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**Notification No. B 38** — The Income Tax (Amendment) Bill is published for general information. It was introduced in Parliament on 5 October 2020.



# **Income Tax (Amendment) Bill**

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**Bill No. 38/2020.**

*Read the first time on 5 October 2020.*

A BILL

*intituled*

An Act to amend the Income Tax Act (Chapter 134 of the 2014 Revised Edition) and to make related amendments to 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) Act 2020.

(2) Section 40(c) is deemed to have come into operation on 1 March 2010.

5 (3) Section 14 is deemed to have come into operation on 1 April 2010.

(4) Sections 10(d), 11(d), (h) and (i) and 13(b) are deemed to have come into operation on 12 December 2018.

10 (5) Sections 10(a), (b), (c), (f) to (o), (q) and (r), 11(a), (b), (c) and (j), 12(a) and (e), 29, 33 to 36, 39(a), (b), (c) and (f) to (k), 40(b) and 52(a), (d) and (f) are deemed to have come into operation on 19 February 2020.

15 (6) Sections 9(a), 12(b), (c) and (d), 17, 19, 20, 41, 44, 45, 52(b), (c), (e), (g) and (h), 55 and 58 are deemed to have come into operation on 1 April 2020.

(7) Section 25 is deemed to have come into operation on 1 July 2020.

(8) Each subsection of section 61 comes into operation on a date that the Minister appoints by notification in the *Gazette*.

## 20 Amendment of section 2

2. Section 2(1) of the Income Tax Act (called in this Act the principal Act) is amended by deleting the definition of “incapacitated person” and substituting the following definition:

““incapacitated person” means an individual —

- 25 (a) who is below 21 years of age; or
- (b) who lacks capacity to make a decision for himself in relation to any matter at the material time because of an impairment of, or a disturbance in the functioning of, the mind or brain, whether such impairment or disturbance is permanent or temporary;”.
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### **New section 3A**

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

**“Assignment of function or power to public body**

**3A.—**(1) This section applies where the Minister, after consultation with the responsible Minister of a public body, by notification in the *Gazette* assigns a function or power under a provision of this Act or any subsidiary legislation made under this Act (called in this section an incentive provision) to the public body. 5 10

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

(3) The public body, when carrying out a function or exercising a power under an incentive provision, is treated as carrying out a function or exercising a power conferred on the public body under the Act that establishes it. 15

(4) The public body must carry out a function or exercise a power under an incentive provision in accordance with any directions given by the Minister. 20

(5) A member of the public body who is not from the public sector must not be involved in the carrying out of a function or exercise of a power under an incentive provision by the public body. 25

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

(7) Without affecting any obligation as to secrecy or other restriction against the disclosure of information imposed by any law or contract — 30

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

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

that receives or obtains information relating to a person for the purposes of an incentive provision, must not disclose or provide access to such information to a member of the public body, or any other person, who is not from the public sector.

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

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

(b) information relating to a person —

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

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

(c) information that is publicly available.

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

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

(11) In this section —

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

(b) “public body” and “responsible Minister”, in relation to a public body, have the meanings given by section 2(1) of the Public Sector (Governance) Act 2018 (Act 5 of 2018).”.

### **Amendment of section 6**

4. Section 6 of the principal Act is amended —

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

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

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

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

(b) by deleting the words “the public scheme known as the wage credit scheme” in subsection (11A)(a) and substituting the words “any of the public schemes specified in the Ninth Schedule”.

### **Amendment of section 7**

5. Section 7(1) of the principal Act is amended by deleting the word “and” at the end of paragraph (a), and by inserting immediately thereafter the following paragraph:

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

### **Amendment of section 10E**

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

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

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

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

5 **Amendment of section 10H**

7. Section 10H of the principal Act is amended —

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

10 “(1A) Subsection (1) applies in determining the income derived by any person for the year of assessment 2021 or a subsequent year of assessment from any business of providing chauffeur services using motor cars as it applies in determining the income derived by a person from any business  
15 mentioned in that subsection.”; and

- (b) by inserting, immediately after the words “or providing driving instruction” in the section heading, the words “or chauffeur services”.

**Amendment of section 10O**

20 **8.** Section 10O(2) of the principal Act is amended by deleting “55” in the definition of “MAS Notice 637” and substituting “10A(1), 10B(1)”.

**Amendment of section 13**

9. Section 13 of the principal Act is amended —

25 (a) by deleting the words “31 March 2020” in subsection (1)(r), (ra) and (rb) and substituting in each case the words “31 March 2022”;

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

30 “(1A) To avoid doubt, the reference to a charter of a ship in subsection (1)(oa) excludes a finance lease of the ship.”; and



- (c) by inserting, immediately after the definition of “deposit” in subsection (16), the following definition:

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

### **Amendment of section 13A**

**10.** Section 13A of the principal Act is amended —

- (a) by deleting the word “Such” in subsection (1A) and substituting the words “For income derived before 19 February 2020, such”;

- (b) by deleting the words “ship that is provisionally registered under the Merchant Shipping Act (Cap. 179)” in subsection (1CA)(a) and substituting the words “provisionally registered ship”;

- (c) by deleting the words “ship that is provisionally registered under the Merchant Shipping Act” in subsection (1CA)(c)(i) and substituting the words “provisionally registered ship”;

- (d) by inserting, immediately after the words “shipping enterprise” in subsection (1CB)(a), the words “derived before 12 December 2018”;

- (e) by deleting the words “from carrying on” in subsection (1CB)(b) and substituting the words “that is derived as part of”;

- (f) by deleting subsection (1CC);

- (g) by inserting, immediately after subsection (1CL), the following subsections:

“(1CM) A reference to a Singapore ship in subsection (1), (1B), (1CD), (1CE), (1CF), (1CG),

(1CH), (1CI) or (1CL) includes a provisionally registered ship.

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

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- (h) by deleting the words “Singapore ship or foreign ship” in subsections (2) and (2A) and substituting in each case the word “ship”;
- (i) by deleting the words “Singapore ships or foreign ships” in subsections (3), (4) and (10) and substituting in each case the word “ships”;
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- (j) by deleting subsection (11) and substituting the following subsection:

“(11) Where —

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- (a) income derived in the basis period for a year of assessment from the operation of a ship is exempt from tax under this section; and
- (b) in that or a subsequent basis period, the registry of the ship under the Merchant Shipping Act is closed, deemed closed or suspended,
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then the capital allowances in respect of that ship for the year of assessment of the basis period mentioned in paragraph (b) and subsequent years of assessment are to be calculated on the residue of expenditure or reducing value of the assets after taking into account the capital allowances provided for in sections 16, 17, 18, 18B, 18C, 19, 19A, 20, 21 and 22 for those years of assessment during which income derived from the operation of the ship was exempt from tax under this section, even if no claim for such allowances was made.”;

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- (k) by inserting, immediately after the words “Singapore ships” in subsections (13) and (15)(a), the words “and provisionally registered ships”;
- (l) by inserting, immediately after the words “Singapore ship” in subsection (15)(c), the words “or a provisionally registered ship”;
- (m) by deleting paragraph (d) of subsection (15) and substituting the following paragraph:
- “(d) any capital allowances in respect of a Singapore ship or a provisionally registered ship of the shipping enterprise for the year of assessment immediately following the year in which the election is made and for subsequent years of assessment, are to be calculated in accordance with subsection (11) as if the registry of the ship under the Merchant Shipping Act is closed, deemed closed or suspended.”;
- (n) by deleting the definition of “foreign ship” in subsection (16) and substituting the following definition:
- ““foreign ship” means a sea-going ship other than a Singapore ship or provisionally registered ship”;
- (o) by inserting, immediately after the words “Singapore ship” in paragraph (a) of the definition of “operation” in subsection (16), the words “or provisionally registered ship”;
- (p) by deleting sub-paragraph (vi) of paragraph (a) of the definition of “operation” in subsection (16) and substituting the following sub-paragraph:
- “(vi) the finance leasing of the ship for use outside the limits of the port of Singapore, but only where the income in question —

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

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

(q) by inserting, immediately after the definition of “prescribed ship management services” in subsection (16), the following definition:

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

(r) by inserting, immediately after the words “Singapore ships” in the definition of “shipping enterprise” in subsection (16), the words “, provisionally registered ships”.

## **Amendment of section 13F**

**11.** Section 13F of the principal Act is amended —

(a) by deleting the words “on or after 24 February 2015” in subsection (1)(h) and substituting the words “at any time during the period from 24 February 2015 to 18 February 2020 (both dates inclusive)”;

(b) by deleting the word “and” at the end of subsection (1)(r)(iv);

(c) by deleting the full-stop at the end of paragraph (s) of subsection (1) and substituting the word “; and”, and by inserting immediately thereafter the following paragraph:

“(t) on or after 19 February 2020 from providing prescribed ship management services to —

- (i) any qualifying special purpose vehicle of the approved international shipping enterprise or another approved international shipping enterprise; or 5
- (ii) any qualifying shareholder of the approved international shipping enterprise,  
in respect of ships owned or operated by the qualifying special purpose vehicle or qualifying shareholder (as the case may be), unless the conditions of its approval otherwise provide.”; 10
- (d) by inserting, immediately after the words “approved international shipping enterprise” in subsections (1AA)(a) and (1AC)(a), the words “derived before 12 December 2018”; 15
- (e) by deleting the words “from carrying on” in subsections (1AA)(b) and (1AC)(b) and substituting in each case the words “that is derived as part of”; 20
- (f) by inserting, immediately after subsection (1AC), the following subsection:  
“(1AD) Subsection (1)(r) does not apply to any income derived by an approved international shipping enterprise as part of a business of trading in foreign ships or constructing for sale foreign ships for any operation or activity mentioned in that provision.”; 25
- (g) by deleting the words “1st June 2011 and 31st May 2021” in subsection (2A) and substituting the words “1 June 2011 and 31 December 2026”; 30
- (h) by deleting the word “or” at the end of paragraph (b) of the definition of “special purpose company” in subsection (6);
- (i) by deleting the full-stop at the end of paragraph (c) of the definition of “special purpose company” in subsection (6)

and substituting the word “; or”, and by inserting immediately thereafter the following paragraph:

“(d) any operation or activity mentioned in subsection (1)(r) that takes place on or after 12 December 2018.”; and

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

“(7A) In subsection (1)(t), “qualifying shareholder”, in relation to an approved international shipping enterprise, means an approved company —

(a) that is incorporated and resident in Singapore; and

(b) that beneficially owns (whether directly or indirectly) at least 50% of the total number of issued ordinary shares of the approved international shipping enterprise.”.

### **Amendment of section 13H**

**12.** Section 13H of the principal Act is amended —

(a) by deleting the words “approved investments” in subsections (1) and (4)(b) and the definition of “venture company” in subsection (18) and substituting in each case the words “authorised investments”;

(b) by deleting the words “The exemption from tax of the income of an approved venture company” in subsection (2A) and substituting the words “For a venture company that is approved before 1 April 2020, the exemption from tax of the income of the company”;

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

“(2BA) For a venture company that is approved on or after 1 April 2020, the exemption from tax of the

income of the company under regulations made under subsection (1) is for —

(a) a period not exceeding 15 years as specified to the venture company by the Minister or a person appointed by the Minister; and 5

(b) where the period mentioned in paragraph (a) is less than 15 years — any additional period or periods specified to the venture company by the Minister or a person appointed by the Minister. 10

(2BB) The total period of exemption from tax of income of an approved venture company mentioned in subsection (2BA) must not exceed 15 years.”;

(d) by deleting the words “1 April 2020” in subsection (2D) and substituting the words “1 January 2026”; and 15

(e) by deleting the definition of “investments” in subsection (18) and substituting the following definition:

““authorised investments” —

(a) in relation to income derived by an approved venture company before 1 April 2020, means — 20

(i) debentures, stocks, shares, bonds, notes or warrants issued by a government or company; 25

(ii) any right or option in respect of any debentures, stocks, shares, bonds, notes or warrants; or

(iii) units in any unit trust within the meaning of section 10B; or 30

(b) in relation to income derived by an approved venture company on or after 1 April 2020, means

investments prescribed by the Minister for the purpose of subsection (1);”.

### **Amendment of section 13S**

5 **13.** Section 13S of the principal Act is amended —

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

10 “(1DA) Subsection (1)(ca) and (cc) also does not apply to any income derived by an approved shipping investment enterprise as part of a business of trading in sea-going ships or constructing sea-going ships for sale.”;

15 (b) by inserting, immediately after the words “approved shipping investment enterprise” in subsection (1F)(a), the words “derived before 12 December 2018”;

(c) by deleting the words “from carrying on” in subsection (1F)(b) and substituting the words “that is derived as part of”;

20 (d) by deleting the words “1st March 2006 and 31st May 2021” in subsection (2) and substituting the words “1 March 2006 and 31 December 2026”; and

(e) by deleting the words “1st March 2011 and 31st May 2021” in subsection (3)(b) and substituting the words “1 March 2011 and 31 December 2026”.

### **Amendment of section 13Y**

25 **14.** Section 13Y(4) of the principal Act is amended —

(a) by deleting the definition of “foreign government-owned entity” and substituting the following definition:

““foreign government-owned entity” means —

30 (a) an entity wholly and beneficially owned (whether directly or indirectly) by the government or



other public authority of a foreign country;

(b) an entity that is incorporated, formed or established by the government or other public authority of a foreign country either directly or indirectly through one or more intermediate entities; 5

(c) an entity that is incorporated, formed or established by the law of a foreign country and that is not a public authority of that foreign country; or 10

(d) an entity that is incorporated, formed or established by an entity mentioned in paragraph (c) either directly or indirectly through one or more intermediate entities, 15

and whose principal activity is to manage the entity's own funds or the funds of a prescribed sovereign fund entity;"; and 20

(b) by deleting the definition of "sovereign fund entity" and substituting the following definition:

““sovereign fund entity” means —

(a) the government or other public authority of a foreign country; 25

(b) an entity wholly and beneficially owned by the government or other public authority of a foreign country;

(c) an entity that is incorporated, formed or established by the government or other public authority of a foreign country either directly or indirectly through one or more intermediate entities; 30

(*d*) an entity that is incorporated, formed or established by the law of a foreign country and that is not a public authority of that foreign country; or

5 (*e*) an entity that is incorporated, formed or established by an entity mentioned in paragraph (*d*) either directly or indirectly through one or more intermediate entities,

10 and whose funds (which may include the reserves of the government and any pension or provident fund of that country) are managed by an approved foreign government-owned entity.”.

15 **Amendment of section 13Z**

**15.** Section 13Z of the principal Act is amended —

(*a*) by deleting the words “31 May 2022” in subsection (1)(*a*) and substituting the words “31 December 2027”;

20 (*b*) by deleting paragraph (*b*) of subsection (8) and substituting the following paragraphs:

“(*b*) the disposal of shares before 1 June 2022 in a company that —

(i) is in the business of trading Singapore immovable properties; or

25 (ii) principally carries on the activity of holding Singapore immovable properties,

30 other than property development, where the shares are not listed on a stock exchange in Singapore or elsewhere;

(*ba*) the disposal of shares on or after 1 June 2022 not listed on a stock exchange in Singapore or elsewhere, being shares in a

company that the Comptroller is satisfied —

- (i) is in the business of trading immovable properties situated whether in Singapore or elsewhere; 5
  - (ii) principally carries on the activity of holding immovable properties situated whether in Singapore or elsewhere; or
  - (iii) has undertaken property development in Singapore or elsewhere, except where — 10
    - (A) the immovable property developed is used by the company to carry on its trade or business (including the business of letting immovable properties), not being a business mentioned in sub-paragraph (i); and 15 20
    - (B) the company did not undertake any property development in Singapore or elsewhere for a period of at least 60 consecutive months before the disposal of shares; or”; 25
- (c) by inserting, immediately before the definitions of “borrowing period” and “securities lending or repurchase arrangement” in subsection (9), the following definition: 30
- ““activity of holding immovable properties” excludes the holding of immovable properties where such properties are used to carry on a trade or business, including the business of letting immovable properties;”; 35
  - and

(d) by deleting the full-stop at the end of the definitions of “FRS 109” and “SFRS(I) 9” in subsection (9) and substituting a semi-colon, and by inserting immediately thereafter the following definition:

5                   ““property development” means construction or causing the construction of any building or part of a building, and acquisition of land or building for such construction, and for this purpose “construction” means —

10                   (a) any building operations, or demolition and rebuilding operations, in, on, over or under any land for the purpose of erecting a building or part of a building; and

15                   (b) any alteration or addition to, or partial demolition and rebuilding of, any building or part of a building,

20                   that requires the approval of the Commissioner of Building Control under the Building Control Act (Cap. 29) or (if carried out in a country outside of Singapore) would have required such approval if it had been carried out in Singapore.”.

### **New section 13ZA**

25       **16.** The principal Act is amended by inserting, immediately after section 13Z, the following section:

#### **“Exemption of certain payments received in connection with COVID-19 events**

**13ZA.**—(1) The following are exempt from tax:

30                   (a) a cash payment made on behalf of the Government to a person under the public scheme known as the Self-Employed Person Income Relief Scheme (SIRS), that is part of the Budget Statements of the Government dated 26 March 2020 and 6 April 2020;

- (b) a cash payment made on behalf of the Government to a person under the public scheme known as the Jobs Support Scheme (JSS), that is part of the Budget Statements of the Government dated 18 February 2020, 26 March 2020, 6 April 2020 and 26 May 2020, and the ministerial statement of the Minister dated 17 August 2020; 5
- (c) a cash payment made by the Government to a person under any of the following public schemes:
- (i) Quarantine Order Allowance (QOA) Scheme; 10
  - (ii) Leave-of-Absence (LOA) Programme;
  - (iii) the Stay-Home Notice (SHN) Support Programme;
- (d) a cash payment made on behalf of the Government to an individual under the public scheme known as the COVID-19 Support Grant (CSG), that is part of the Budget Statement of the Government dated 26 March 2020, and the ministerial statement of the Minister dated 17 August 2020; 15
- (e) a cash payment made by the Singapore Tourism Board between (and including) the months of April and July 2020 to the holder of a tourist guide licence as defined in section 19A(1) of the Singapore Tourism Board Act (Cap. 305B), to mitigate any loss of income from a COVID-19 event; 20  
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- (f) a cash payment made by the Maritime and Port Authority of Singapore under the public scheme known as the Seafarers Relief Package in the year 2020 to a seafarer as defined in section 2(1) of the Merchant Shipping (Maritime Labour Convention) Act 2014 (Act 6 of 2014), that is funded by the Maritime and Port Authority of Singapore; 30
- (g) a benefit received by a self-employed individual who drives a chauffeured private hire car or taxi, from — 35

(i) the Land Transport Authority of Singapore (called in this paragraph LTA); or

(ii) an entity in the Tenth Schedule,

5 that is given in connection with an amount received by LTA or the entity out of a payment made by the Government to the Special Relief Fund under the public scheme known as the Point-to-Point Support Package;

10 (h) any other prescribed benefit given in connection with a prescribed public scheme, up to such amount or value as may be prescribed.

15 (2) Where a public authority makes a payment under a public scheme on behalf of the Government to a person that is then paid to another person, the firstmentioned person does not, for the purposes of subsection (1), make the second-mentioned payment on behalf of the Government.

*Example*

20 The Inland Revenue Authority of Singapore makes a cash payment under the Jobs Support Scheme on behalf of the Government to a central hirer of a central hiring arrangement of a group of related parties (as defined in section 14R(6)), which the central hirer disburses to the related parties. The central hirer does not make the disbursement on behalf of the Government under subsection (1)(b).

25 (3) The following are also exempt from tax, but only if the Comptroller is satisfied that conditions prescribed for the exemption are satisfied:

30 (a) the rent or value of any place of residence in Singapore (including any furniture or fittings in that place), or an allowance for accommodation in Singapore, for the use by an individual in the year 2020, that is provided to the individual in the year 2020 by the individual's employer, up to the prescribed amount per day;

(b) the value of any food, transport and other necessities (called in this paragraph basic necessities), or an allowance for basic necessities, for consumption or use by an individual in Singapore in the year 2020, that is provided to the individual in the year 2020 by the individual's employer, up to the prescribed amount per day for all basic necessities. 5

(4) An amount described in subsection (5) received or receivable in the year 2020 by a person who is a lessee or licensee of any immovable property in relation to which a remission of property tax is given by the Property Tax (Non-Residential Properties) (Remission) Order 2020 (G.N. No. S 155/2020), is exempt from tax. 10

(5) The amount mentioned in subsection (4) is any of the following, as applicable: 15

(a) the amount in the form of monetary payments of any benefit (as defined in the COVID-19 (Temporary Measures) (Transfer of Benefit of Property Tax Remission) Regulations 2020 (G.N. No. S 375/2020)) of the reduction in property tax as a result of the remission that the owner of the immovable property is required under section 29(2) of the COVID-19 (Temporary Measures) Act 2020 (Act 14 of 2020) to pass on to the person in the year 2020; 20 25

(b) the amount in the form of monetary payments that the owner of the immovable property has passed on or has agreed to pass on to the person in the year 2020, and by reason of which the owner is exempt from section 29(2) of the COVID-19 (Temporary Measures) Act 2020 under regulation 13(2) of the COVID-19 (Temporary Measures) (Transfer of Benefit of Property Tax Remission) Regulations 2020; 30

(c) the amount of any other monetary payments received or receivable by the person from the person's lessor or 35

licensor in the year 2020, but only if the Comptroller is satisfied that the payments are intended by the lessor or licensor to provide relief to the person from any economic hardship arising from a COVID-19 event;

(d) the total of the amounts in paragraphs (a), (b) and (c).

(6) In this section —

“chauffeured private hire car” has the meaning given to that term by section 14ZC(8);

“COVID-19” means the infectious disease known as Coronavirus Disease 2019;

“COVID-19 event” means —

(a) the COVID-19 epidemic or pandemic; or

(b) the operation of or compliance with any law of Singapore, or an order or direction of the Government or any statutory body, being any law, order or direction that is made by reason of or in connection with COVID-19;

“monetary payment” includes payment by e-money as defined in section 2(1) of the Payment Services Act 2019 (Act 2 of 2019);

“owner”, in relation to immovable property, has the meaning given by section 2(1) of the Property Tax Act (Cap. 254) and includes a person that is deemed to be an owner of the property under any provision of that Act;

“prescribed” means prescribed by rules under section 7.”.

### **Amendment of section 14B**

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

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



“(aa) any of the following expenses incurred on or after 1 April 2020 that are approved for the firm or company:

- (i) expenses to secure a spot to speak at a trade mission or trade promotion activity mentioned in paragraph (a)(i); 5
  - (ii) expenses for the transportation of any material or sample for use at a trade mission or trade promotion activity mentioned in paragraph (a)(i); 10
  - (iii) expenses to engage a consultant (not being a related party of the approved firm or company or an officer or employee of such related party) to organise a business networking event during a trade mission or trade promotion activity mentioned in paragraph (a)(i);” 15
- (b) by deleting the words “31 March 2020” in subsection (2A) and substituting the words “31 December 2025”; 20
- (c) by deleting the word “or” at the end of paragraph (c) of the definition of “market development expenditure” in subsection (11);
- (d) by inserting the word “or” at the end of paragraph (d) of the definition of “market development expenditure” in subsection (11), and by inserting immediately thereafter the following paragraph: 25
- “(e) approved expenses incurred on or after 1 April 2020 for the engagement of a consultant (not being a related party of the approved firm or company or an officer or employee of such related party) — 30
- (i) to identify a suitable person to promote the trading of any goods, 35

or the provision of any services, in a country outside Singapore; or

(ii) to build up a business network in a country outside Singapore;”;

5 (e) by deleting the full-stop at the end of the definition of “master intellectual property licence” in subsection (11) and substituting a semi-colon, and by inserting immediately thereafter the following definition:

10 ““related party” has the meaning given by section 13(16).”; and

(f) by deleting the words “31st March 2020” in subsection (12) and substituting the words “31 December 2025”.

#### **Amendment of section 14I**

15 **18.** Section 14I of the principal Act is amended by inserting, immediately after subsection (6), the following subsection:

“(6AA) Subsections (5) and (6) do not apply to any bank or qualifying finance company for the years of assessment 2021 and 2022.”.

#### **Amendment of section 14K**

**19.** Section 14K of the principal Act is amended —

(a) by deleting the words “31 March 2020” in subsection (1A)(a) and substituting the words “31 December 2025”; and

25 (b) by deleting the words “31st March 2020” in subsection (8) and substituting the words “31 December 2025”.

#### **Amendment of section 14KA**

**20.** Section 14KA of the principal Act is amended by deleting the words “31 March 2020” in subsections (1)(a), (9) and (19)(b)(ii) and  
30 substituting in each case the words “31 December 2025”.

### **Amendment of section 14Q**

21. Section 14Q of the principal Act is amended by deleting subsection (3A) and substituting the following subsection:

“(3A) Despite subsection (3), for the purposes of subsection (1) and subject to subsections (7), (8), (8A) and (9), where the renovation or refurbishment expenditure is incurred during the basis period relating to the year of assessment 2021, a deduction is allowed for that year of assessment for the full amount of the renovation or refurbishment expenditure so incurred, unless a person elects for the deduction to be allowed in accordance with subsection (3).”.

### **New sections 14ZE and 14ZF**

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

#### **“Deduction for payments made to individual drivers of chauffeured private hire cars and taxis due to COVID-19 events**

**14ZE.**—(1) Subsection (2) applies for the purpose of ascertaining the income of a Tenth Schedule entity for the basis period for the year of assessment 2021 or 2022.

(2) Despite any other provision in this Part, the following expenditure incurred by a Tenth Schedule entity during the period between 1 January 2020 and 31 December 2020 (both dates inclusive) are allowed as a deduction for the relevant year of assessment:

- (a) the value of any benefit given to a self-employed individual who drives a chauffeured private hire car or taxi, that is given in connection with an amount received by the Tenth Schedule entity out of a payment made by the Government to the Special Relief Fund under the public scheme known as the Point-to-Point Support Package;

(b) any monetary payment given by a Tenth Schedule entity to an individual who drives a chauffeured private hire car or taxi, that the Comptroller is satisfied is given to mitigate the individual's loss of income arising from a COVID-19 event.

(3) In this section —

“chauffeured private hire car” has the meaning given to that term by section 14ZC(8);

“COVID-19 event” and “monetary payment” have the meanings given to these terms by section 13ZA(6);

“Tenth Schedule entity” means an entity set out in the Tenth Schedule.

**Deduction for payments made to lessees or licensees to mitigate impact of COVID-19 event**

**14ZF.**—(1) Subsection (2) applies for the purpose of ascertaining the income of a person for the basis period for the year of assessment 2021 or 2022, from the leasing or licensing of any immovable property in relation to which a remission of property tax is given by the Property Tax (Non-Residential Properties) (Remission) Order 2020.

(2) Despite any other provision in this Part, the following (whichever is applicable) is allowed as a deduction against that income for the relevant year of assessment:

(a) the amount in the form of monetary payments of any benefit (as defined in the COVID-19 (Temporary Measures) (Transfer of Benefit of Property Tax Remission) Regulations 2020) of the reduction in property tax as a result of the remission that the person (being the owner of the property) is required under section 29(2) of the COVID-19 (Temporary Measures) Act 2020 to pass on to a lessee or licensee of the property in 2020;

- (b) the amount in the form of monetary payments that the person mentioned in paragraph (a) has passed on or has agreed to pass on to the lessee or licensee of the property in the year 2020, and by reason of which the person is exempt from section 29(2) of the COVID-19 (Temporary Measures) Act 2020 under regulation 13(2) of the COVID-19 (Temporary Measures) (Transfer of Benefit of Property Tax Remission) Regulations 2020; 5
- (c) the amount of any other monetary payments that the person makes in the year 2020 to the person’s lessee or licensee of that property, but only if the Comptroller is satisfied that the payments are intended to provide relief to the lessee or licensee from any economic hardship arising from a COVID-19 event; 10 15
- (d) the total of the amounts in paragraphs (a), (b) and (c).

(3) The total amount of deduction allowable under this section in relation to each lessee or licensee for each year of assessment must not exceed the total amount of rent or licence fee payable under the relevant lease agreement or licence agreement between the person and the lessee or licensee for the period between 1 January 2020 and 31 December 2020 (both dates inclusive), or a part of that period, and falling within the basis period for that year of assessment, after taking into account any waiver or reduction of the rent or licence fee for that period. 20 25

(4) In this section, “COVID-19 event”, “monetary payment” and “owner”, in relation to immovable property, have the meanings given to these terms by section 13ZA(6).”.

### **Amendment of section 15**

**23.** Section 15 of the principal Act is amended —

- (a) by deleting the word “and” at the end of subsection (1)(k)(v);

(b) by inserting the word “and” at the end of sub-paragraph (vi) of subsection (1)(k), and by inserting immediately thereafter the following sub-paragraph:

“(vii) a chauffeured private hire car used principally by the person (not being an individual mentioned in sub-paragraph (vi)) to carry on the business of providing chauffeur services, but subject to subsection (2F);” and

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

“(2F) Subsection (1)(k)(vii) only applies to outgoings and expenses, and the cost of renewal in respect of the chauffeured private hire car, incurred in the basis period for the year of assessment 2021 or a subsequent year of assessment.”.

### **New section 15A**

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

#### **“Limit on deduction allowed for leasing or licensing expenditure in 2020**

**15A.**—(1) No deduction is allowed in respect of expenditure incurred in the year 2020 by a person on leasing or licensing any immovable property in relation to which a remission of property tax is given by the Property Tax (Non-Residential Properties) (Remission) Order 2020, of an amount described in subsection (2).

(2) The amount mentioned in subsection (1) is any of the following, as applicable:

(a) the amount in the form of monetary payments of any benefit (as defined in the COVID-19 (Temporary Measures) (Transfer of Benefit of Property Tax Remission) Regulations 2020) of the reduction in

property tax as a result of the remission that the owner of the immovable property is required under section 29(2) of the COVID-19 (Temporary Measures) Act 2020 to pass on to the person in the year 2020;

5

(b) the amount in the form of monetary payments that the owner of the immovable property has passed on or has agreed to pass on to the person in the year 2020, and by reason of which the owner is exempt from section 29(2) of the COVID-19 (Temporary Measures) Act 2020 under regulation 13(2) of the COVID-19 (Temporary Measures) (Transfer of Benefit of Property Tax Remission) Regulations 2020;

10

(c) the amount of any other monetary payments received or receivable by the person from the person's lessor or licensor in the year 2020, but only if the Comptroller is satisfied that the payments are intended by the lessor or licensor to provide relief to the person from any economic hardship arising from a COVID-19 event;

15

20

(d) the total of the amounts in paragraphs (a), (b) and (c).

(3) In this section, "COVID-19 event", "monetary payment" and "owner", in relation to immovable property, have the meanings given to these terms by section 13ZA(6)."

25

### **Amendment of section 18C**

**25.** Section 18C of the principal Act is amended —

- (a) by deleting the words "between 1st July 2010 and 30th June 2020 (both dates inclusive)" in subsection (1) and substituting the words "on or after 1 July 2010";
- (b) by deleting the words "between 22nd February 2014 and 30th June 2020 (both dates inclusive)" in subsection (1A) and substituting the words "on or after 22 February 2014"; and

30

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

“(1B) No approval may be granted under this section after 31 December 2025.”.

5 **Amendment of section 19**

**26.** Section 19 of the principal Act is amended —

(a) by deleting the words “the annual allowance in respect of any machinery or plant” in subsection (2)(a) and substituting the words “subject to subsection (2AA), the annual allowance in respect of any machinery or plant acquired by a person either in the basis period for a year of assessment before the year of assessment 2023 or under a hire-purchase agreement signed in the basis period for a year of assessment before the year of assessment 2023”;

(b) by deleting paragraph (ba) of subsection (2) and substituting the following paragraphs:

“(ba) for the purposes of paragraph (a), the total number of years of working life of an aircraft acquired on or after 1 March 2012 but before the basis period for the year of assessment 2023 by an approved aircraft leasing company mentioned in section 43Y is, if the company has made an election under subsection (2A) —

(i) the sum of —

(A) the number of years of working life of an aircraft as specified in the Sixth Schedule; and

(B) the period of extension specified by the company under subsection (2A); or

(ii) 20 years,

whichever is less;



- (*bb*) the annual allowance in respect of any machinery or plant acquired by a person in the basis period for the year of assessment 2023 or a subsequent year of assessment or under a hire-purchase agreement signed in the basis period for the year of assessment 2023 or a subsequent year of assessment is — 5
- (i) in the case of an asset that is not acquired under a hire-purchase agreement — the amount ascertained by dividing the excess of the original cost of the asset over any initial allowance granted under subsection (1) by any of the following number of years as elected by the person: 10
- (A) where the number of years of working life of the asset as specified in the Sixth Schedule is less than 16 years and unless otherwise provided under paragraph (*bd*) — 6 or 12 years; 20
- (B) where the number of years of working life of the asset as specified in the Sixth Schedule is 16 years — 6, 12 or 16 years; or 25
- (ii) in the case of an asset acquired under a hire-purchase agreement — the amount ascertained by dividing the excess of the original cost of the asset over the total amount of the initial amount allowable in respect of the asset under subsection (1) by any of 30
- 35

the following number of years as elected by the person:

5 (A) where the number of years of working life of the asset as specified in the Sixth Schedule is less than 16 years and unless otherwise provided under paragraph (bd) — 6 or 12 years;

10 (B) where the number of years of working life of the asset as specified in the Sixth Schedule is 16 years — 6, 12 or 16 years;

15 (bc) the election under paragraph (bb) must be made to the Comptroller at the time of lodgment of the person’s return of income for the year of assessment relating to the basis period in which the asset was  
20 acquired or the hire-purchase agreement was signed or within such further time as the Comptroller may allow, and such election is irrevocable;

25 (bd) for the purposes of paragraph (bb), the total number of years of working life of an aircraft acquired in the basis period for the year of assessment 2023 or a subsequent year of assessment by an approved aircraft leasing company mentioned in section 43Y is, if the company has made an election  
30 under subsection (2A) —

(i) the sum of —

(A) either 6 or 12 years as elected by the company under paragraph (bb); and  
35

(B) the period of extension specified by the company under subsection (2A); or

(ii) 20 years,

whichever is less;”;

5

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

“(2AA) Where —

(a) a machinery or plant is acquired by a person either in the basis period for a year of assessment before the year of assessment 2023 or under a hire-purchase agreement signed in the basis period for a year of assessment before the year of assessment 2023; and

10

15

(b) no due claim for an allowance in respect of that asset has been made under subsection (1) or (2)(a) for any year of assessment before the year of assessment 2023,

20

then, if the person makes a claim for an annual allowance in respect of that asset for the year of assessment 2023 or a subsequent year of assessment, the annual allowance in respect of that asset is ascertained by dividing the original cost of that asset by the number of years of working life of that asset, as elected by the person under subsection (2AB).

25

(2AB) For the purposes of subsection (2AA), the person may elect for the number of years of working life of the asset to be —

30

(a) if the number of years of its working life as specified in the Sixth Schedule is less than 16 years — 6 or 12 years; or

(b) if the number of years of its working life as specified in the Sixth Schedule is 16 years — 6, 12 or 16 years.

(2AC) An election under subsection (2AB) must be made by the person to the Comptroller at the time of lodgment of the person’s return of income for the year of assessment 2023 or within such further time as the Comptroller may allow, and such election is irrevocable.”;

(d) by inserting, immediately after the words “as specified in the Sixth Schedule” in subsection (2A), the words “or as elected by the person under subsection (2)(bb),”;

(e) by deleting subsection (2B);

(f) by deleting the words “or (1B)” wherever they appear in subsection (3) and substituting in each case the words “, (1B) or (1E)”;

(g) by deleting the word “and” at the end of subsection (5)(d); and

(h) by deleting the full-stop at the end of paragraph (e) of subsection (5) and substituting the word “; and”, and by inserting immediately thereafter the following paragraph:

“(f) a chauffeured private hire car as defined in section 14ZC(8) —

(i) that is acquired in the basis period for the year of assessment 2021 or a subsequent year of assessment by a person that carries on the business of providing chauffeur services, and used by the person principally for such business; or

(ii) that was initially acquired by a person carrying on the business of hiring out cars and used by the person principally for such business, and is

then used in the basis period for the year of assessment 2021 or a subsequent year of assessment by the same person principally for the business of providing chauffeur services carried on by the person.”. 5

### **Amendment of section 19A**

**27.** Section 19A of the principal Act is amended —

(a) by inserting, immediately after subsection (1D), the following subsections: 10

“(1E) Despite subsection (1), where a person carrying on a trade, profession or business incurs, during the basis period for the year of assessment 2021, capital expenditure on the provision of machinery or plant for the purposes of that trade, profession or business, the person may, in lieu of the allowances under subsection (1) or section 19, elect to be entitled to the following: 15

(a) for the year of assessment 2021 — an annual allowance of 75% in respect of the capital expenditure incurred; 20

(b) for the year of assessment 2022 — an annual allowance of 25% in respect of the capital expenditure incurred.

(1F) The election in subsection (1E) must be made at the time of lodgment of the person’s return of income for the year of assessment 2021, and such election is irrevocable. 25

(1G) Where a person carrying on a trade, profession or business enters into a hire-purchase agreement during the basis period for the year of assessment 2021 in respect of machinery or plant provided for the purposes of that trade, profession or business, subsection (1E) applies, with the necessary 30

modifications, to each instalment paid by the person under the hire-purchase agreement in a basis period for a year of assessment (whether the year of assessment 2021 or a subsequent year of assessment), as it applies to capital expenditure incurred in the basis period for the year of assessment 2021.”;

(b) by deleting the words “or (1B)” wherever they appear in subsections (2), (3), (4), (5), (7), (8), (10A) and (10B) and substituting in each case the words “, (1B) or (1E)”;

(c) by inserting, immediately after the words “Sixth Schedule” in subsections (2FA)(a)(ii) and (2G)(a)(ii), the words “or as elected by the person under section 19(2AB)”.

### **Amendment of section 19D**

**28.** Section 19D(4A) of the principal Act is amended by deleting “2020” and substituting “2025”.

### **Amendment of section 23**

**29.** Section 23(3) of the principal Act is amended by inserting, immediately after the words “section 37E(1)”, the words “or any of the 3 immediate preceding years of assessment under section 37E(1A)”.

### **Repeal and re-enactment of section 33 and new section 33A**

**30.** Section 33 of the principal Act is repealed and the following sections substituted therefor:

#### **“Comptroller to disregard certain transactions and dispositions**

**33.—**(1) Subsection (2) applies where the Comptroller is satisfied that the purpose or effect of any arrangement is directly or indirectly —

(a) to alter the incidence of any tax that is payable by or that would otherwise have been payable by any person;

(b) to relieve any person from any liability to pay tax or to make a return under this Act; or

(c) to reduce or avoid any liability imposed or which would otherwise have been imposed on any person by this Act.

5

(2) Without affecting any validity that the arrangement may have in any other respect or for any other purpose, the Comptroller must disregard or vary the arrangement and make any adjustment that the Comptroller considers appropriate, including (but not limited to) the computation or recomputation of gains or profits, or the imposition of liability to tax, so as to counteract any tax advantage obtained or obtainable by that person from or under that arrangement.

10

(3) Subsection (1)(c) includes increasing any qualifying deduction by a transferor company to be transferred to a claimant company under section 37C, in order to reduce or avoid any liability imposed or which would otherwise have been imposed on the claimant company by this Act.

15

(4) Nothing in this section prevents the applicability of subsection (1) to a case, or any action of the Comptroller under subsection (2) in a case, from being questioned in an appeal against an assessment in accordance with Part XVIII.

20

(5) In this section —

“arrangement” means any scheme, trust, grant, covenant, agreement, disposition, transaction and includes all steps by which it is carried into effect;

25

“claimant company” and “transferor company” have the meanings given by section 37C(19);

“qualifying deduction” has the meaning given by section 37C(14).

30

(6) This section applies to any arrangement made or entered into before, on or after the date of commencement of section 30 of the Income Tax (Amendment) Act 2020, but not one made or entered into before 29 January 1988.

(7) This section does not apply to any arrangement carried out for bona fide commercial reasons and had not as one of its main purposes the avoidance or reduction of tax.

### **Surcharge on adjustments under section 33**

5       **33A.**—(1) This section applies where, in the year of assessment 2023 or a subsequent year of assessment —

(a) the Comptroller imposes a liability to tax or an additional amount of tax on a person for that year of assessment under section 33;

10       (b) the Comptroller recomputes any gain, profit or loss of, any capital allowance allowed to, or any deduction for a donation made by, a person for that year of assessment under section 33 which results in the imposition of a liability to tax or an additional amount of tax on that person for any year of assessment; or

15       (c) as a result of an adjustment under section 33, any qualifying deduction that has been transferred under section 37C by a transferor company to a claimant company is reduced or disregarded, and the Comptroller makes an assessment on the claimant company for an amount of tax or an additional amount of tax.

20       (2) In a case mentioned in subsection (1)(a) or (b), a surcharge equal to 50% of the amount of tax or the additional amount of tax is imposed on the person, and is recoverable by the Comptroller from the person as a debt due to the Government.

25       (3) In a case mentioned in subsection (1)(c), a surcharge equal to 50% of the amount of tax or the additional amount of tax assessed on the claimant company is imposed on the transferor company, and is recoverable by the Comptroller from the transferor company as a debt due to the Government.

30       (4) Despite any objection under section 76 to or an appeal lodged under Part XVIII against an adjustment made under section 33 or any assessment, the surcharge must be paid —



- (a) within one month after the date a written notice of the surcharge is served in accordance with section 8(1) on the person to whom the surcharge is imposed; and
- (b) in the manner stated in the notice.

(5) The Comptroller may, in the Comptroller’s discretion, and subject to any term and condition (including the imposition of interest on the surcharge) as the Comptroller may impose, extend the time within which payment is to be made. 5

(6) Sections 86(1) to (6), 87(1) and (2), 89, 90 and 91 apply to the collection and recovery of a surcharge and any interest imposed under subsection (5), as they apply to the collection and recovery of tax. 10

(7) The Comptroller may, for good cause, remit wholly or in part any surcharge or interest payable under this section.

(8) If, upon an objection under section 76 to or an appeal lodged under Part XVIII, an assessment made pursuant to any adjustment made under section 33 is varied or annulled, then the surcharge is correspondingly increased, reduced or annulled (as the case may be), and — 15

- (a) if the surcharge is increased, subsection (2) or (3) (as the case may be) and subsections (4), (5), (6) and (7) apply to the increased amount of the surcharge as they apply to the surcharge; or 20

- (b) if the surcharge is reduced or annulled and it has already been paid to the Comptroller, the amount of the reduction or the entire amount (including any interest paid on the amount) must be refunded. 25

(9) In this section, “claimant company”, “qualifying deduction” and “transferor company” have the meanings given by section 33(5).” 30

### **Amendment of section 34**

**31.** Section 34 of the principal Act is amended by deleting the words “or 33”.

### **Amendment of section 34G**

**32.** Section 34G(15) of the principal Act is amended by inserting, immediately after “(1D)” in paragraph (d), “, (1E), (1F), (1G)”.

### **Amendment of section 34J**

5 **33.** Section 34J of the principal Act is amended —

(a) by deleting the words “and subsection (13)” in subsection (12)(a) and substituting the words “and subsections (12A) and (13)”; and

10 (b) by inserting, immediately after subsection (12), the following subsection:

15 “(12A) Subsection (12) does not apply in relation to a ship in respect of which the electing recipient derives the income mentioned in section 13A(1), (1B), (1CA), (1CD), (1CE), (1CF), (1CG), (1CH), (1CI), (1CJ), (1CK) or (1CL) (modified by replacing a reference to a Singapore ship with a reference to a provisionally registered ship) on or after 19 February 2020, but not before that date.”.

### **Amendment of section 36A**

20 **34.** Section 36A(10) of the principal Act is amended by inserting, immediately after the words “section 37E(1)” in paragraph (a) of the definition of “carry-back deductions”, the words “or any of the 3 immediate preceding years of assessment under section 37E(1A)”.

### **Amendment of section 36C**

25 **35.** Section 36C(8) of the principal Act is amended by inserting, immediately after the words “section 37E(1)” in paragraph (a) of the definition of “carry-back deductions”, the words “or any of the 3 immediate preceding years of assessment under section 37E(1A)”.

### **Amendment of section 37**

30 **36.** Section 37(6) of the principal Act is amended by inserting, immediately after the words “section 37E(1)”, the words “or any of

the 3 immediate preceding years of assessment under section 37E(1A)”.

### **Repeal and re-enactment of section 37B**

**37.** Section 37B of the principal Act is repealed and the following section substituted therefor:

5

**“Adjustment of capital allowances, losses or donations between income subject to tax at different rates**

**37B.**—(1) This section applies where —

(a) a company has income subject to tax at different rates of tax for the year of assessment concerned, and there are UALD in respect of income that is subject to tax at one of those rates of tax; or

10

(b) a company has income subject to tax at one rate of tax for the year of assessment concerned and income subject to tax at a different rate of tax for an earlier year of assessment, and there are UALD in respect of the second-mentioned income.

15

(2) For the purposes of subsection (1), income may be subject to tax at different rates of tax even if the income is derived from carrying on the same trade or business.

20

(3) Subsection (1)(b) does not include a case where one of the rates of tax is that in section 43(1)(a) and the other rate of tax is also that in section 43(1)(a), but amended.

(4) Where the UALD relate to income of the company that is subject to tax at the lower rate of tax, then those UALD are to be deducted against the income of the company subject to tax at the higher rate of tax (if it is chargeable income) in accordance with the following provisions:

25

(a) in a case where the amount of those UALD does not exceed that chargeable income multiplied by the adjustment factor —

30

(i) that chargeable income is reduced by an amount arrived at by dividing the amount of those UALD by the adjustment factor; and

(ii) the amount of those UALD is accordingly nil;

5 (b) in any other case —

(i) the amount of those UALD is reduced by an amount arrived at by multiplying the amount of that chargeable income by the adjustment factor, and —

10 (A) the remaining UALD; or

(B) if the remaining UALD are then reduced by one or more applications of subsection (6)(b) — the remaining UALD (if any) after such reduction or

15

are added to, and deemed to form part of, the corresponding allowances, losses or donations in respect of the income subject to tax at the lower rate of tax, for the next succeeding year of assessment and any subsequent year of assessment in accordance with section 23 or 37, as the case may be; and

20

(ii) that chargeable income is accordingly nil.

25

(5) Where the UALD relate to income of the company that is subject to tax at the higher rate of tax, then those UALD are to be deducted against the income of the company subject to tax at the lower rate of tax (if it is chargeable income) in accordance with the following provisions:

30

(a) in a case where the amount of those UALD does not exceed that chargeable income divided by the adjustment factor —

(i) that chargeable income is reduced by an amount arrived at by multiplying the amount of those UALD by the adjustment factor; and

- (ii) the amount of those UALD is accordingly nil;
- (b) in any other case —
- (i) the amount of those UALD is reduced by an amount arrived at by dividing the amount of that chargeable income by the adjustment factor, and —
- (A) the remaining UALD; or
- (B) if the remaining UALD are then reduced by one or more applications of subsection (6)(b) — the remaining UALD (if any) after such reduction or reductions,
- are added to, and deemed to form part of, the corresponding allowances, losses or donations in respect of the income subject to tax at the higher rate of tax, for the next succeeding year of assessment and any subsequent year of assessment in accordance with section 23 or 37, as the case may be; and
- (ii) that chargeable income is accordingly nil.
- (6) Where, in a case mentioned in subsection (1)(a), the company has income subject to tax at 3 or more rates of tax (called in this subsection applicable tax rates), then for the purposes of subsection (4) or (5) —
- (a) the company may elect its income that is subject to tax at one of the applicable tax rates as its income that is subject to tax at a lower or higher rate of tax, as the case may be;
- (b) the UALD in respect of the company's income that is subject to tax at the lower or higher rate of tax (as the case may be), that have been reduced in accordance with subsection (4)(b) or (5)(b), may be further deducted in accordance with that provision against the

company's remaining income that is subject to tax at an applicable tax rate; and

- 5 (c) paragraph (b) continues to apply until the amount of the UALD becomes nil or the company has no more income subject to tax at an applicable rate against which the deduction may be made.

(7) Where —

- (a) the income in respect of which there are UALD is subject to tax at the lower rate of tax; and

- 10 (b) the company ceases to derive that income in the basis period for the year of assessment concerned,

subsection (4) applies, with the necessary modifications, to the UALD mentioned in paragraph (a) for the purpose of deducting them against the income of the company subject to tax at the higher rate of tax (if it is chargeable income) for any year of assessment subsequent to the year of assessment concerned.

(8) Where —

- (a) the income in respect of which there are UALD is subject to tax at the higher rate of tax; and

- 20 (b) the company ceases to derive that income in the basis period for the year of assessment concerned,

subsection (5) applies, with the necessary modifications, to the UALD mentioned in paragraph (a) for the purpose of deducting them against the income of the company subject to tax at the lower rate of tax (if it is chargeable income) for any year of assessment subsequent to the year of assessment concerned.

(9) Nothing in this section is to be construed as affecting the application of section 23 or 37 unless otherwise provided in this section.

30 (10) If, during the basis period for any year of assessment (called in this subsection the relevant year of assessment), a company only derives income that is exempt from tax, then subsection (5) applies, with the necessary modifications, to any year of assessment subsequent to the relevant year of assessment

as if any sum allowable under section 37(3)(b), (c), (d) or (f) in respect of any donation made by that company during the basis period for the relevant year of assessment were unabsorbed donation in respect of the income of a company that is subject to tax at the rate of tax specified in section 43(1)(a). 5

(11) In this section —

“adjustment factor” means the factor ascertained in accordance with the formula

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

where — 10

(a) A is the higher rate of tax; and

(b) B is the lower rate of tax;

“allowances” means allowances under section 16, 17, 18B, 18C, 19, 19A, 19B, 19C, 19D, 20, 21, 22 or 23, including unabsorbed allowances that arose in any year of assessment before the year of assessment 1994; 15

“donations” means donations that are deductible including any unabsorbed donations allowable under section 37;

“losses” means losses that are deductible under section 37 including unabsorbed losses incurred in respect of any year of assessment before the year of assessment 1994; 20

“rate of tax” means —

(a) the rate of tax under section 43(1)(a); or

(b) the concessionary rate of tax in accordance with — 25

(i) any order made under section 13(12); or

(ii) section 43A, 43C (in respect of those relating to general insurance business only), 43D (repealed), 43E, 43F (repealed), 43G, 43H (repealed), 43I, 43J, 43K (repealed), 43L (repealed), 30

43M (repealed), 43N, 43P, 43Q, 43R, 43S (repealed), 43T (repealed), 43U (repealed), 43V (repealed), 43W, 43X, 43Y, 43Z, 43ZA, 43ZB, 43ZC, 43ZD, 43ZE, 43ZF, 43ZG, 43ZH or 43ZI, or the regulations made under that section, as the case may be;

“UALD” or “unabsorbed allowances, losses or donations”, in relation to the income of a company that is subject to tax at a particular rate of tax, means the balance of such allowances, losses or donations after deducting the expenses, donations, allowances or losses allowable under this Act against that income.”.

### **Amendment of section 37C**

**38.** Section 37C(17) of the principal Act is amended by deleting the words “section 37B(2) and (3)” and substituting the words “section 37B(4) and (5)”.

### **Amendment of section 37E**

**39.** Section 37E of the principal Act is amended —

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

“(1A) Despite subsection (1) but subject to the other provisions of this section, a person may, instead of deducting any qualifying deduction for the year of assessment 2020 in accordance with subsection (1), deduct the qualifying deduction for that year of assessment against the person’s assessable income for the 3 years of assessment immediately preceding the year of assessment 2020.

(1B) A qualifying deduction under subsection (1A) must be deducted in the following order:

(a) the deduction must first be made against the person’s assessable income for the year



of assessment 2017 or any balance of the income after applying subsection (1C);

- (b) any balance of the qualifying deduction after the deduction in paragraph (a) must then be made against the person's assessable income for the year of assessment 2018 or any balance of the income after applying subsection (1C); 5
- (c) any balance of the qualifying deduction after the deduction in paragraph (b) must then be made against the person's assessable income for the year of assessment 2019. 10

(1C) Where a person is entitled under both subsections (1) and (1A) to make deductions in the year of assessment 2017 or 2018 against the person's assessable income for that year of assessment, then the deductions must be made in the following manner: 15

- (a) the assessable income for that year of assessment must so far as possible be deducted by the amount of the qualifying deduction for the year of assessment 2018 or 2019 (as the case may be) that the person is entitled to so deduct under subsection (1); 20 25
- (b) any balance of the assessable income for the firstmentioned year of assessment must so far as possible be deducted by the amount of the qualifying deduction for the year of assessment 2020 or the balance of the qualifying deduction mentioned in subsection (1B)(b), as the case may be.”; 30

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

5 “(3A) Despite subsection (3), where a person makes an election under subsection (6) for the deduction of any qualifying deduction for the year of assessment 2020 in accordance with subsection (1A), the amount of the qualifying deduction to be deducted against the assessable income for any of the 3 years of assessment immediately preceding it is the lower of —

10 (a) the amount of the qualifying deduction available for deduction for the second-mentioned year of assessment under subsection (1B); and

15 (b) the amount of the assessable income of the person for the second-mentioned year of assessment or (if applicable) the amount of the assessable income of the person for that year of assessment against which the deduction may be made under subsection (1C)(b).”;

20 (c) by inserting, immediately after the words “immediate preceding year of assessment” wherever they appear in subsection (4), the words “or (as the case may be) any of the 3 immediate preceding years of assessment”;

25 (d) by deleting subsection (4) and substituting the following subsection:

30 “(4) Subject to the provisions of this section, section 37B (as it applies in a case mentioned in section 37B(1)(b)) applies, with the necessary modifications, to the deduction of any qualifying deduction by any company for any year of assessment against its assessable income for the immediate preceding year of assessment or (as the case may be) any of the 3 immediate preceding years of assessment, as if —

- (a) the qualifying deduction for the year of assessment is qualifying deduction for an earlier year of assessment;
- (b) the income for the immediate preceding year of assessment or (as the case may be) any of the 3 immediate preceding years of assessment is income for the year of assessment concerned; and 5
- (c) in section 37B(4) and (5) —
- (i) a reference to unabsorbed allowances, losses or donations or UALD is a reference to qualifying deduction; 10
- (ii) a reference to corresponding allowances, losses or donations is a reference to allowances or losses; and 15
- (iii) a reference to chargeable income of the company is a reference to assessable income for the immediate preceding year of assessment or (as the case may be) any of the 3 immediate preceding years of assessment of the company.”; 20 25
- (e) by deleting the words “the reference to “higher rate of tax” or “lower rate of tax” in section 37B” in subsection (4A) and substituting the words “any reference to “rate of tax” in section 37B”;
- (f) by deleting the words “under this section” in subsection (6) and substituting the words “under subsection (1) or any of the 3 immediate preceding years of assessment under subsection (1A)”;
- (g) by deleting the words “this section” in subsection (8) and substituting the words “subsection (1)”;

(h) by inserting, immediately after subsection (8), the following subsection:

“(8A) Despite subsection (8), where the Comptroller discovers that any deduction made under subsection (1A) against the assessable income of any person for the year of assessment 2017 or 2018 has become excessive, the Comptroller may make an assessment on the person on the amount which, in the Comptroller’s opinion, ought to have been charged to tax in that year of assessment —

(a) in the case of the year of assessment 2017 — within 7 years after the expiration of the year of assessment; or

(b) in the case of the year of assessment 2018 — within 6 years after the expiration of the year of assessment.”;

(i) by inserting, immediately after the words “income for the immediate preceding year of assessment” in subsections (11) and (12), the words “or (as the case may be) any of the 3 immediate preceding years of assessment”;

(j) by deleting the words “basis period for the immediate preceding year of assessment” in subsection (11) and substituting the words “basis period for the year of assessment in which the allowance is claimed”; and

(k) by deleting the words “last day of the immediate preceding year of assessment” in subsection (12) and substituting the words “last day of the year of assessment in which the allowance is claimed”.

### **Amendment of section 37K**

**40.** Section 37K of the principal Act is amended —

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

“(2A) No approval may be granted under subsection (2) after 31 March 2020, and any approval granted to a qualifying person must commence between 1 July 2010 and 31 March 2020 (both dates inclusive).”;

5

(b) by deleting sub-paragraph (i) of subsection (4)(a) and substituting the following sub-paragraph:

“(i) during the period that is specified to the qualifying person; or”; and

(c) by deleting the definition of “relevant date” in subsection (12) and substituting the following definition:

10

““relevant date”, in relation to a qualifying person making a qualifying investment in a qualifying start-up company, means —

(a) where only one qualifying investment in the company is made by the qualifying person in accordance with subsection (4) — the date of first investment; or

15

(b) where more than one qualifying investment in the company is made by the qualifying person in accordance with subsection (4) — the date on which the last qualifying investment is made by the qualifying person in that company within one year after the date of first investment;”.

20

25

### **Amendment of section 37L**

**41.** Section 37L of the principal Act is amended —

30

(a) by deleting the words “1st April 2010 to 31st March 2020” in subsection (1) and substituting the words “1 April 2010 to 31 December 2025”;

- (b) by deleting the words “17th February 2012 to 31st March 2020” in subsection (1A)(b) and substituting the words “17 February 2012 to 31 December 2025”;
- 5 (c) by deleting the words “31 March 2020” in subsection (4A)(a), (b) and (c) and substituting in each case the words “31 December 2025”; and
- (d) by deleting the words “on or after 17th February 2012” in subsection (19A) and substituting the words “during the period from 17 February 2012 to 31 March 2020 (both dates inclusive)”.
- 10

### **Amendment of section 37M**

**42.** Section 37M of the principal Act is amended —

- (a) by inserting, immediately after the words “section 37B” in subsections (1)(ii) and (v)(B) and (2)(a), the words “(in force immediately before the date of commencement of section 37 of the Income Tax (Amendment) Act 2020)”;
- 15 and
- (b) by inserting, immediately after the words “section 37B(3)” in subsection (2)(e), the words “(in force immediately before the date of commencement of section 37 of the Income Tax (Amendment) Act 2020)”.
- 20

### **New section 37N**

**43.** The principal Act is amended by inserting, immediately after section 37M in Part IX , the following section:

25 **“Exclusion of expenditure or payment subsidised by capital grant**

**37N.**—(1) Despite anything in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86), a deduction or an allowance under this Act or Part X or XIID of the Economic Expansion Incentives (Relief from Income Tax) Act may not be made or given in respect of any expenditure or payment to the extent that the expenditure or payment is or is to

30

be subsidised by a grant or subsidy from the Government or a statutory board that is —

- (a) capital in nature; and
- (b) approved by the Government or statutory board on or after 1 January 2021.

5

(2) Subsection (1) does not affect the operation of the following provisions:

- (a) sections 14A(7), 14B(4)(e), 14D(1A), 14DA(12)(b), 14K(3)(c), 14KA(10)(b), 14WA(7), 14ZB(7) and (9) and 37L(29);
- (b) section 66(3) of the Economic Expansion Incentives (Relief from Income Tax) Act.”.

10

#### **Amendment of section 40A**

**44.** Section 40A(2A) of the principal Act is amended by deleting the words “22nd February 2010 to 31st March 2020” and substituting the words “22 February 2010 to 31 March 2022”.

15

#### **Amendment of section 43C**

**45.** Section 43C(1) of the principal Act is amended by deleting the words “on or after 1 April 2016” in the second column of the table in paragraph (e) and substituting the words “between 1 April 2016 and 31 March 2020 (both dates inclusive)”.

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#### **Amendment of section 43G**

**46.** Section 43G(5) of the principal Act is amended by deleting the words “31 March 2021” and substituting the words “31 December 2026”.

25

#### **Amendment of section 43P**

**47.** Section 43P of the principal Act is amended —

- (a) by deleting the word “or” at the end of subsection (1)(a)(i);
- (b) by deleting the word “and” at the end of sub-paragraph (ii) of subsection (1)(a) and substituting the word “or”, and by

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inserting immediately thereafter the following sub-paragraph:

5 “(iii) that is derived by it on or after  
19 February 2020 from the carrying  
on of such prescribed qualifying  
structured commodity financing  
activities, prescribed treasury  
activities or prescribed advisory  
services in relation to mergers and  
10 acquisitions, as the Minister or a  
person appointed by the Minister  
may specify to the company; and”;

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

15 “(b) such income as the Minister may specify of  
an approved qualifying company that is  
derived on or after 21 May 2010 from the  
carrying on of such prescribed qualifying  
structured commodity financing activities,  
20 prescribed treasury activities or prescribed  
advisory services in relation to mergers and  
acquisitions, as the Minister or a person  
appointed by the Minister may specify to  
the company,”; and

25 (d) by deleting subsections (1A) and (1B) and substituting the following subsections:

“(1A) No approval may be granted under this section to a global trading company after 31 December 2026.

30 (1B) No approval may be granted under this section to a qualifying company after 31 March 2021, and any approval granted to a qualifying company must be for a period that commences on or before that date.”.



### **Amendment of section 43W**

**48.** Section 43W(4A) of the principal Act is amended by deleting the words “1st March 2011 and 31st May 2021” and substituting the words “1 March 2011 and 31 December 2026”.

### **Amendment of section 43ZA**

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**49.** Section 43ZA of the principal Act is amended —

(a) by deleting the words “1st April 2008 and 31st May 2021” in subsection (3) and substituting the words “1 April 2008 and 31 December 2026”; and

(b) by deleting the words “1st March 2011 and 31st May 2021” in subsection (4)(b) and substituting the words “1 March 2011 and 31 December 2026”.

10

### **Amendment of section 43ZB**

**50.** Section 43ZB(4A) of the principal Act is amended by deleting the words “1st March 2011 and 31st May 2021” and substituting the words “1 March 2011 and 31 December 2026”.

15

### **Amendment of section 43ZF**

**51.** Section 43ZF of the principal Act is amended —

(a) by deleting the words “1st June 2011 and 31st May 2021” in subsection (2) and substituting the words “1 June 2011 and 31 December 2026”;

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(b) by deleting the words “subsection (1A)” in subsection (4) and substituting the words “subsection (1A) or (5E)”;

(c) by deleting the words “the extended period” in subsections (5) and (5B) and substituting in each case the words “any extended period”;

25

(d) by inserting, immediately after the words “subsection (5C)” in subsection (5B), the words “or (5CA)”;

(e) by deleting subsection (5C) and substituting the following subsections:

30

5 “(5C) Despite section 43, where an approved company whose period of approval is extended under subsection (5A) did not make an election under subsection (5F) for the extended period, then tax at the rate of A% is levied and must be paid for each year of assessment upon the amount of its income in subsection (5D) that is derived on or after the service approval date and during the extended period, from providing in or from Singapore any shipping-related support service approved for it under subsection (5B).

10  
15 (5CA) Despite section 43, where an approved company whose period of approval is extended under subsection (5A) made an election under subsection (5F) for the extended period, then tax at the rate of  $(0.5 + A)\%$  is levied and must be paid for each year of assessment upon the amount of its income in subsection (5E) that is derived on or after the service approval date and during the extended period, from providing in or from Singapore any shipping-related support service approved for it under subsection (5B).

20  
25 (5CB) In subsections (5C) and (5CA), “A” is the concessionary rate of tax applicable to the income of the approved company from providing in or from Singapore any shipping-related support service approved for it under subsection (2A) or (5B) (as the case may be) immediately before the commencement of the extended period concerned of its approval under subsection (5A).”;

30  
(f) by deleting subsections (5E) and (5F) and substituting the following subsections:

35 “(5E) In subsection (5CA), the amount of the income is that which exceeds the base amount immediately before the commencement of the extended period concerned of its approval under

subsection (5A), which is calculated in accordance with subsection (4) or (5I), as the case may be.

(5F) An approved company whose period of approval is extended under subsection (5A) may make an election for an amount of its income mentioned in subsection (5CA) that is derived on or after the service approval date and during the extended period, from providing in or from Singapore any shipping-related support service approved for it under subsection (5B), to be taxed in accordance with subsection (5CA).”;

(g) by deleting the words “subsection (5E)” in subsection (5G) and substituting the words “subsection (5F)”;

(h) by deleting subsection (5H) and substituting the following subsection:

“(5H) An election under subsection (5F) is irrevocable for the extended period of its approval in which the election is made.”;

(i) by deleting the words “subsection (5D)” in subsection (5I) and substituting the words “subsection (5D) or (5E)”;

(j) by inserting, immediately after the words “extended period” in subsection (5J), the word “concerned”; and

(k) by deleting the words “and (5C)” in subsection (9)(a) and substituting the words “, (5C) and (5CA)”.

## **Amendment of section 43ZG**

**52.** Section 43ZG of the principal Act is amended —

(a) by deleting the words “approved investments” in subsection (1) and substituting the words “authorised investments”;

(b) by deleting the words “31 March 2020” in subsection (2) and substituting the words “31 December 2025”;

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

“(5) Despite subsection (4), an approval granted under subsection (2) on or after 1 April 2020, and any extension of such approval, must each be for a period that does not exceed 5 years.”;

5 (d) by inserting, immediately before the definition of “fund management company” in subsection (7), the following definition:

““authorised investments” has the meaning given by section 13H(18);”;

10 (e) by deleting the semi-colon at the end of the definition of “fund management company” in subsection (7) and substituting a full-stop;

(f) by deleting the definition of “investments” in subsection (7);

15 (g) by deleting the definition of “pioneer service company” in subsection (7); and

(h) by deleting subsection (8).

### **Amendment of section 43ZI**

20 **53.** Section 43ZI(5) of the principal Act is amended by inserting, immediately after the words “the Minister” in paragraph (a), the words “or the appointed person”.

### **Amendment of section 45A**

**54.** Section 45A of the principal Act is amended —

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

“(2DA) To avoid doubt, the reference to a charter of a ship in subsection (2D) excludes a finance lease of the ship.”; and

30 (b) by inserting, immediately after the definitions of “break cost”, “prepayment fee”, “qualifying debt securities”, “qualifying project debt securities” and “redemption premium” in subsection (3), the following definition:

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

5

### **Amendment of section 45GA**

**55.** Section 45GA(2A) of the principal Act is amended by deleting the words “22nd February 2010 to 31st March 2020” and substituting the words “22 February 2010 to 31 March 2022”.

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### **New section 92I**

**56.** The principal Act is amended by inserting, immediately after section 92H, the following section:

#### **“Remission of tax of companies for year of assessment 2020**

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**92I.** Where the Comptroller is satisfied that the remission of tax would be beneficial to a company, then there is to be remitted the tax payable for the year of assessment 2020 by the company of an amount equal to the lower of the following:

20

(a) 25% of the tax payable for that year of assessment (excluding any tax levied and paid or payable pursuant to section 43(3), (3A) and (3B));

(b) \$15,000.”.

### **Amendment of section 106**

25

**57.** Section 106(3) of the principal Act is amended by deleting the words “and Eighth Schedules” and substituting the words “, Eighth, Ninth and Tenth Schedules”.

### **Amendment of section 107**

**58.** Section 107 of the principal Act is amended by inserting, immediately after subsection (12), the following sub-heading and subsection:

30

***“Application of section 13H***

(12A) Section 13H and the regulations made under it apply for the purpose of determining the exempt income of a sub-fund under subsection (3) as if it were an approved venture company under that section if the umbrella VCC of the sub-fund is approved for the purpose of that section.”

**Amendment of Third Schedule**

**59.**—(1) Section 13Z in Part 1 of the Third Schedule to the principal Act is amended —

- (a) by deleting the words “31 May 2022” in subsection (1)(a) and substituting the words “31 December 2027”;
- (b) by deleting paragraph (a) of subsection (8) and substituting the following paragraphs:

“(a) the disposal of shares before 1 June 2022 in a company or VCC that —

(i) is in the business of trading Singapore immovable properties; or

(ii) principally carries on the activity of holding Singapore immovable properties,

other than property development, where the shares are not listed on a stock exchange in Singapore or elsewhere;

(aa) the disposal of shares on or after 1 June 2022 not listed on a stock exchange in Singapore or elsewhere, being shares in a company or VCC that the Comptroller is satisfied —

(i) is in the business of trading immovable properties situated whether in Singapore or elsewhere;

(ii) principally carries on the activity of holding immovable properties situated whether in Singapore or elsewhere; or

(iii) (being a company) has undertaken property development in Singapore or elsewhere, except where —

- (A) the immovable property developed is used by the company to carry on its trade or business (including the business of letting immovable properties), not being a business mentioned in sub-paragraph (i); and 5
- (B) the company did not undertake any property development in Singapore or elsewhere for a period of at least 60 consecutive months before the disposal of shares; or”; 10
- (c) by inserting, immediately before the definitions of “borrowing period” and “securities lending or repurchase arrangement” in subsection (9), the following definition:
- ““activity of holding immovable properties” excludes the holding of immovable properties where such properties are used to carry on a trade or business, including the business of letting immovable properties;” 15
- (d) by deleting the word “issued.” in paragraph (b)(ii) of the definition of “ordinary share” in subsection (9) and substituting the word “issued;”; and 20
- (e) by inserting, immediately after the definition of “ordinary share” in subsection (9), the following definition:
- ““property development” means construction or causing the construction of any building or part of a building and acquisition of land or building for such construction, and for this purpose “construction” means — 25
- (a) any building operations, or demolition and rebuilding operations, in, on, over or under any land for the purpose of erecting a building or part of a building; and 30
- (b) any alteration or addition to, or partial demolition and rebuilding of, any building or part of a building,
- that requires the approval of the Commissioner of Building Control under the Building Control Act (Cap. 29) or (if carried out in a country outside of Singapore) would have required such approval if it had been carried out in Singapore.”.”. 35

(2) Section 34G in Part 2 of the Third Schedule to the principal Act is amended by inserting, immediately after “(1D)” in subsection (15)(d), “, (1E), (1F), (1G)”.

### **New Ninth and Tenth Schedules**

5 **60.** The principal Act is amended by inserting, immediately after the Eighth Schedule, the following Schedules:

#### **“NINTH SCHEDULE**

Sections 6(11A) and 106(3)

#### **SPECIFIED PUBLIC SCHEMES**

- 10
1. Wage credit scheme
  2. Jobs support scheme

#### **TENTH SCHEDULE**

Sections 13ZA, 14ZE and 106(3)

#### **TENTH SCHEDULE ENTITIES**

- 15
1. SMRT TAXIS PTE. LTD.
  2. TRANS-CAB SERVICES PTE. LTD.
  3. COMFORT TRANSPORTATION PTE LTD
  4. CITYCAB PTE LTD
  5. PRIME CAR RENTAL & TAXI SERVICES PTE. LTD.

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  6. PREMIER TAXIS PTE. LTD.
  7. HDT SINGAPORE TAXI PTE. LTD.
  8. GRABCAR PTE LTD
  9. VELOX DIGITAL SINGAPORE PTE LTD
  10. RYDE TECHNOLOGIES PTE LTD

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  11. TADA MOBILITY (SINGAPORE) PTE LTD”.

### **Miscellaneous amendments relating to new section 3A**

**61.—**(1) Section 10 of the principal Act is amended —

- (a) by deleting the words “or such person as he may appoint” in paragraph (c) of the definition of “foreign investor” in



subsection (23) and substituting the words “or an authorised body”; and

- (b) by deleting the definition of “approved” in subsection (28) and substituting the following definition:

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

- (2) Section 13 of the principal Act is amended by deleting the words “or such person as he may appoint” wherever they appear in the following provisions and substituting in each case the words “or an authorised body”:

Subsections (2), (2A), (2B), (2C), (2D)(i), (2F), (2G), (2H), (2I) and (16) (definitions of “financial sector incentive (capital market) company”, “qualifying debt securities” and “qualifying project debt securities”).

- (3) Section 13CA(7B) of the principal Act is amended —

(a) by deleting the words “or such person as he may appoint” and substituting the words “or an authorised body”; and

(b) by deleting the words “or person” wherever they appear and substituting in each case the words “or authorised body”.

- (4) Section 13F of the principal Act is amended —

(a) by deleting the words “such person as he may appoint” in subsections (1B) and (2)(b) and substituting in each case the words “authorised body”;

(b) by deleting paragraph (a) of subsection (2) and substituting the following paragraph:

“(a) is for such period not exceeding 10 years after the date of its approval as the Minister or authorised body may specify, except that the Minister or authorised body may extend the period so specified for any further periods, not exceeding 10 years at a time,

as the Minister or authorised body thinks fit; or”;

(c) by deleting the words “or person” wherever they appear in subsection (2)(b) and substituting in each case the words “or authorised body”;

(d) by deleting the definition of “approved” in subsection (6) and substituting the following definition:

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

(e) by deleting the words “such person as the Minister may appoint” in subsection (8) and substituting the words “an authorised body”; and

(f) by deleting the words “or person” in subsection (8) and substituting the words “or authorised body”.

(5) Section 13H of the principal Act is amended —

(a) by deleting the words “, or such person as he may appoint,” in subsection (2A)(b) and substituting the words “or an authorised body”;

(b) by deleting the words “a person appointed by the Minister” in subsection (2BA)(a) and (b) and substituting in each case the words “an authorised body”;

(c) by deleting the words “such person as the Minister may appoint” in subsection (2C) and substituting the words “authorised body”; and

(d) by deleting the words “or person” in subsection (2C) and substituting the words “or authorised body”.

(6) Section 13O(4) of the principal Act is amended by deleting the words “or such person as he may appoint” and substituting the words “or an authorised body”.

(7) Section 13P(4) of the principal Act is amended by deleting the words “or such person as he may appoint” in the definition of

“approved securitisation company” and substituting the words “or an authorised body”.

(8) Section 13R of the principal Act is amended —

- (a) by deleting the words “or such person as he may appoint” in subsection (1) and substituting the words “or an authorised body”; 5
- (b) by deleting the words “or the person appointed by the Minister” in subsection (1)(b) and substituting the words “or authorised body”;
- (c) by deleting the words “such person as he may appoint” in subsection (6A) and substituting the words “an authorised body”; and 10
- (d) by deleting the words “or person” wherever they appear in subsection (6A) and substituting in each case the words “or authorised body”. 15

(9) Section 13S of the principal Act is amended —

- (a) by deleting the words “or such person as he may appoint” in subsections (2) and (4) and substituting in each case the words “or an authorised body”; and
- (b) by deleting the definition of “approved international shipping enterprise” in subsection (20) and substituting the following definition: 20

““approved international shipping enterprise” means an international shipping enterprise approved by the Minister or an authorised body, subject to such conditions as the Minister or authorised body may impose;”. 25

(10) Section 13U of the principal Act is amended —

- (a) by deleting the words “or such person as he may appoint” in subsections (2), (3) and (4) and substituting in each case the words “or an authorised body”; 30

(b) by deleting the words “as he may specify” in subsection (3) and substituting the words “as the Minister or authorised body may specify”; and

(c) by deleting the words “as he thinks fit” in subsection (4) and substituting the words “as the Minister or authorised body thinks fit”.

(11) Section 13X(5) of the principal Act is amended by deleting the words “or such person as he may appoint” in the definition of “approved” and substituting the words “or an authorised body”.

(12) Section 13Y(2) of the principal Act is amended by deleting the words “or such person as he may appoint” and substituting the words “or an authorised body”.

(13) Section 14B of the principal Act is amended —

(a) by deleting the words “or such person as he may appoint” in subsections (3) and (4A) and the definition of “approved” in subsection (11) and substituting in each case the words “or an authorised body”;

(b) by deleting the words “as he may impose” in subsection (4A) and substituting the words “as the Minister or authorised body may impose”;

(c) by deleting the words “or such person as the Minister may appoint” in subsection (5) and substituting the words “or an authorised body”; and

(d) by deleting the words “appointed person” in subsection (5) and substituting the words “authorised body”.

(14) Section 14K of the principal Act is amended —

(a) by deleting the words “or such person as he may appoint” in subsection (2) and the definition of “approved” in subsection (7) and substituting in each case the words “or an authorised body”;

(b) by deleting the words “as he thinks fit” in subsection (2)(b) and substituting the words “as the Minister or authorised body thinks fit”;

- (c) by deleting the words “or such person as the Minister may appoint” in subsection (4) and substituting the words “or an authorised body”; and
- (d) by deleting the words “appointed person” in subsection (4) and substituting the words “authorised body”. 5
- (15) Section 14KA of the principal Act is amended —
- (a) by deleting the words “or such person as the Minister may appoint” in subsections (5) and (11) and substituting in each case the words “or an authorised body”; and
- (b) by deleting the words “appointed person” in subsections (6), (7), (8) and (11) and paragraph (c) of the definition of “overseas establishment” in subsection (18) and substituting in each case the words “authorised body”. 10
- (16) Section 18C of the principal Act is amended —
- (a) by deleting the words “or such person as he may appoint” in subsections (1), (2A), (2B), (2E) and (8) and substituting in each case the words “or an authorised body”; 15
- (b) by deleting the words “or such person as the Minister may appoint” in subsection (1A) and substituting the words “or an authorised body”; 20
- (c) by deleting subsection (2) and substituting the following subsection:
- “ (2) Where the Minister or an authorised body, on an application made to the Minister or authorised body under subsection (1) or (1A) that is a pre-25 March 2016 application, is satisfied that the construction or renovation of the building or structure on industrial land, port land or airport land (as the case may be) promotes the prescribed intensified use of the land for the purposes of a prescribed trade or business, the Minister or authorised body may, by notice in writing, approve the construction or renovation for the purposes of this section, which approval is subject to such conditions as the Minister or authorised body 25 30

may impose, including the particular trade or business for which the building or structure is to be used upon completion of construction or renovation.”;

5 (d) by deleting the words “the appointed person” in subsections (2A) and (2B) and substituting in each case the words “authorised body”;

(e) by deleting the words “or the person appointed under that subsection” in subsection (2D) and substituting the words “or authorised body”;

10 (f) by deleting the words “or the person appointed” in subsection (2E) and substituting the words “or authorised body”;

15 (g) by deleting the words “or person appointed under subsection (2) or (2B), as the case may be,” in subsection (2F) and substituting the words “or authorised body”;

(h) by deleting the words “or such person he may appoint” in subsection (11) and substituting the words “or an authorised body”; and

20 (i) by deleting the words “the person” in subsection (11) and substituting the words “the authorised body”.

(17) Section 19B of the principal Act is amended —

25 (a) by deleting the words “or such person as he may appoint” in subsection (2B) and substituting the words “or an authorised body”;

(b) by deleting the words “as he may impose” in subsection (2B) and substituting the words “as the Minister or authorised body may impose”;

30 (c) by deleting the words “or the person appointed by the Minister” in subsection (2BA) and substituting the words “or authorised body”;

(d) by deleting the words “appointed person” in subsection (2BA) and substituting the words “authorised body”; and

- (e) by deleting the definition of “approved” in subsection (11) and substituting the following definition:

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

5

- (18) Section 37K of the principal Act is amended —

(a) by deleting the words “such person as he may appoint” in subsection (8) and substituting the words “an authorised body”;

(b) by deleting the words “he may impose” in subsection (8) and substituting the words “the Minister or authorised body may impose”;

10

(c) by deleting the words “such person as he may appoint” in subsection (11) and substituting the words “an authorised body”;

15

(d) by deleting the words “or person” in subsection (11) and substituting the words “or authorised body”;

(e) by deleting the words “a person appointed by him” in paragraph (b) of the definition of “qualifying start-up company” in subsection (12) and substituting the words “an authorised body”; and

20

(f) by deleting the words “such person as he may appoint” in paragraph (e) of the definition of “qualifying start-up company” in subsection (12) and substituting the words “an authorised body”.

25

- (19) Section 37L of the principal Act is amended —

(a) by deleting the words “or such person as he may appoint” in subsection (19A) and substituting the words “or an authorised body”;

(b) by deleting the words “or the person he has appointed” in subsection (19A) and substituting the words “or authorised body”;

30

(c) by deleting the words “the person appointed by the Minister” in subsection (19B) and substituting the words “authorised body”; and

5 (d) by deleting the words “appointed person” in subsection (19B) and substituting the words “authorised body”.

(20) Section 43C(3) of the principal Act is amended by deleting the definition of “approved” and substituting the following definition:

10 ““approved” means approved by the Minister or an authorised body;”.

(21) Section 43G of the principal Act is amended —

(a) by deleting the words “or a person appointed by the Minister” in subsection (2A) and substituting the words “or an authorised body”;

15 (b) by deleting the words “or person” in subsection (2A) and substituting the words “or authorised body”; and

(c) by deleting the definition of “approved” in subsection (3) and substituting the following definition:

20 ““approved” means approved by the Minister or an authorised body;”.

(22) Section 43N(2) of the principal Act is amended by deleting the words “or such person as he may appoint” and substituting the words “or an authorised body”.

(23) Section 43P of the principal Act is amended —

25 (a) by deleting the words “or a person appointed by him” in subsection (1)(a)(i) and substituting the words “or an authorised body”;

(b) by deleting the words “or a person appointed by the Minister” in subsections (1)(a)(iii) and (b) and (1AB) and substituting in each case the words “or an authorised body”; and

30

(c) by deleting the words “or person” in subsection (1AB) and substituting the words “or authorised body”.



(24) Section 43Q(2) of the principal Act is amended —

- (a) by deleting the words “or a person appointed by the Minister” and substituting the words “or an authorised body”; and
- (b) by deleting the words “or person” wherever they appear and substituting in each case the words “or authorised body”. 5

(25) Section 43W of the principal Act is amended —

- (a) by deleting the words “or a person appointed by the Minister” in subsection (3) and substituting the words “or an authorised body”; 10
- (b) by deleting the words “or person” in subsection (3) and substituting the words “or authorised body”; and
- (c) by deleting the definition of “approved” in subsection (5) and substituting the following definition: 15

““approved” means approved by the Minister or an authorised body;”.

(26) Section 43Y of the principal Act is amended —

- (a) by inserting, immediately after subsection (1A), the following subsection: 20
  - “(1AA) To avoid doubt, the approval in subsection (1A)(b) includes an approval made under subsection (2) as in force immediately before the date of commencement of section 61(26) of the Income Tax (Amendment) Act 2020.”; 25
- (b) by deleting the words “a person appointed by the Minister” in subsection (2) and substituting the words “an authorised body”;
- (c) by deleting the words “or person” in subsection (2) and substituting the words “or authorised body”; and 30
- (d) by deleting the words “such person as he may appoint” in subsection (3) and substituting the words “an authorised body”.

(27) Section 43Z of the principal Act is amended —

(a) by deleting the words “or a person appointed by the Minister” in subsection (3) and substituting the words “or an authorised body”;

5 (b) by deleting the words “or person” in subsection (3) and substituting the words “or authorised body”; and

(c) by deleting the definition of “approved” in subsection (5) and substituting the following definition:

10 ““approved” means approved by the Minister or an authorised body.”.

(28) Section 43ZA of the principal Act is amended —

(a) by deleting the words “(or such person as the Minister may appoint)” in subsection (1) and substituting the words “or an authorised body”; and

15 (b) by deleting the words “or such person as he may appoint” in subsections (3) and (5) and the definition of “approved” in subsection (7) and substituting in each case the words “or an authorised body”.

(29) Section 43ZB of the principal Act is amended —

20 (a) by deleting the words “or a person appointed by the Minister” in subsection (3) and substituting the words “or an authorised body”;

(b) by deleting the words “or person” in subsection (3) and substituting the words “or authorised body”; and

25 (c) by deleting the definition of “approved” in subsection (5) and substituting the following definition:

““approved” means approved by the Minister or an authorised body;”.

(30) Section 43ZC(3) of the principal Act is amended —

30 (a) by deleting the words “or a person appointed by the Minister” and substituting the words “or an authorised body”; and

- (b) by deleting the words “or person” and substituting the words “or authorised body”.
- (31) Section 43ZD(3) of the principal Act is amended —
- (a) by deleting the words “or a person appointed by the Minister” and substituting the words “or an authorised body”; and 5
- (b) by deleting the words “or person” and substituting the words “or authorised body”.
- (32) Section 43ZF of the principal Act is amended —
- (a) by deleting the words “appointed person” wherever they appear in subsections (2A), (4)(a), (5A), (5B) and (5G) and the definition of “A” in subsection (5I)(a) and substituting in each case the words “authorised body”; and 10
- (b) by deleting the definition of “approved” in subsection (8) and substituting the following definition: 15
- ““approved” means approved by the Minister or an authorised body;”.
- (33) Section 43ZG of the principal Act is amended —
- (a) by deleting the words “or such person as the Minister may appoint” in subsection (2) and substituting the words “or an authorised body”; and 20
- (b) by deleting the words “appointed person” wherever they appear in subsections (3) and (4) and substituting in each case the words “authorised body”.
- (34) Section 43ZH of the principal Act is amended by deleting the words “appointed person” wherever they appear in subsections (5), (6) and (7) and substituting in each case the words “authorised body”. 25
- (35) Section 43ZI of the principal Act is amended —
- (a) by deleting the words “or a person appointed by the Minister” in subsection (2) and substituting the words “or an authorised body”; 30

(b) by deleting the words “appointed person” in subsection (2) and substituting the words “authorised body”; and

(c) by deleting the words “the appointed person” wherever they appear in subsections (3), (5)(a) and (b) and (6) and substituting in each case the words “authorised body”.

(36) Section 45AA(1) of the principal Act is amended by inserting, immediately after the words “approved by the Minister” in paragraph (a), the words “, an authorised body”.

(37) Section 45I of the principal Act is amended —

(a) by deleting the words “or such person as he may appoint” in subsection (3)(c) and substituting the words “or an authorised body”;

(b) by deleting the words “person appointed by him” in subsection (4) and substituting the words “authorised body”; and

(c) by deleting the words “or person may impose” in subsection (4) and substituting the words “or authorised body may impose”.

(38) Section 105R of the principal Act is amended —

(a) by deleting the words “or a person appointed by the Minister (called in this section the approving authority)” in subsection (1)(a)(i) and substituting the words “, an authorised body or a person appointed by the Minister (called in this subsection the approving authority)”;

(b) by deleting the words “The approving authority may,” in subsection (2) and substituting the words “The Minister or authorised body (called in this section the revoking authority) may,”;

(c) by deleting the words “as the approving authority may” in subsection (2) and substituting the words “as the revoking authority may”;

(d) by deleting the words “the approving authority” wherever they appear in subsection (3) and substituting in each case the words “the revoking authority”; and

- (e) by deleting the words “The approving authority” in subsection (4) and substituting the words “The revoking authority”.

(39) Section 107(15) of the principal Act is amended by deleting the words “a person appointed by the Minister” and substituting the words “an authorised body”.

5

### **Repeal of obsolete provisions**

**62.** The principal Act is amended —

- (a) by deleting the words “or 14L” in section 14B(10);

- (b) by repealing section 14F;

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- (c) by repealing section 14L;

- (d) by deleting “, 14F” in section 15(2);

- (e) by repealing section 40;

- (f) by deleting subsection (3) of section 40A;

- (g) by deleting subsection (4) of section 40B;

15

- (h) by deleting subsection (4) of section 40C;

- (i) by deleting subsection (5) of section 40D;

- (j) by deleting the words “Subject to section 40, there shall be” in section 43(1) and substituting the words “There is to be”;

20

- (k) by deleting sub-paragraph (i) of section 43N(1)(aa);

- (l) by inserting the word “and” at the end of section 43N(1)(ac);

- (m) by deleting the semi-colon at the end of section 43N(1)(ad) and substituting a full-stop;

25

- (n) by deleting paragraphs (b) and (c) of section 43N(1);

- (o) by deleting sub-paragraph (i) of section 43N(2)(b);

- (p) by deleting paragraph (a) of subsection 43N(3);

- (q) by deleting paragraph (a) of section 45A(2);

- (*r*) by deleting the words “except in such manner as is provided by section 40” in section 53(1);
- (*s*) by deleting the words “, or section 44(19) in force immediately before 1st January 2014,” in section 100(2);
- 5 (*t*) by deleting “, 14F” in section 107(11);
- (*u*) by deleting “40(2),” in the Schedule reference of the Second Schedule; and
- (*v*) by deleting Part C of the Second Schedule.

### **Related amendments to Stamp Duties Act**

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

- (*a*) by repealing section 33A and substituting the following sections:

**“Commissioner to disregard certain transactions and dispositions**

15 **33A.**—(1) Subsection (2) applies where the Commissioner is satisfied that the purpose or effect of any arrangement is, directly or indirectly —

- (*a*) to alter the incidence of any duty that is payable or that would otherwise have been payable by any person;
- 20 (*b*) to relieve any person from any liability to pay duty; or
- (*c*) to reduce or avoid any liability imposed or that would otherwise have been imposed on any person by this Act.

25 (2) Without affecting any validity the arrangement may have in any other respect or for any other purpose, the Commissioner must disregard or vary the arrangement and make any adjustment that the  
 30 Commissioner considers appropriate, including the amount of duty payable, or the imposition of liability to duty, so as to counteract any reduction in or

avoidance of duty payable by that person from or under that arrangement.

(3) In this section, “arrangement” means any scheme, trust, grant, covenant, agreement, disposition, transaction and includes all steps by which it is carried into effect.

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(4) This section applies to any arrangement made or entered into before, on or after the date of commencement of section 63 of the Income Tax (Amendment) Act 2020, but not one made or entered into before 1 September 1999.

10

(5) This section does not apply to any arrangement carried out for bona fide commercial reasons and had not as one of its main purposes the avoidance or reduction of duty.

15

### **Surcharge on adjustments under section 33A**

**33B.**—(1) This section applies to any instrument, or any thing treated as an instrument, that is executed or treated as executed on or after the date of commencement of section 63 of the Income Tax (Amendment) Act 2020.

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(2) Where the Commissioner makes any adjustment under section 33A, a surcharge equal to 50% of the amount of —

(a) the additional duty payable by a person; or

25

(b) (where a liability to duty is imposed) the duty payable by a person,

as a result of the adjustment is imposed on the person, and is recoverable by the Commissioner from the person as a debt due to the Government.

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**Payment, collection and recovery of duty and surcharge imposed under sections 33A and 33B and remission of surcharge, etc.**

5           **33C.**—(1) Despite any objection under section 39A to an adjustment under section 33A or an appeal against it under section 40 —

          (a) the duty or additional duty resulting from the adjustment; and

          (b) the surcharge,

10           (collectively called the amounts due) must be paid —

          (c) within one month after the date of the notice of the amounts due from the Commissioner to the person liable for the amounts due; and

15           (d) in the manner stated in the notice.

          (2) The Commissioner may, in the Commissioner’s discretion and subject to any term and condition (including the imposition of interest) as the Commissioner may impose, extend the time specified in subsection (1) within which payment is to be made.

20           (3) If any part of the amounts due and any interest imposed under subsection (2) is not paid within the period specified in subsection (1) or extended under subsection (2), the person is liable to pay the following penalties:

25           (a) where the outstanding amount is paid to the Commissioner within 3 months after the date of expiry of such period — a penalty of \$10 or the outstanding amount, whichever is the greater;

30           (b) where the outstanding amount is not paid to the Commissioner within 3 months after the date of expiry of such period — a



penalty of \$25 or 4 times the outstanding amount, whichever is the greater.

(4) Sections 50 and 70AA apply to the collection and recovery by the Commissioner of the amounts due, interest imposed under subsection (2) and any penalty imposed under subsection (3) as they apply to the collection and recovery of duty and penalty required to be paid under this Act.

(5) The Commissioner may, for good cause, remit wholly or in part the surcharge imposed under section 33B(2) or penalty imposed under subsection (3).

(6) If, upon an objection under section 39A or an appeal under section 40, an adjustment made under section 33A is increased, reduced or annulled, then the surcharge is correspondingly increased, reduced or annulled (as the case may be), and —

(a) if the amounts due are increased, subsections (1) to (5) apply to the increased amounts as they apply to the amounts due; or

(b) if the amounts due are reduced or annulled and they or any part of them have already been paid to the Commissioner, the amount of the reduction or the entire amount (including any interest paid on the amount) must be refunded.”;

(b) by deleting the heading of Part V and substituting the following Part heading:

“PART V

ADJUDICATION, OBJECTION AND APPEAL”;

(c) by inserting, immediately after the words “the duty” in section 39A(8), the words “or surcharge on the duty (if applicable)”;

(d) by inserting, immediately after the words “subsection (6)” in section 39A(9), the words “and an adjustment under section 33A”;

5 (e) by inserting, immediately after the words “payment of duty” in section 40(1)(a), the words “, and surcharge (if applicable),”;

(f) by deleting subsection (3) of section 40 and substituting the following subsection:

10 “(3) Upon hearing the case, the High Court is to determine the question submitted and —

(a) in the case of a decision on a notice of objection to an adjustment under section 33A — if the Court is of the opinion that the purpose or effect of the arrangement in question is that specified in section 33A(1), and section 33A(5) does not apply, the Court is to either confirm or vary the adjustment; and

15 (b) in any other case — if the Court is of the opinion that the instrument in question is chargeable with duty, the Court is to assess the duty with which it is chargeable.”;

20 (g) by inserting, immediately after the words “together with any” in section 40(4), the words “interest, surcharge,”; and

25 (h) by inserting, immediately after subsection (5) of section 40, the following subsection:

“*(6)* In this section —

“arrangement” has the meaning given by section 33A(3);

30 “surcharge” means a surcharge imposed under section 33B.”.

## Saving and transitional provisions

64.—(1) Despite section 3, where —

(a) before the appointed date for an incentive provision —

(i) any person or matter was approved by a person appointed by the Minister under the incentive provision as in force immediately before that date; or

(ii) any waiver, determination, specification or other thing (not being an approval) was made or done by a person appointed by the Minister in exercise of any other function or power under the incentive provision as in force immediately before that date;

(b) the approval, waiver, determination, specification or thing remained in force immediately before the appointed date for the incentive provision; and

(c) the power of approval or other function or power has been assigned to a public body under section 3A of the principal Act,

then that approval, waiver, determination, specification or thing continues in effect for the remaining period of its validity (if any) as if it were given by that public body, or made or done in exercise of that function or power by that public body, under the incentive provision.

(2) The deemed approval, waiver, determination, specification or thing mentioned in subsection (1) is subject to the conditions to which the approval, waiver, determination, specification or thing was subject immediately before the appointed date for the incentive provision, and for this purpose those conditions are treated as having been imposed by the public body.

(3) Despite section 3, where —

(a) before the appointed date for an incentive provision, a period was specified or extended by a person appointed by the Minister in exercise of any function or power under the incentive provision as in force immediately before that date;

(b) as of the date immediately before the appointed date for the incentive provision, the period or extended period has yet to expire; and

(c) that function or power has been assigned to a public body under section 3A of the principal Act,

then that period or extended period continues in effect for the remaining period as if it were specified or extended in exercise of that function or power by that public body under the incentive provision.

(4) The continuing in effect of the period or extended period under subsection (3) is subject to the conditions to which the specification or extension of the period was subject (if any), and for this purpose those conditions are treated as having been imposed by the public body.

(5) In the definition of “service approval date” in section 43ZF(8) of the principal Act, the date of approval of any company or service is, in the case of an approval to which subsection (1) applies, the date of approval of the company or service by the person appointed by the Minister under that section as in force immediately before the appointed date for the incentive provision in question.

(6) For a period of 2 years after the date of commencement of section 3, the Minister may, by rules made under section 7 of the principal Act, prescribe any additional provision of a saving or transitional nature consequent on —

(a) the assignment of a function or power under an incentive provision to a public body under section 3A of the principal Act; or

(b) the enactment of any other provision of this Act,

that the Minister considers necessary or expedient.

(7) In this section —

“appointed date”, in relation to an incentive provision, means the date on which the Minister assigns a function or power under the incentive provision to a public body under section 3A of the principal Act;

“incentive provision” means a provision of the principal Act or any subsidiary legislation made under the principal Act a function or power under which has been assigned to a public body under section 3A of the principal Act;

“public body” has the meaning given by section 2(1) of the Public Sector (Governance) Act 2018.

5

#### **Validation relating to section 4**

**65.—**(1) This section applies where the Comptroller has, during the period from 18 February 2020 to the date of commencement of section 4(b) (called in this section the appointed date) (both dates inclusive) —

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(a) furnished to —

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

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

any information required for the performance of the official duties of the chief executive officer or authorised officer in administering the public scheme known as the Jobs Support Scheme; or

20

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

25

(2) An act mentioned in subsection (1)(a) or (b) is taken to have been validly carried out in accordance with section 6(11A) of the principal Act as in force on the appointed date, as if that provision were in force at the material time.

#### **Validation relating to section 37**

30

**66.—**(1) This section applies to any deduction purportedly made under section 37B of the principal Act before the date of

commencement of section 37 and any collection or recovery of tax that was assessed following such deduction.

(2) Such deduction, collection or recovery mentioned in subsection (1) is taken to have been validly made as if section 37 were in force at the material time, and no legal proceedings may be instituted on or after 5 October 2020 on account of such deduction, collection or recovery.

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## EXPLANATORY STATEMENT

This Bill seeks to implement the tax changes in the Government’s 2020 Budget Statement in the Income Tax Act (Cap. 134) (the Act) and to make certain other amendments to the Act. It also makes related amendments to the Stamp Duties Act (Cap. 312).

Clause 1 relates to the short title and commencement.

Clause 2 amends section 2 (Interpretation) to amend the definition of “incapacitated person” for the following purposes:

- (a) to replace the existing reference to “infant” with a reference to an individual who is below 21 years of age;
- (b) to replace the existing reference to “lunatic, idiot or insane person” with a reference to an individual who is unable to make a decision for himself or herself in relation to any matter at the material time because of an impairment of, or a disturbance in the functioning of, the mind or brain. Such impairment or disturbance may be permanent or temporary.

Clause 3 inserts a new section 3A to provide that the Minister, after consultation with the responsible Minister of a public body, may assign a function or power under a provision of the Act or any subsidiary legislation made under the Act (called an incentive provision) to the public body (called an authorised body). If so assigned, the public body, when carrying out the function or exercising the power, is treated as carrying out a function or exercising a power conferred on the public body under the Act that establishes it. The public body must carry out a function or exercise a power under an incentive provision in accordance with any directions given by the Minister.

The new section 3A also provides the following:

- (a) a member of the public body who is not from the public sector must not be involved in the carrying out of a function or exercise of a power under an incentive provision by the public body;
- (b) the public body must not delegate a function or power under an incentive provision to any of its members, or any other person, who is not from the public sector;
- (c) a member of the public body who is from the public sector, or any other person to whom the function or power has been delegated, that receives or obtains certain information for the purposes of an incentive provision, must not disclose or provide access to the information to a member of the public body, or any other person, who is not from the public sector;
- (d) the public body may carry out a function or exercise a power under an incentive provision despite the absence of a quorum at any meeting of the public body resulting from the new section 3A(5) or (7), and the absence of a quorum does not affect the validity of any function carried out or power exercised by the public body.

Clause 4 amends section 6 (Official secrecy) to allow for the disclosure of any information relating to any person to an authorised officer of the government of another country if express written consent of the person is provided. The disclosure must be for a prescribed purpose and must satisfy the prescribed conditions.

The amendment also allows the Comptroller to provide any information to the chief executive officer of the Inland Revenue Authority of Singapore or any officer authorised by the chief executive officer of the Inland Revenue Authority of Singapore that is required for the performance of the official duties of these officers in administering any public scheme that is specified in the new Ninth Schedule.

Clause 5 amends section 7 (Rules) to empower the Minister to make rules to prescribe the mode of payment for any refund to be made under the Act to any person or class of persons.

Clause 6 amends section 10E (Ascertainment of income from business of making investments) which (among other things) provides that expenses incurred for an investment business of a company or property trust, and allowances relating to such business, may only be deducted against income from such business, and any excess is to be disregarded. The section is amended to provide that where the investment is an immovable property, the section applies only if the company or trustee of a property trust is the legal owner of the property, or otherwise has a proprietary interest in the property and would receive consideration if the

proprietary interest is disposed of or transferred, for example, by way of an assignment or a novation.

Clause 7 amends section 10H (Ascertainment of income from business of hiring out motor cars or providing driving instruction). The section provides that in determining the income derived by any person for any year of assessment from any business of hiring out motor cars or of providing driving instruction using motor cars, any outgoings and expenses incurred in respect of, and capital allowances relating to, that business may only be deducted against or allowed as a deduction against the income derived from that business. Any excess of such outgoings, expenses or allowances is not available as a deduction against any other income of that person or available for transfer under section 37C.

The amendment provides for the section to apply in determining the income derived by any person from any business of providing chauffeur services using motor cars for the year of assessment 2021 or any subsequent year of assessment.

Clause 8 amends section 10O (Additional Tier 1 capital instruments) which provides that any distribution liable to be made in respect of an Additional Tier 1 instrument in the basis period for the year of assessment 2015 or a subsequent year of assessment is deemed to be interest derived from a debt security for that year of assessment. The amendment amends the definition of “MAS Notice 637” to replace the reference to section 55 of the Banking Act (Cap. 19) with a reference to sections 10A(1) and 10B(1) of that Act as that Notice is now issued under those sections of that Act.

Clause 9 amends section 13 (Exempt income) for the following purposes:

- (a) to extend till 31 March 2022, the period in which income derived by a non-resident individual from acting as an arbitrator is exempt from tax;
- (b) to extend till 31 March 2022, the period in which income derived by a non-resident qualifying mediator (as defined in that section) from providing the services of a mediator for a mediation in Singapore (or that would have taken place in Singapore but for the settlement of the dispute or withdrawal of the claim in question) is exempt from tax;
- (c) to extend till 31 March 2022, the period in which income derived by a non-resident individual from providing the services of a mediator for a qualifying mediation (as defined in that section) in Singapore (or that would have taken place in Singapore but for the settlement of the dispute or withdrawal of the claim in question) is exempt from tax;
- (d) to clarify that the reference to a charter of a ship in section 13(1)(oa) does not include a finance lease of the ship.

Clause 10 amends section 13A (Exemption of shipping profits) which provides for certain income of a shipping enterprise to be exempt from tax. The amendment provides that the tax exemption applies to certain income derived on or after



19 February 2020 by a shipping enterprise in respect of a ship that is provisionally registered under the Merchant Shipping Act (Cap. 179), and which registry is not closed, deemed to be closed or suspended.

In addition, clause 10 amends section 13A to provide that income derived from an activity in subsection (1CA) by a shipping enterprise on or after 12 December 2018 is exempt from tax even if it is derived by it as a lessor of a ship under a finance lease that is treated as a sale.

Finally, clause 10 amends section 13A to provide that the tax exemption for income derived from the finance leasing of a Singapore ship does not apply where the income is derived by the shipping enterprise as part of a business of trading in ships or constructing ships for sale.

Clause 11 amends section 13F (Exemption of international shipping profits) which provides for certain income of an approved international shipping enterprise to be exempt from tax under that section. The amendment provides that income derived by an approved international shipping enterprise from providing prescribed ship management services to its qualifying shareholder or a qualifying special purpose vehicle of the approved international shipping enterprise or another approved international shipping enterprise, in respect of ships owned or operated by the qualifying shareholder or the qualifying special purpose vehicle, qualifies for tax exemption. The tax exemption applies to income derived on or after 19 February 2020. “Qualifying shareholder” is defined as a company that is incorporated and resident in Singapore, and beneficially owns (whether directly or indirectly) at least 50% of the total number of the issued ordinary shares of the approved international shipping enterprise.

In addition, clause 11 amends section 13F to provide that income derived from an activity in section 13F(1)(g) by an approved international shipping enterprise on or after 12 December 2018 is exempt from tax even if it is derived by it as a lessor of a foreign ship under a finance lease that is treated as a sale.

Clause 11 further extends the last date (till 31 December 2026) on which an international shipping enterprise that does not meet the qualifying conditions for the purposes of section 13F(2)(a) may be approved for the purposes of the section.

Lastly, clause 11 amends section 13F to provide that the tax exemption under section 13F(1)(r) does not apply to any income derived by an approved international shipping enterprise as part of a business of trading in foreign ships or of constructing for sale foreign ships for any operation or activity mentioned in that provision.

Clause 12 amends section 13H (Exemption of income of venture company). The section enables regulations to be made to exempt from tax specified income derived by an approved venture company from making certain investments. The amendments —

- (a) extend the last date on which an approval may be granted under the section to 31 December 2025;
- (b) provide that the tax exemption may in the first instance be specified to be for a period not exceeding 15 years (instead of the existing cap of 10 years). Where the specified period is less than 15 years, the Minister or person appointed by the Minister may extend that period, but the total period of the tax exemption must not exceed 15 years;
- (c) remove the requirement that the investments be approved by the Minister or person appointed by the Minister; and
- (d) provide for authorised investments for the purposes of the section to be prescribed by regulations for income derived on or after 1 April 2020.

Clause 13 amends section 13S (Exemption of income of shipping investment enterprise). The section provides for certain income derived by an approved shipping investment enterprise to be exempt from tax. The amendment extends the last date (till 31 December 2026) on which a shipping investment enterprise or its related party may be approved under that section.

In addition, clause 13 amends section 13S to provide that income derived by an approved shipping investment enterprise from the activities in section 13S(1)(d) on or after 12 December 2018 is exempt from tax even if derived by it as a lessor of a sea-going ship under a finance lease that is treated as a sale.

Finally, clause 13 inserts a new section 13S(1DA) to provide that the tax exemption under section 13S(1)(ca) and (cc) does not apply to income derived by an approved shipping investment enterprise as part of a business of trading in sea-going ships or constructing sea-going ships for sale.

Clause 14 amends section 13Y (Exemption of certain income of prescribed sovereign fund entity and approved foreign government-owned entity) which exempts from tax certain prescribed income of —

- (a) a prescribed sovereign fund entity arising from its funds that are managed in Singapore by an approved foreign government-owned entity; or
- (b) an approved foreign government-owned entity arising from its funds that are managed in Singapore, and from managing in Singapore the funds of, or providing in Singapore any investment advisory service to, a prescribed sovereign fund entity.

The amendments define “sovereign fund entity” and “foreign government-owned entity” to include —

- (a) an entity that is incorporated, formed or established by the government or other public authority of a foreign country —

- (i) directly; or
  - (ii) indirectly through one or more intermediate entities;
- (b) an entity that is incorporated, formed or established by the law of a foreign country, and that is not a public authority of that foreign country; and
- (c) an entity that is incorporated, formed or established by an entity mentioned in paragraph (b) —
- (i) directly; or
  - (ii) indirectly through one or more intermediate entities.

Clause 15 amends section 13Z (Exemption of gains or profits from disposal of ordinary shares) —

- (a) to extend the period for tax exemption on gains or profits derived by a company from the disposal of ordinary shares in another company, to 31 December 2027;
- (b) to clarify the scope of subsection (8)(b), which provides that the tax exemption does not apply to a disposal of shares in certain companies; and
- (c) to provide that the tax exemption does not apply to a disposal made on or after 1 June 2022 of unlisted shares in a company that the Comptroller is satisfied is in the business of trading, or principally carries on the activity of holding, immovable properties situated in Singapore or abroad, or had undertaken property development unless the property developed is used in carrying on the company's trade or business and the company did not undertake any property development in Singapore or abroad in the period of at least 60 consecutive months before the disposal.

Clause 16 inserts a new section 13ZA to exempt from tax certain payments that are made in connection with the COVID-19 epidemic or pandemic, or any law of Singapore, or any administrative order or direction of the Government or any statutory body, made by reason of or in connection with COVID-19 (called a COVID-19 event). These payments include —

- (a) payments made in connection with various public schemes established to mitigate the impact of COVID-19 events on persons;
- (b) rent or value of accommodation in Singapore, value of basic necessities for consumption or use in Singapore, and allowances for such accommodation or basic necessities, that are provided by an employer to an employee, subject to prescribed conditions;

- (c) a benefit (in the form of monetary payment) of the reduction in property tax resulting from a remission given for any immovable property, that the owner of the property is required to pass on to the owner's lessee or licensee under the COVID-19 (Temporary Measures) Act 2020 (Act 14 of 2020), or that the owner has passed on or has agreed to pass on to the owner's lessee or licensee and for which the owner is exempt from that requirement; and
- (d) any other monetary payment from a lessor or licensor of such immovable property to his or her lessee or licensee, that the Comptroller is satisfied is given to provide relief to the lessee or licensee from any economic hardship arising from a COVID-19 event.

Clause 17 amends section 14B (Further deduction for expenses relating to approved trade fairs, exhibitions or trade missions or to maintenance of overseas trade office) —

- (a) to extend the date by which a firm or company may be approved for the tax deduction under this section to 31 December 2025; and
- (b) to include new expenses incurred by the firm or company that qualify for a tax deduction under section 14B. The new expenses are —
  - (i) expenses to secure speaking spots, for the transportation of materials or samples or to engage a consultant to arrange a business networking event, for a trade mission or trade promotion activity outside Singapore; and
  - (ii) expenses to engage a consultant to identify suitable persons to promote the trading of goods or provision of services or to build up a business network in a country outside Singapore.

Clause 18 amends section 14I (Provisions by banks and qualifying finance companies for doubtful debts and diminution in value of investments) to disapply subsections (5) and (6) for the years of assessment 2021 and 2022. Subsection (5) sets out the maximum amount of deduction that may be allowed to a bank or qualifying finance company for provisions for doubtful debts arising from its loans and provisions for diminution in the value of its investments in securities. Subsection (6) disallows such deduction if the bank or qualifying finance company has no qualifying profits in the basis period for a year of assessment, or where the total amount of all deductions previously allowed, that have not been deemed trading receipts under the section, exceeds 3% of the value of the loans and investments prescribed for the basis period for a year of assessment.

Clause 19 amends section 14K (Further or double deduction for overseas investment development expenditure) to extend the date by which —

- (a) a firm or company may be approved for the purposes of a deduction for expenditure to carry out an approved investment project overseas; and

- (b) an investment project may be approved for the purposes of such deduction,

to 31 December 2025.

Clause 20 amends section 14KA (Further or double deduction for salary expenditure for employees posted overseas) to extend the date by which a firm or company may be approved for the purposes of a deduction under that section, and the date by which expenses incurred qualify for such deduction, to 31 December 2025.

Clause 21 amends section 14Q (Deduction for renovation or refurbishment expenditure). The amendment deletes the existing subsection (3A) which is spent and substitutes a new subsection (3A) to allow the full amount of renovation or refurbishment expenditure incurred by a person during the basis period relating to the year of assessment 2021 to be deducted in that year of assessment, instead of over 3 years of assessment under subsection (3). However, the taxpayer may elect for the deduction to be made in accordance with subsection (3).

Clause 22 inserts new sections 14ZE and 14ZF that are related to the new section 13ZA.

The new section 14ZE allows an entity set out in the Tenth Schedule to be given a deduction against its income for the year of assessment 2021 or 2022 for —

- (a) the value of benefits given by the entity to self-employed individuals who drive chauffeured private hire cars or taxis in connection with an amount received by the entity out of a payment by the Government to the Special Relief Fund under a public scheme known as the Point-to-Point Support Package; and
- (b) any monetary payment given by the entity to individuals who drive chauffeured private hire cars or taxis, that the Comptroller is satisfied is given to mitigate income loss arising from a COVID-19 event.

The new section 14ZF allows a lessor or licensor of immovable property that is entitled to property tax remission under the Property Tax (Non-Residential Properties) (Remission) Order 2020 (G.N. No. S 155/2020), to be given a deduction against his or her income for the year of assessment 2021 or 2022 for —

- (a) a benefit (in the form of monetary payment) of the reduction in property tax resulting from the remission, that the lessor or licensor is required to pass on to a lessee or licensee of that property under the COVID-19 (Temporary Measures) Act 2020, or which he or she has passed on or agreed to pass on to the lessee or licensee and for which he or she is exempt from that requirement; and
- (b) any other monetary payment that the lessor or licensor gives to that lessee or licensee, that the Comptroller is satisfied is given to provide

relief to the lessee or licensee from any economic hardship arising from a COVID-19 event.

Clause 23 amends section 15 (Deductions not allowed) to allow a person that is in the business of providing chauffeur services to claim a tax deduction for outgoings and expenses and the cost of renewal incurred in respect of a chauffeured private hire car, if the car is principally used by the person for such business. This amendment only applies for the year of assessment 2021 and subsequent years of assessment.

Clause 24 inserts a new section 15A to disallow a lessee or licensee to claim a deduction against his or her expenditure on the leasing or licensing of property, of an amount that corresponds to the amount of exemption that the lessee or licensee enjoys under the new section 13ZA(4).

Clause 25 amends section 18C (Initial and annual allowances for certain buildings and structures). The section provides for allowance to be made to a person for qualifying capital expenditure incurred on any approved construction or renovation of a building or structure on industrial land, port land or airport. The amendment extends the last date on which an approval may be granted under that section to 31 December 2025. The amendment also provides that an application under subsection (1) or (1A) may be made on or after 1 July 2010 or 22 February 2014 (whichever is applicable).

Clause 26 amends section 19 (Initial and annual allowances for machinery or plant) which provides that where a person carrying on a trade, profession or business incurs capital expenditure on the provision of machinery or plant for the purposes of that trade, profession or business —

- (a) an initial allowance is to be made to the person for the year of assessment in the basis period in which the capital expenditure is incurred; and
- (b) an annual allowance is to be made to the person for any year of assessment if the person has in use the machinery or plant for the person's trade, profession or business in the basis period for that year of assessment, which is determined by reference to the working life of the asset as specified in the Sixth Schedule.

The amendment provides that in the case of an asset acquired by a person for the basis period for the year of assessment 2023 or any subsequent year of assessment or under a hire-purchase agreement signed in the basis period for the year of assessment 2023 or any subsequent year of assessment, the number of years of working life of the asset is any of the years mentioned below, as elected by the person:

- (a) where the number of years of its working life as specified in the Sixth Schedule is less than 16 years — 6 or 12 years;

- (b) where the number of years of its working life as specified in the Sixth Schedule is 16 years — 6, 12 or 16 years.

The election must be made at the time of lodgment of the person's return of income for the year of assessment relating to the basis period in which the asset was acquired or the hire-purchase agreement was signed, or within such further time as the Comptroller may allow.

Further, where an asset is acquired in the basis period for any year of assessment before the year of assessment 2023 or under a hire-purchase agreement signed in the basis period for any year of assessment before the year of assessment 2023, and no claim for an initial or annual allowance has been made on the asset, an election may be made (for the purpose of working out the annual allowance for the asset) for the number of years of its working life to be 6, 12 or 16 years (depending on the number of years of the asset's working life specified in the Sixth Schedule). The election must be made to the Comptroller at the time of lodgment of the person's return of income for the year of assessment 2023, or within such further time as the Comptroller may allow.

In addition, clause 26 amends section 19 to allow capital allowance to be made in respect of a chauffeured private hire car to any person if the car —

- (a) is acquired by the person in the basis period for the year of assessment 2021 or a subsequent year of assessment, and used principally by the person for the business of providing chauffeur services; or
- (b) was initially acquired by the person when carrying on the business of hiring out cars and used by the person principally for such business, and is then used in the basis period for the year of assessment 2021 or a subsequent year of assessment by the person principally for the business of providing chauffeur services carried on by the person.

Clause 27 amends section 19A (Allowances of 3 years or 2 years write off for machinery and plant, and 100% write off for computer, prescribed automation equipment and robot, etc.). The section provides that where a person carrying on a trade, profession or business incurs capital expenditure on the provision of machinery or plant for the purposes of that trade, profession or business, the person may be allowed (in lieu of the allowances provided under section 19) for any year of assessment, an annual allowance of  $33\frac{1}{3}\%$  in respect of the capital expenditure incurred.

The amendment enables a person that incurs such capital expenditure in the basis period for the year of assessment 2021, to make an irrevocable election for the following allowances instead:

- (a) for the year of assessment 2021, an annual allowance of 75% in respect of the capital expenditure incurred;

- (b) for the year of assessment 2022, an annual allowance of 25% in respect of the capital expenditure incurred.

The above amendment also applies to an instalment paid in a basis period for a year of assessment (whether the year of assessment 2021 or a subsequent year of assessment) under a hire-purchase agreement entered into in the basis period for the year of assessment 2021.

Clause 27 also makes amendments to section 19A(2FA) and (2G) that are consequential on the amendments made to section 19 allowing a taxpayer to elect the number of years of working life of an asset for the purposes of computing the annual allowance.

Clause 28 amends section 19D (Writing-down allowance for IRU). The section provides for writing-down allowances to be made to a person in respect of capital expenditure incurred by the person for the acquisition of an indefeasible right to use any international telecommunications submarine cable system (IRU) for the purposes of the person's trade, business or profession. The amendment extends by 5 years (till 31 December 2025) the last date on which such capital expenditure may be incurred to be eligible for the writing-down allowance.

Clause 29 makes an amendment to section 23 (Carry forward of allowances) that is consequential on the amendments to section 37E.

Clause 30 repeals and re-enacts section 33 (Comptroller may disregard certain transactions and dispositions). The re-enacted section 33 requires the Comptroller to disregard or vary a tax avoidance arrangement described in that section and to make adjustments in order to counteract any tax advantage obtained or obtainable by the person under that arrangement. The re-enacted section 33 provides that the re-enacted section 33(1)(c) includes an arrangement to increase any qualifying deduction by a transferor company to be transferred to a claimant company under section 37C, for the claimant company to claim such qualifying deduction under section 37C.

The amendment also provides that the issue of whether the re-enacted section 33(1)(a), (b) or (c) applies to a case, and any action taken by the Comptroller under that section in a case, may be questioned in an appeal against an assessment in accordance with Part XVIII.

Clause 30 also inserts a new section 33A that provides that if in the year of assessment 2023 or a subsequent year of assessment, the Comptroller imposes a liability to tax or an additional amount of tax on a person for that year of assessment under section 33, or recomputes any gain, profit or loss of, any capital allowance allowed to, or any deduction for a donation made by, a person for that year of assessment under that section which results in the imposition of a liability to tax or an additional amount of tax on that person for any year of assessment, a surcharge equal to 50% of the amount of tax or the additional amount of tax is



imposed on the person and is recoverable by the Comptroller from the person as a debt due to the Government.

However, in a case where an adjustment is made under section 33 to a qualifying deduction that has been transferred under section 37C by a transferor company to a claimant company, and the Comptroller makes an assessment on the claimant company following a reduction or disregarding of the qualifying deduction that has been transferred, the surcharge is imposed on the transferor company.

Clause 31 amends section 34 (Decision of Comptroller no bar to appeal) to delete the reference to section 33 as the right of appeal is now provided under the re-enacted section 33.

Clause 32 makes an amendment to section 34G (Modification of provisions for companies redomiciled in Singapore) to disapply to a redomiciled company (as regards capital expenditure incurred before the date of its registration) the amendments made to section 19A regarding the right to elect for different amounts and periods for writing down allowances for capital expenditure incurred in the year of assessment 2021.

Clause 33 amends section 34J (Tax treatment arising from adoption of FRS 116 or SFRS(I) 16). The section allows a recipient of a Maritime Sector Incentive (MSI) (i.e., a company, partnership or registered business trust entitled to a tax incentive for its income under section 13A, 13F, 13S or 43ZA) that has prepared its financial accounts in accordance with the financial reporting standard known as FRS 116 or SFRS(I) 16, to elect for the tax treatment set out in the section.

The amendment provides that the Comptroller's power to reverse any tax treatment that has been applied under the section in relation to any provisionally-registered ship if that ship subsequently fails to obtain a permanent certificate of registry under the Merchant Shipping Act, does not apply if the electing MSI recipient derives the income mentioned in section 13A(1), (1B), (1CA), (1CD), (1CE), (1CF), (1CG), (1CH), (1CI), (1CJ), (1CK) or (1CL) in respect of that ship on or after 19 February 2020 (but not before that date).

Clauses 34, 35 and 36 make amendments to sections 36A (Limited liability partnership), 36C (Limited partnership) and 37 (Assessable income) respectively that are consequential on the amendments made by clause 39 to section 37E.

Clause 37 repeals and re-enacts section 37B (Adjustment of capital allowances, losses or donations between income subject to tax at different rates). The section provides that where a company derives income for any year of assessment that is subject to tax at different rates, and there are unabsorbed allowances, losses or donations in respect of income that is subject to tax at one rate, such unabsorbed allowances, losses or donations may be deducted against any chargeable income

of the company subject to tax at a higher or lower rate of tax in accordance with that section.

The amount of the unabsorbed allowances, losses or donations deductible against the chargeable income subject to the higher or lower tax rate (as the case may be) is to be reduced by the application of an “adjustment factor”.

Any remaining unabsorbed allowances, losses or donations after the deduction are added to, and deemed to form part of, the corresponding allowances, losses or donations in respect of the income subject to the higher or lower tax rate (as the case may be), for the next succeeding year of assessment and any subsequent year of assessment in accordance with section 23 or 37.

The re-enacted section 37B clarifies the provision as follows:

- (a) it applies where —
  - (i) a company has income subject to tax at different rates of tax for the year of assessment concerned, and there are unabsorbed allowances, losses or donations in respect of the income that is subject to tax at one of those rates; or
  - (ii) a company has income subject to tax at one rate of tax for the year of assessment concerned and income subject to tax at a different rate of tax for an earlier year of assessment, and there are unabsorbed allowances, losses or donations in respect of the second-mentioned income;
- (b) for the purpose of paragraph (a), income may be subject to different rates of tax even if the income is derived by the company from carrying on the same trade or business. This may happen if, for example, the income is subject to a concessionary rate of tax in a year of assessment but subject to the normal rate of tax in a subsequent year of assessment;
- (c) paragraph (a)(ii) does not include a case where both rates of tax are the rate specified in section 43(1)(a), but are different owing to an amendment made to it;
- (d) the re-enacted section also applies where a company has income subject to 3 or more tax rates in a year of assessment. In such a case, the company may elect its income that is subject to one of those tax rates as its income that is subject to a higher or lower tax rate (as the case may be) for the purposes of the application of section 37B(4) or (5).

Clause 38 makes an amendment to section 37C (Group relief for Singapore companies) that is consequential on the repeal and re-enactment of section 37B.

Clause 39 amends section 37E (Carry-back of capital allowances and losses) to allow a taxpayer to elect for qualifying deductions for the year of assessment 2020 to be carried back and offset against any of the taxpayer’s assessable income for

the years of assessment 2019, 2018 and 2017. This is set out in the new section 37E(1A). The deduction must first be made against the assessable income for the year of assessment 2017. Any balance of the deduction must be made against the assessable income for the year of assessment 2018. Any balance thereafter may then be made against the assessable income for the year of assessment 2019.

If the taxpayer is entitled to make a deduction under both the new section 37E(1A) and the existing section 37E(1) (which allows a person to carry back qualifying deductions to only the immediate preceding year of assessment) against the person's assessable income for the year of assessment 2017 or 2018, a deduction must first be made under section 37E(1) against the assessable income, before a deduction under the new section 37E(1A) is made against the assessable income.

A person may elect for a qualifying deduction for the year of assessment 2020 to be deducted under section 37E(1) or the new section 37E(1A).

Clause 39 also amends section 37E to enable the Comptroller to raise an assessment within 7 years after the expiration of the year of assessment 2017 or within 6 years after the expiration of the year of assessment 2018, where the Comptroller discovers that any qualifying deduction made under the new section 37E(1A) for the year of assessment 2020 against the assessable income of any person for the year of assessment 2017 or the year of assessment 2018 (as the case may be) is excessive.

Finally, clause 39 makes an amendment to section 37E that is consequential on the repeal and re-enactment of section 37B.

Clause 40 amends section 37K (Deduction for qualifying investments in qualifying start-up companies). The section allows a deduction to be made to an individual approved as a qualifying person for expenditure incurred by the individual in making a qualifying investment in a qualifying start-up company.

The amendment provides that to qualify for the deduction, a qualifying investment must be made during the period that is specified to the qualifying person. The amendment also provides that no approval may be granted under the section after 31 March 2020, and the period of approval must commence between 1 July 2010 and 31 March 2020 (both dates inclusive).

Clause 40 also amends the definition of "relevant date" in relation to a case where only one qualifying investment in a qualifying start-up company is made by a qualifying person. Under the section, a deduction for an investment in a qualifying start-up company may only be given if the qualifying person held the shares or convertible loans that are the subject of the qualifying investment for 2 years from the relevant date.

Clause 41 amends section 37L (Deduction for acquisition of shares of companies). The section provides that deductions may be made for any capital expenditure and transaction costs incurred by a Singapore company (called the acquiring company) or its wholly-owned subsidiary incorporated for the primary purpose of being a holding company, for any qualifying acquisition (as specified in that section) of ordinary shares in another company. The amendment extends the last date (till 31 December 2025) on which a qualifying acquisition may be made in order for the acquiring company to claim the deductions for capital expenditure incurred under that section.

The amendment also sunsets the power under section 37L(19A) of the Minister or person appointed by the Minister to waive the requirement that the acquiring company or (if it is a subsidiary of another company), its ultimate holding company, must be (and remains) a Singapore company for the deductions to be made under section 37L. The power is not applicable to any qualifying acquisition made after 31 March 2020.

Clause 42 makes amendments to section 37M (Treatment of unabsorbed donations attributable to exempt income) that are consequential on the repeal and re-enactment of section 37B.

Clause 43 inserts a new section 37N to provide that a deduction or an allowance under the Act or Part X or XIID of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86) may not be made or given in respect of any expenditure or payment to the extent that it is or is to be subsidised by a grant or subsidy that is capital in nature and is from the Government or a statutory board. The exclusion applies to grants or subsidies approved on or after 1 January 2021.

Clause 44 amends subsection (2A) of section 40A (Relief for non-resident public entertainers) which applies the reduced tax rate of 10% to income derived by a non-resident person as a public entertainer during the period from 22 February 2010 to 31 March 2020 (both dates inclusive). The amendment extends the period to 31 March 2022.

Clause 45 amends subsection (1)(e) of section 43C (Exemption and concessionary rate of tax for insurance and reinsurance business), which enables the Minister to make regulations to provide for a concessionary tax rate of 10% to be levied on income derived from marine hull and liability insurance and reinsurance business by an approved insurer whose approval under that section is granted on or after 1 April 2016. The amendment provides that the last date on which such approval may be granted for the purposes of section 43C(1)(e) is 31 March 2020.

Clause 46 amends section 43G (Concessionary rate of tax for Finance and Treasury Centre). The section enables the Minister to make regulations to provide for a specified concessionary tax rate to be levied on the income of a company that is derived from the operation of its approved Finance and Treasury Centre (as

defined in that section) in respect of certain prescribed qualifying activities, or the provision of certain prescribed qualifying services by the approved Finance and Treasury Centre to the company's offices or associated companies. The amendment extends the last date on which a Finance and Treasury Centre may be approved as an approved Finance and Treasury Centre under that section till 31 December 2026.

Clause 47 amends section 43P (Concessionary rate of tax for global trading company and qualifying company) —

- (a) to provide that the concessionary tax rate of 5% or 10% may, subject to conditions, be applied to income of an approved global trading company from qualifying structured commodity financing activities, treasury activities, or advisory services in relation to mergers and acquisitions, derived on or after 19 February 2020;
- (b) to extend to 31 December 2026 the period in which a global trading company may be approved for the purpose of that section; and
- (c) to provide that any approval of a qualifying company for the purposes of section 43P must be granted on or before 31 March 2021, and the period of approval must commence on or before 31 March 2021.

Clause 48 amends section 43W (Concessionary rate of tax for shipping investment manager). The section enables the Minister to make regulations for a concessionary rate of tax of 10% to be levied on the income of an approved shipping investment manager derived from managing an approved shipping investment enterprise or any other prescribed services or activities carried out for an approved shipping investment enterprise. The amendment extends the last date (till 31 December 2026) on which a shipping investment manager may be approved under that section.

Clause 49 amends section 43ZA (Concessionary rate of tax for container investment enterprise). The section provides for a concessionary rate of tax of 5% or 10% as the Minister may specify to be levied on the income of an approved container investment enterprise accruing in or derived from Singapore from various types of activities. The amendment extends the last date (till 31 December 2026) on which a container investment enterprise or its related party may be approved under that section.

Clause 50 amends section 43ZB (Concessionary rate of tax for container investment manager). The section enables the Minister to make regulations for a concessionary rate of tax of 10% to be levied on certain specified income of an approved container investment manager derived from managing an approved container investment enterprise or any other prescribed services or activities carried out for an approved container investment enterprise. The amendment extends the last date (till 31 December 2026) on which a container investment manager may be approved under that section.

Clause 51 amends section 43ZF (Concessionary rate of tax for shipping-related support services) —

- (a) to extend the last date for approving a company for the purposes of that section to 31 December 2026; and
- (b) to change the concessionary tax rate for income in excess of a base amount derived during an extended period of a company's approval. Currently, the rate is 10% or, if the company makes an election under section 43ZF(5E), 10.5%. The new rate is A% or, if the company makes an election under the new section 43ZF(5F),  $(0.5 + A)\%$ . A is the tax rate applicable to such income of the company that is derived immediately before the commencement of the period of extension concerned.

Clause 52 amends section 43ZG (Concessionary rate of tax for income derived from managing approved venture company). The section provides that tax at the rate of 5% is levied upon the management fees and performance bonus derived by an approved fund management company from managing certain investments of an approved venture company under section 13H.

The amendment extends the last date (till 31 December 2025) on which an approval may be granted under the section. The amendment also removes the existing cap of 15 years on the total period of approval (including any extension thereto) of a fund management company, but imposes a cap of 5 years for the period of approval at the first instance.

Clause 53 amends section 43ZI (Concessionary rate of tax for intellectual property income) which provides for a concessionary rate of tax to be levied for each year of assessment on the qualifying intellectual property income of an approved company that is derived from a qualifying intellectual property right elected by the approved company in so much of the basis period for that year of assessment that falls within the tax relief period applicable to the company. The amendment empowers a person appointed by the Minister to determine the base rate mentioned in section 43ZI(5)(a) for the purposes of determining the concessionary rate of tax.

Clause 54 amends section 45A (Application of section 45 to royalties, management fees, etc.) to clarify that the reference to a charter of a ship in section 45A(2D) does not include a finance lease of the ship.

Clause 55 amends section 45GA (Application of section 45 to income derived as public entertainer). The section provides that income derived from Singapore by a non-resident person as a public entertainer is subject to withholding tax. Section 45GA(2A) provides that the withholding tax rate for such income derived during the period from 22 February 2010 to 31 March 2020 (both dates inclusive) is 10%. The amendment extends the period to 31 March 2022.

Clause 56 inserts a new section 92I to provide for a corporate tax rebate for the year of assessment 2020, of 25% of the tax payable or \$15,000, whichever is lower.

Clause 57 amends section 106 (Powers to amend Schedules) to enable the Ninth and Tenth Schedules (inserted by the Bill) to be amended by the Minister by an order.

Clause 58 amends section 107 (Variable capital companies or VCCs) to modify the application of section 13H and regulations made under it to an umbrella VCC. Specifically, the amendment provides that those provisions apply for the purpose of determining the exempt income of a sub-fund as if it were an approved venture company under section 13H if the umbrella VCC of the sub-fund is approved for the purpose of that section.

Clause 59 amends Part 1 of the Third Schedule (which sets out a replacement section 13Z for the purpose of determining the income of a sub-fund of an umbrella VCC), by making amendments to the replacement section that are similar to those made to section 13Z by clause 15.

Clause 59 also amends Part 2 of the Third Schedule (which sets out replacement sections 34G and 34H for the purpose of determining the income of a sub-fund of an umbrella VCC) to disapply to a redomiciled umbrella variable capital company (as regards capital expenditure incurred for the sub-fund concerned before the date of its registration) the amendments made to section 19A regarding the right to elect for different amounts and periods for writing down allowances for capital expenditure incurred in the year of assessment 2021.

Clause 60 inserts a new Ninth Schedule for the purposes of the amendment to section 6(11A), and a new Tenth Schedule which sets out entities for the purposes of the new sections 13ZA and 14ZE.

Clause 61 makes miscellaneous amendments to various provisions of the Act arising from the new section 3A.

Clause 62 repeals provisions of the Act that are obsolete.

Clause 63 makes amendments to the Stamp Duties Act (Cap. 312) that are similar to those made to section 33 of the Income Tax Act by clause 30 and to the new section 33A of the Income Tax Act inserted by that clause. Specifically —

- (a) the re-enacted section 33A requires the Commissioner to disregard or vary a tax avoidance arrangement described in that section and to make adjustments in order to counteract any tax advantage obtained or obtainable by a person under that arrangement;
- (b) the new section 33B provides that if the Commissioner makes any adjustment under the re-enacted section 33A, a surcharge equal to 50% of the amount of any duty or additional duty imposed on a person

pursuant to the adjustment is recoverable from the person as a debt due to the Government;

- (c) the new section 33C provides for the payment, collection and recovery of the duty and surcharge imposed under the re-enacted section 33A and the new section 33B;
- (d) section 39A (Notice of objection) is amended to enable an objection to be raised to an adjustment under the re-enacted section 33A; and
- (e) section 40 (Appeal to High Court) is amended to enable an appeal to be made to the High Court on the Commissioner's decision on an objection to an adjustment made under the re-enacted section 33A.

Clause 64 contains saving and transitional provisions arising from the enactment of the new section 3A and other provisions in the Bill.

An approval of a person or matter by a person appointed by the Minister under a provision of the Act or any subsidiary legislation under the Act (called an incentive provision) as in force immediately before the date the approval power was assigned by the Minister to a public body under the new section 3A (called the appointed date), continues in effect for the remaining period of its validity as if the approval were given by the public body. Similarly, a waiver, determination, specification or other thing made or done by an appointed person in exercise of any function or power under an incentive provision continues in effect as if it were made or done by the public body.

The deemed approval, waiver, determination, specification or thing is subject to the same conditions to which the approval, waiver, determination, specification or thing was subject immediately before the appointed date.

In addition, a period specified or extended by an appointed person in exercise of any function or power under an incentive provision as in force immediately before the appointed date, continues in effect for the remaining period as if the period were specified or extended by the public body. The continuing in effect of the remaining period or extended period is subject to the same conditions to which the specification or extension of the period was subject immediately before the appointed date.

Clause 64 also provides a specific saving provision for the purpose of section 43ZF, and enables the Minister to make any other saving and transitional provisions by rules.

Clause 65 validates the Comptroller's provision of and grant of access to any information to the chief executive officer of the Inland Revenue Authority of Singapore or an officer duly authorised by the chief executive officer, that is required for the performance of the official duties of the chief executive officer or authorised officer in administering the Jobs Support Scheme. Such act is



considered to be validly carried out in accordance with the new section 6(11A), as if the provision were in force at the material time.

Clause 66 validates any deduction purportedly made under section 37B as in force immediately before the date of commencement of clause 37, and any collection or recovery of tax that was assessed following such deduction. However, this validation does not affect any legal proceedings instituted before the date of the introduction of the Bill.

## EXPENDITURE OF PUBLIC MONEY

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

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