sale of a foreign ship used for offshore renewable energy activity or offshore mineral activity;

(*c*) the assignment of a buyer's rights under a construction contract for a ship for such activity, and is intended to be a foreign ship for use for such activity or a prescribed purpose as defined in section 13F(6);

(*d*) the sale of shares in a special purpose company that owns a ship mentioned in paragraph (*a*) above or is the buyer under a construction contract for a ship mentioned in paragraph (*c*) above;

(*e*) the sale mentioned in the existing subsection (1)(*g*) or in paragraph (*d*) above, of shares in a special purpose company whose only business or intended business is undertaking an activity mentioned in paragraph (*a*) above;

(*f*) foreign exchange and risk management activities carried out in connection with various tax-exempt activities.

Clause 8 amends section 13H (Exemption of income of venture company) to remove the power to make regulations to subject the income of an approved venture company from making approved investments to tax at a concessionary rate. Regulations may only be made to exempt such income from tax.

Clause 9 amends section 13S (Exemption of income of shipping investment enterprise) —

(*a*) to provide for a tax exemption on income derived by an approved shipping investment enterprise from chartering or finance leasing its sea-going ship, irrespective of who the counterparty is; and

(*b*) to enable the Minister or an appointed person to specify a period (which must not exceed 40 years) during which income from a ship used for offshore renewable energy or offshore mineral activity is exempt from tax.

Clause 10 amends section 13U (Exemption of income of not-for-profit organisation) to extend until 31 March 2022 the period during which a not-for-profit organisation may be approved for the purposes of a tax exemption under that section.

Clause 11 amends section 13Z (Exemption of gains or profits from disposal of ordinary shares) to extend the period for the disposal of ordinary shares the gains or profits from which are exempt from tax, to 31 May 2022.

Clause 12 amends section 14 (Deductions allowed) to include, in the definitions of "general contribution" and "medical expenses", a contribution by an employer to an employee's medisave account under subsection (1)(*fb*). These terms are used in section 14(5), (6) and (6B). These provisions help to determine how much of an employer's medical expenses may be allowed as a deduction.

Clause 13 amends subsection (2A) of section 14B (Further deduction for expenses relating to approved fairs, exhibitions or trade missions or to maintenance of overseas trade office). That subsection currently provides that where a claim by a company or firm for a deduction under that section is for qualifying expenses incurred between 1 April 2012 and 31 March 2016 for the primary purpose of

promoting the trading of goods or the provision of services, and the total of such expenses and the expenses for which a deduction is claimed under section 14K(1A) does not exceed $100,000 per year of assessment, there is no need for the company or firm to be first approved by the Minister or a person appointed by the Minister. The amendment changes the end date by which the expenses must be incurred to 31 March 2020.

Clause 13 also amends section 14B(12) to extend the last day by which a company or firm may be approved for a deduction under that section to 31 March 2020.

Clause 14 amends section 14K (Further or double deduction for overseas investment development expenditure) for similar purposes to the amendments made to section 14B.

Clause 15 inserts a new section 14Z to provide for how an expense incurred on or after 25 March 2016 and before —

(*a*) the date a person derives the first dollar of income from a trade, business, profession or vocation; or

(*b*) the commencement date of a trade, business or profession,

and is deductible under a provision of Part V of the Act, is to be deducted in 2 cases.

If the taxpayer earns normal income, concessionary income and exempt income (or any 2 of these) in the basis period in which the date mentioned in paragraph (*a*) or (*b*) above falls, and the Comptroller is satisfied that —

(*a*) the expense is incurred in the production of one of those incomes only; or

(*b*) the expense would, had it been incurred after the commencement of the trade, business, profession or vocation, have been incurred in the production of one of those incomes only,

the expense is to be deducted against that income alone. Paragraph (*b*) above is needed because pre-commencement expenses cannot be considered as being incurred in the production of income.

In any other case, it is to be pro-rated according to the amount each type of income bears to the total income.

If the taxpayer earns only concessionary income or exempt income in that basis period, the new section 14Z provides that the expense is to be deducted against that income.

Clause 16 inserts a new section 14ZA to allow a deduction for certain expenditure incurred for an issue of certain retail bonds. The retail bonds are straight debentures and post-seasoning debentures the offer of which is exempt from prospectus requirements under various regulations made under the Securities

and Futures Act (Cap. 289), 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 certain expenditure incurred for making available potential seasoned debentures for such trading.

Clause 17 inserts a new section 14ZB to allow a deduction to a company, firm or body of persons for certain expenditure it incurs during the period its employees provided services to an institution of a public character by arrangement with the institution and on the instruction or request of the company, firm or body, or during the period of secondment of its employees to such an institution. The deduction is as follows:

(*a*) a deduction of 150% of the expenditure, if the expenditure is deductible under section 14(1);

(*b*) a deduction of 250% of the expenditure, if the expenditure is not so deductible.

The expenditure eligible for the deduction is the salary expenditure during the period the services are provided (or the time off in lieu given) or the period of the secondment, as well as the expenses necessary for providing those services or services during the secondment.

A qualifying person is allowed to claim the deduction for expenditure of up to $250,000 for each year of assessment. The total expenditure in respect of which deductions may be allowed to all claimants in respect of each institution of a public character is $50,000 for each calendar year.

Clause 18 amends section 15 (Deductions not allowed) —

(*a*) to disapply subsection (1)(*b*) (no deduction for expenses which are not wholly and exclusively made for acquiring the income) to any expenditure qualifying for deduction under the new section 14ZB; and

(*b*) to disapply subsection (1)(*b*) and (*c*) (no deduction for capital withdrawn or any sum employed or intended to be employed as capital) to any expenditure qualifying for deduction under the new section 14ZA.

Clause 19 amends section 18C (Initial and annual allowances for certain buildings and structures) to enable the Minister or a person appointed by the Minister to approve a construction or renovation for the purposes of the allowance where the completed building or structure is to be used by multiple persons or for multiple trades or businesses, or both. This amendment applies only to a case where both the application for the allowance and the application for the planning or conservation permission are made on or after that date.

The approving authority must be satisfied that at least 80% of its total floor area is to be used by a person who is either the applicant for the original approval or

related to that applicant, or by more than one person who satisfy the following requirements of relatedness:

(*a*) each of them is related to at least one of the others;

(*b*) either one of them is the applicant and the others are all related to the applicant, or all of them are related to the applicant.

The approving authority must also be satisfied that at least 80% of its total floor area is to be used for one or more trades or businesses that are prescribed by regulations. The approving authority must further be satisfied that the construction or renovation promotes the prescribed intensified use of the land for that trade or business or (if there are multiple trades or businesses) the one designated in the regulations.

Where the construction or renovation has been approved for the allowance, an annual allowance under subsection (4) will only be given if at least 80% of the total floor area of the subject matter of every issued temporary occupation permit or (if all temporary occupation permits have been issued) the entire subject matter of the approved construction or renovation, is used at the end of the basis period for the trade or business or any trade or business specified in the original application. Further, the user must be —

(*a*) the applicant for the original approval or related to the applicant; or

(*b*) if there is more than one user, persons who satisfy the requirements of relatedness described above.

Clause 20 amends section 19B (Writing-down allowances for intellectual property rights) —

(*a*) to allow a company to elect a writing-down period of 5 years, 10 years or 15 years for capital expenditure incurred in acquiring intellectual property rights, from the year of assessment 2017 onwards;

(*b*) to substitute, for the purpose of computing the amount of the writing-down allowance to be given, the amount of capital expenditure in acquiring intellectual property rights with the open-market price for those rights, if the expenditure exceeds the price. This applies to intellectual property rights acquired on or after 25 March 2016;

(*c*) to substitute, for the purpose of determining the amount of the charge to be made for disposing any intellectual property rights for which a writing-down allowance has been made, the price for such disposal with their open-market price, if the disposal price is less than the open-market price. This applies to intellectual property rights disposed of on or after 25 March 2016; and

(*d*) to clarify that the enhanced writing-down allowances under subsection (1BAA) are to be given according to the applicable writing-down period of 5 years, 10 years or 15 years from the year of assessment 2017 onwards.

The amendments to section 19B for the purposes in paragraphs (*b*) and (*c*) above are illustrated in the following examples:

Example 1

A company pays $1.2 million in full for intellectual property rights under an agreement signed on 25 March 2016. The price the rights could have been purchased in the open-market on that date is $1 million. The Comptroller may treat the capital expenditure for computing the allowance under subsection (1AA) or (1BAA) as $1 million instead of $1.2 million.

Where the Comptroller has so treated the amount of $1 million as the amount of that expenditure, that amount will also be treated as that expenditure for the purpose of computing the charge to be made on the company in the event of a disposal of those rights after the writing-down period under subsection (5).

Example 2

A company acquires intellectual property rights by making 2 instalment payments of $0.6 million each in 2 separate basis periods. The agreement for acquisition is signed on 25 March 2016. The price the rights could have been purchased in the open-market on that date is $1 million. The Comptroller may treat the amount of $0.5 million as the expenditure incurred in each basis period for computing the writing-down allowance to be given to the company under subsection (1AA). The amount of $0.5 million is arrived at as follows:

$$\frac{\$0.6 \text{ million}}{\$1.2 \text{ million}} \times \$1 \text{ million}$$

Where the Comptroller has so treated the amount of $0.5 million as the amount of the expenditure for a basis period, that amount will also be treated as the expenditure for that basis period for the purpose of computing the charge to be made on the company in the event of a disposal of those rights after the writing-down period under subsection (5). In other words, if the Comptroller treats the amount of $0.5 million as the amount of expenditure for each of the 2 basis periods, the capital expenditure incurred in acquiring the rights for the purpose of computing the charge under subsection (5) will be $1 million (2 × $0.5 million).

The Comptroller may also replace the cash price of the intellectual property rights with the open-market price of $1 million for the purpose of computing the enhanced allowance under subsection (1BAA).

Example 3

A company acquires intellectual property rights by making 2 instalment payments of $0.6 million each in 2 separate basis periods. The agreement for acquisition is signed on 25 March 2016. Before the end of the writing-down period, the rights are sold for $0.8 million. The price the rights could have fetched at the time of the sale is $1.1 million. The total amount of allowances already made to the company is $0.84 million. If the Comptroller treats the open-market price of $1.1 million as the price at which the prices are sold, then the amount of charge that is to be made on the company under subsection (4) is $0.74 million, being the lower of —

(*a*) the difference between $1.1 million and $0.36 million (being the amount of allowance yet to be allowed); and

(*b*) $0.84 million (being the total amount of allowances already made).

Clause 21 amends section 37E (Carry-back of capital allowances and losses) to amend the definition of "concessionary rate of tax", first by adding the word "(repealed)" against provisions which have been repealed by clause 59, and secondly, by specifying that the term includes a rate specified under section 19J(5C) or (5E) or 19KA(1)(*b*) of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86) (which pertains to concessionary tax rates applicable to development and expansion companies under that Act).

Clause 22 makes various consequential amendments to section 37I (Cash payout under Productivity and Innovation Credit Scheme) arising from the amendments made to section 19B.

Clause 23 amends section 37L (Deduction for acquisition of shares of companies) to increase the maximum capital expenditure on share acquisition allowed a deduction under this section, from $20 million to $40 million. The amendments are explained below:

(*a*) subsection (11A) (which limits the total expenditure for all acquisitions of an acquiring company falling within one basis period to $20 million) is amended to restrict it to the following acquisitions (called in this paragraph pre-1 April 2016 acquisitions):

(i) acquisitions which are made before 1 April 2016, except for those related to certain "anchor acquisitions" (i.e. those that result in the crossing of specified shareholding thresholds) made on or after that date;

(ii) acquisitions made on or after that date which are related to certain "anchor acquisitions" made before that date;

(*b*) the new subsection (11AB) provides that the total expenditure for all acquisitions of an acquiring company falling within one basis period that is eligible for the deduction is $40 million. The subsection applies

to the following acquisitions (called in this paragraph post-1 April 2016 acquisitions):

(i) acquisitions which are made on or after 1 April 2016, except for those related to certain "anchor acquisitions" made before that date; and

(ii) acquisitions made before that date which are related to certain "anchor acquisitions" made on or after that date;

(*c*) subsection (11B) (which provides that where a company has in a basis period an "anchor acquisition" in subsection (4) and an "anchor acquisition" in subsection (4A), the maximum deduction allowable for all acquisitions in that period is $5 million) is amended to restrict it to a case where the acquisitions —

(i) include an "anchor acquisition" in subsection (4), and an "anchor acquisition" in subsection (4A) that is made before 1 April 2016; and

(ii) do not include another "anchor acquisition" in subsection (4A) made on or after 1 April 2016;

(*d*) the new subsection (11C) provides that where an acquiring company has in a basis period an "anchor acquisition" in subsection (4) or (4A) made before 1 April 2016, and an "anchor acquisition" in subsection (4A) made on or after 1 April 2016, the maximum deductions allowable for its acquisitions in that period are:

(i) if a deduction is claimed for those acquisitions which are pre-1 April 2016 acquisitions and acquisitions in subsection (4), $5 million;

(ii) if a deduction is claimed for those acquisitions which are post-1 April 2016 acquisitions, $10 million;

(iii) if a deduction is claimed for both types of acquisitions, $10 million.

Clause 24 amends section 39 (Relief and deduction for resident individual) to amend the amount of tax relief for a cash top-up of a Central Provident Fund (CPF) retirement or special account, which is currently the lower of the top-up amount subject to a limit that is the maximum amount by which the account may be topped-up in accordance with CPF legislation, and $7,000. The limit on the top-up amount for computing the tax relief is replaced with a prescribed maximum relief amount. The amendment is made because starting on 1 January 2016, certain individuals may receive top-ups to their CPF retirement accounts of up to 3 times the Basic Retirement Sum (BRS). The limit on the top-up amount for computing the tax relief will, however, still be computed by reference to the current Full

Retirement Sum (FRS) (which is twice the BRS). Because that limit is now prescribed in rules, it can be adjusted by rules to keep up with any change to the CPF scheme for the topping-up of CPF accounts.

Clause 25 inserts a new section 39A to provide for a cap of $80,000 on the total amount of deductions allowable under section 39 to an individual for each year of assessment, beginning with the year of assessment 2018.

Clauses 26, 27 and 28 amend section 40B (Relief for non-resident employees), section 40C (Relief for non-resident SRS members) and section 40D (Relief for non-resident deriving income from activity as public entertainer and employee, etc.), respectively, to clarify that the cap on the total section 39 deductions allowable to an individual under the new section 39A applies in computing the tax payable by a Singapore resident who is in the same circumstances as those of the non-resident person to whom section 40B, 40C or 40D applies. Sections 40B, 40C and 40D require such amount of tax to be computed so that the total relief given to the non-resident person under those sections will not result in that person paying less tax than a Singapore resident in like circumstances.

Clause 29 amends section 43 (Rate of tax upon companies and others) to provide for tax transparency for rental support payment for any real property that is made to a real estate investment trust, and to apply subsection (3B) (distribution of certain income by trustee of a real estate investment trust to a qualifying non-resident subject to tax at 10%) to a distribution made out of such payment.

Clause 30 amends section 43A (Concessionary rate of tax for Asian Currency Unit, Fund Manager and securities company) to provide that the only concessionary rate of tax that may be levied by regulations on qualifying income of a financial institution with an Asian Currency Unit, a Fund Manager or a company dealing in securities, is 10%.

Clause 31 repeals and re-enacts section 43C (Exemption and concessionary rate of tax for insurance and reinsurance business). The re-enacted section 43C —

(*a*) specifies that the concessionary tax rate that may be levied by the regulations on qualifying income of an approved insurer from offshore life business and the business of insuring and reinsuring offshore risks, is 10%;

(*b*) enables regulations to be made to levy a concessionary tax rate of 5%, 8% or 10% (depending on the date of approval of the insurer) on the qualifying income of an approved specialised insurer from carrying on insurance and reinsurance business;

(*c*) enables regulations to be made to levy a concessionary tax rate of 10% on the qualifying income of certain approved insurers from carrying on marine hull and liability insurance business or offshore captive insurance business; and

(*d*) enables regulations to be made to provide for the deduction of any expenses, allowances, losses and donations against the incentivised income otherwise than in accordance with the Act.

Clause 32 amends section 43E (Concessionary rate of tax for headquarters company) to provide that the only concessionary rate of tax that may be levied by regulations on qualifying income of headquarters companies, is 10%.

Clause 33 amends section 43G (Concessionary rate of tax for Finance and Treasury Centre) —

(*a*) to extend the period during which the approval of a Finance and Treasury Centre may be granted by another 5 years, i.e. till 31 March 2021; and

(*b*) to provide for a concessionary rate of tax of 8% on income derived by a company from qualifying activities and qualifying services carried out by its Finance and Treasury Centre that is approved as such on or after 25 March 2016.

Clause 34 amends section 43I (Concessionary rate of tax for offshore leasing of machinery and plant) to provide that the only concessionary rate of tax applicable to the income of leasing companies from offshore leasing of any machinery or plant or other prescribed activities, is 10%.

Clause 35 amends section 43J (Concessionary rate of tax for trustee company) to provide that the only concessionary rate of tax that may be levied by regulations on qualifying income of approved trustee companies, is 10%.

Clause 36 amends section 43N (Concessionary rate of tax for income derived from debt securities) to provide that the only concessionary rate of tax that may be levied by regulations on qualifying income from debt securities, is 10%.

Clause 37 amends section 43P (Concessionary rate of tax for global trading company and qualifying company) to enable qualifying companies that carry on prescribed treasury activities or advisory services in relation to mergers and acquisitions, to enjoy the tax concession on their income from such activities.

Clause 38 amends section 43ZF (Concessionary rate of tax for shipping-related support services) to extend the definition of "shipping-related business" to include the use of any ship for offshore renewable energy activity or offshore mineral activity. Under that section, "corporate service" (one of the incentivised activities) is defined as one of several types of services performed for an approved related company of an approved company. "Related company" is in turn defined as a company that carries on a shipping-related business.

Clause 39 makes consequential amendments to section 43ZG (Concessionary rate of tax for income derived from managing approved venture company) arising from the Economic Expansion Incentives (Relief from Income Tax) (Amendment)

Act 2016 (Act 11 of 2016) (Amendment Act). The tax relief period for the relevant activity of a fund management company is either its tax relief period under the repealed section 18 of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86) (EEIA) or, if its tax relief period for that activity has yet to expire by 19 April 2016 (the date of commencement of the amendments made by the Amendment Act to Part III of the EEIA), the period treated as its tax relief period under section 37 of the Amendment Act.

Clause 40 amends section 45 (Withholding of tax in respect of interest paid to non-resident persons) to enable the Minister to make rules to prescribe a different withholding tax rate from that set out in the section for any person or class of persons. The section is also amended to enable the Comptroller to allow any person or class of persons (besides banks and financial institutions) to give the Comptroller a notice of a deduction of tax within a different period from that specified in the section, as well as to pay the Comptroller the deducted tax within a different period from that specified in the section.

Clause 41 amends section 45EA (Approval of deduction of investment from SRS account of non-citizen) to enable the Minister to make rules to prescribe a different withholding tax rate from that set out in the section to be applied before an SRS operator approves a deduction of investment from an SRS account for any SRS member or class of SRS members.

Clause 42 amends section 45G (Application of section 45 to distribution from any real estate investment trust) to provide that a trustee of a real estate investment trust need not withhold tax on a distribution to an international organisation that is exempt from tax on such distribution because of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145).

Clause 43 amends section 63 (Furnishing of estimate of chargeable income if no return is made under section 62) to require a non-individual which has to furnish an estimate of its chargeable income for any year of assessment, to do so using the electronic service provided under section 8A if rules are made applying that requirement to the non-individual. The section is further amended to enable the Minister to make rules to exempt a person or class of persons from the requirement under section 63 to furnish an estimate of chargeable income.

Clause 44 repeals and re-enacts section 65 (Power to call for returns, books, etc.) to remove the power of the Comptroller to require a person to attend before the Comptroller to produce a document for the Comptroller's examination. This power now appears in the amended section 65B.

Clause 45 amends section 65B (Power of Comptroller to obtain information) for the following purposes:

(*a*) to enable the Comptroller or an authorised officer, when exercising any of his or her powers on any premises, to require a person to answer questions or to produce documents for inspection;

(*b*) to enable the Comptroller to give notice to a person to attend before the Comptroller or an authorised officer to answer questions or produce documents for inspection. The power to require a person to attend before the Comptroller and produce documents to the Comptroller for inspection is currently found in section 65.

Clause 46 amends section 65C (Failure to comply with section 64, 65, 65A or 65B) —

(*a*) to create an offence of failing to answer a question by the Comptroller or an authorised officer when attending before him or her pursuant to a notice under the amended section 65B;

(*b*) to enhance the punishment for the offence of not complying with a notice or requirement under section 64, 65, 65A or 65B, or hindering or obstructing the Comptroller or an authorised officer in performing his or her duties under section 65B;

(*c*) to clarify that the reference to a notice or requirement in that offence includes a notice or requirement by an officer authorised by the Comptroller; and

(*d*) to make other amendments consequential on the amendments made to section 65B.

Clause 47 makes amendments to section 65D (Section 65B notice applies notwithstanding duty of secrecy under Banking Act or Trust Companies Act) that are consequential on the amendments made to section 65B.

Clause 48 amends section 68 (Official information and secrecy, and returns by employer) to enable the Comptroller (in any particular case or class of cases) to waive the following requirements for a notice, or allow the notice to be given after the event has taken place:

(*a*) the requirement that an employer give a notice to the Comptroller that he or she ceases or is ceasing to employ a non-Singaporean employee, or that a non-Singaporean employee is leaving or is about to leave Singapore;

(*b*) the requirement that partners give a notice to the Comptroller that another partner is ceasing to be one or is leaving Singapore.

Clause 49 amends section 71 (Return to be made by partnership) to enable the Minister to exempt a person or class of persons from the requirement under subsection (3) to furnish an estimate of income of a partnership.

Clause 50 amends section 76 (Service of notices of assessment and revision of assessment) —

(*a*) to extend the period by which a notice of objection to an assessment or a notice of incorrect assessment must be made by a company, to 2 months from the date of service of the notice of assessment; and

(*b*) to enable the Minister to make rules to substitute the statutory period for giving such a notice for all persons or cases, a class of persons or cases, or a particular person or case.

Clause 51 amends section 92E (Remission of tax of companies for years of assessment 2016 and 2017) to increase the rebate given to companies for the years of assessment 2016 and 2017. The rebate is 50% (instead of 30%) of the tax payable (excluding final withholding tax levied on income under section 43(3), (3A) and (3B)), subject to a cap of $20,000 per year of assessment.

Clause 52 amends section 93 (Repayment of tax) to provide that where the Comptroller withholds a refund of tax pending the determination of an appeal by him or her against a decision by the Income Tax Board of Review or by a court, the interest payable for any part of the period on or after the date of publication in the *Gazette* of the Income Tax (Amendment No. 3) Act 2016, on any refund amount ultimately determined to be due as a result of the appeal, is interest at the average prime lending rate of one or more Singapore financial institutions determined by the Minister for —

(*a*) the months of October, November and December in the year that is 2 years before the year, for the part of the period that falls within 1 January to 31 March of any year; and

(*b*) the months of October, November and December in the previous year, for the part of the period that falls within 1 April and 31 December of any year.

The rate is to be rounded to the nearest 0.5% or another percentage prescribed by rules in its place.

By way of illustration, if the Income Tax (Amendment No. 3) Act 2016 is published on 1 December 2016, then the rate of interest on a refund that is withheld from 1 July 2016 to 31 December 2016, is —

(*a*) for the period between 1 July 2016 and 30 November 2016, the average of the prime lending rates for the months of October, November and December in the year 2015 (being the rate currently applicable to that period); and

(*b*) for the remaining period, the new rate as described in paragraph (*b*) above.

The amendments made to Part XXB of the Act by clauses 53 to 56 and 58 are intended to enable Singapore to give effect to the OECD Country-by-Country

Reporting guidance set out in "Transfer Pricing Documentation and Country-by-Country Reporting, Action 13: 2015 Final Report".

Clause 53 amends section 105I (Interpretation of Part XXB) to define the terms "country-by-country report" and "CbCR exchange agreement". Essentially, a country-by-country report is a report that is provided annually by a multinational enterprise containing certain information concerning each tax jurisdiction in which it operates. A CbCR exchange agreement is a bilateral or multilateral agreement under which the Parties to the agreement agree to exchange country-by-country reports filed with them.

Clause 54 amends section 105J (Purpose of Part XXB) to state that one purpose of Part XXB of the Act is to enable country-by-country reports to be filed with the Comptroller (see new subsection (1A) of section 105P).

Clause 55 amends section 105K (International tax compliance agreements) to enable the Minister to declare as an international tax compliance agreement for the purposes of Part XXB, a CbCR exchange agreement to which Singapore is a Party.

Clause 56 amends section 105L (Provision of information to Comptroller) to provide that a person who has been notified pursuant to a regulation made under the new section 105P(2)(*ba*), that the person need not comply with section 105L, is not a prescribed person, and another person who has been notified pursuant to that regulation to carry out the obligations of the firstmentioned person is a prescribed person. Section 105L requires a prescribed person to provide prescribed information to the Comptroller, and confers immunity on the person for providing the information.

Clause 57 amends section 105N (Power of Comptroller to obtain information) to provide that the Comptroller may only authorise an officer of the Monetary Authority of Singapore (called an MAS officer) or a public accountant to obtain or assist the Comptroller in obtaining information for the purpose of fulfilling an international tax compliance agreement.

Clause 58 amends section 105P (Regulations to implement international tax compliance agreements) to enable regulations to be made to enable the Comptroller to obtain a country-by-country report of a multinational enterprise in a case where a tax authority of a country fails to provide such a report to the Comptroller. The section is further amended to enable the Comptroller, after taking into account prescribed factors, to give notice to a person that the person need not comply with the obligations of a prescribed person (including the duty to give information to the Comptroller under section 105L), and to give notice to another person to discharge those duties in place of the firstmentioned person.

Clause 59 repeals various provisions of the principal Act which are no longer used, and makes consequential amendments to other provisions of the Act as a result of the repeal.

Clause 60 makes amendments to various provisions in the Act that are consequential on the amendments to sections 13H and 43, and the enactment of the new section 14Z.

Clause 61 makes an amendment to the definition of "concessionary income" in section 66 of the Economic Expansion Incentives (Relief from Income Tax) Act, that is consequential on the repeal of obsolete provisions of the Income Tax Act by clause 59.

Clause 62 amends the Goods and Services Tax Act —

(*a*) to enhance the punishment for the offence under section 66 of hindering or obstructing the Comptroller of Goods and Services Tax or an officer in performing his or her duties in discharging his or her duties under the Act;

(*b*) to enable the Comptroller of Goods and Services Tax or an authorised officer, when exercising any of his or her powers on any premises under section 84, to require a person on those premises to answer questions or to produce documents for inspection;

(*c*) to enable the Comptroller to give notice to a person to attend before the Comptroller or an authorised officer to answer questions or produce documents for inspection;

(*d*) to criminalise the failure to comply with a notice or requirement of the Comptroller or an authorised officer given in exercise of his or her powers under section 84, or to provide information in response to a demand of the Comptroller or an authorised officer when in attendance pursuant to a notice under paragraph (*c*); and

(*e*) to criminalise the giving of false information in response to a notice, requirement or demand mentioned in paragraph (*d*).

These amendments are broadly similar to the amendments made to sections 65B and 65C of the Income Tax Act and are for the same purposes.

Clause 63 makes amendments to the Stamp Duties Act (Cap. 312) that are related to the amendments made to section 37L of the Income Tax Act. The amendments increase to $80,000 the total relief allowed per financial year to a company for share acquisitions. The increased relief applies if the only "anchor acquisitions" in a financial year are those in subsection (5) that are made on or after 1 April 2016 (new section 15A(8CA) and (8CB)).

The amendments also adjust the amount of relief that may be given to a company in the following scenarios, to take into account the increased amount:

(*a*) if the acquisitions in its financial year —

(i) include an "anchor acquisition" in section 15A(3); and

(ii) include an "anchor acquisition" in section 15A(5) whenever made;

(*b*) if the acquisitions in its financial year —

(i) include an "anchor acquisition" in section 15A(5) made before 1 April 2016;

(ii) include an "anchor acquisition" in section 15A(5) made on or after that date; and

(iii) exclude an "anchor acquisition" in section 15A(3).

Clause 63 also makes other amendments to the Stamp Duties Act that are similar in nature to the amendments made to sections 65B and 65C of the Income Tax Act. These amendments include the following:

(*a*) to enhance the punishment for the offences under section 65 of the Stamp Duties Act for alignment with the punishments in section 65C(1) and (8) of the Income Tax Act;

(*b*) to enable the Commissioner of Stamp Duties to give notice to a person to attend before the Commissioner or an authorised officer to answer questions or produce documents for inspection;

(*c*) to enable the Commissioner, when exercising any of his or her powers in relation to any premises, to require a person on those premises to answer questions or to produce documents for inspection;

(*d*) to criminalise the failure to comply with a notice or requirement of the Commissioner given in exercise of his or her powers under the amended section 70C of the Stamp Duties Act, or to provide information in response to a demand of the Commissioner or an officer when in attendance pursuant to a notice under paragraph (*b*).

Clause 64 is a savings provision for the amendments made to section 18C (Initial and annual allowances for certain buildings and structures) by the Bill. It provides that an application for an allowance under that section that has a single user and a single trade for 80% of the total floor area of the building or structure on completion of the construction or renovation, is treated as an application made before 25 March 2016. It also enables the Minister to make regulations to prescribe additional savings and transitional provisions for the purposes of the amendments in 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.