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INCOME TAX ACT
(CHAPTER 134)

INCOME TAX (MAXIMUM RELIEF AMOUNT
FOR PAYMENTS TO RETIREMENT ACCOUNT
AND SPECIAL ACCOUNT) RULES 2018

ARRANGEMENT OF RULES

Rule

1. Citation and commencement
 2. Definitions
 3. Maximum relief amount
 4. Specified amount for payment to retirement account
 5. Specified amount for payment to special account
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In exercise of the powers conferred by section 7(1) of the Income Tax Act, the Minister for Finance makes the following Rules:

Citation and commencement

1. These Rules are the Income Tax (Maximum Relief Amount for Payments to Retirement Account and Special Account) Rules 2018 and come into operation on 17 September 2018.

Definitions

2.—(1) In these Rules —

“claimant” means any individual who claims a deduction under section 39(3) or (3A) of the Act in any year of assessment;

“member” means any individual to whose credit any amount is standing in the Central Provident Fund established under section 6 of the Central Provident Fund Act (Cap. 36), or for whom any account in the Central Provident Fund is maintained for any of the purposes of that Act;

“payment under section 39(3A)” means a payment made by a claimant, or the claimant’s employer on the claimant’s behalf, to the claimant’s retirement account or special account;

“preceding year”, in relation to a deduction claimed under section 39(3) or (3A) of the Act for a year of assessment, means the year preceding that year of assessment;

“prevailing retirement sum” has the meaning given by the Central Provident Fund (Retirement Sum Topping-Up Scheme) Regulations (Cap. 36, Rg 3);

“related member” means a member who is related to a claimant in one of the ways specified in section 39(3) of the Act;

“retirement account”, “retirement sum” and “special account” have the meanings given by section 2(1) of the Central Provident Fund Act.

(2) In these Rules, the retirement sum that has been set aside by a member at any time is determined in accordance with the Central Provident Fund (Retirement Sum Topping-Up Scheme) Regulations.

Maximum relief amount

3.—(1) For the purposes of allowing a deduction to a claimant for the year of assessment 2017 or a subsequent year of assessment under section 39(3) of the Act, the maximum relief amount is an amount calculated using the formula $A + B$, where —

(a) A is the specified amount in —

- (i) rule 4(1), if the claimant made only one payment to the retirement account of a related member in the preceding year; or
- (ii) rule 4(2), if the claimant made more than one payment to the retirement account or accounts of one or more related members in the preceding year; and

(b) B is the specified amount in —

- (i) rule 5(1), if the claimant made only one payment to the special account of a related member in the preceding year; or
- (ii) rule 5(2), if the claimant made more than one payment to the special account or accounts of one or more related members in the preceding year.

(2) For the purposes of allowing a deduction to a claimant for the year of assessment 2017 or a subsequent year of assessment under section 39(3A) of the Act, the maximum relief amount is an amount calculated using the formula $C + D$, where —

(a) C is the specified amount in —

- (i) rule 4(1), if only one payment under section 39(3A) is made to the claimant's retirement account in the preceding year; or
- (ii) rule 4(2), if more than one payment under section 39(3A) is made to the claimant's retirement account in the preceding year; and

(b) D is the specified amount in —

- (i) rule 5(1), if only one payment under section 39(3A) is made to the claimant's special account in the preceding year; or
- (ii) rule 5(2), if more than one payment under section 39(3A) is made to the claimant's special account in the preceding year.

Specified amount for payment to retirement account

4.—(1) The specified amount mentioned in rule 3(1)(a)(i) and (2)(a)(i) is the lower of the following:

- (a) the amount of the payment mentioned in rule 3(1)(a)(i) or (2)(a)(i), as the case may be;

(b) the amount by which the prevailing retirement sum at the time of the payment mentioned in rule 3(1)(a)(i) or (2)(a)(i) (as the case may be) exceeds the retirement sum that has been set aside by the member concerned immediately before that payment.

(2) The specified amount mentioned in rule 3(1)(a)(ii) and (2)(a)(ii) is the sum total of the amount “X” for each of the payments mentioned in rule 3(1)(a)(ii) or (2)(a)(ii) (as the case may be), where X is the lower of the following:

(a) the amount of the payment;

(b) the amount by which the prevailing retirement sum at the time of the payment exceeds the retirement sum that has been set aside by the member concerned immediately before that payment.

Specified amount for payment to special account

5.—(1) The specified amount mentioned in rule 3(1)(b)(i) and (2)(b)(i) is the lower of the following:

(a) the amount of the payment mentioned in rule 3(1)(b)(i) or (2)(b)(i), as the case may be;

(b) the maximum amount prescribed in regulation 7(1) of the Central Provident Fund (Topping-Up of Special Account) Regulations (Cap. 36, Rg 37) that applies to the member concerned, determined immediately before that payment.

(2) The specified amount mentioned in rule 3(1)(b)(ii) and (2)(b)(ii) is the sum total of the amount “Y” for each of the payments mentioned in rule 3(1)(b)(ii) or (2)(b)(ii) (as the case may be), where Y is the lower of the following:

(a) the amount of the payment;

(b) the maximum amount prescribed in regulation 7(1) of the Central Provident Fund (Topping-Up of Special Account) Regulations that applies to the member concerned, determined immediately before that payment.

Made on 14 September 2018.

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