# Income Tax (Amendment) Bill

**Bill No. 30/2008.**

*Read the first time on 20th October 2008.*

A BILL

*i n t i t u l e d*

An Act to amend the Income Tax Act (Chapter 134 of the 2008 Revised Edition) and to make consequential and related amendments to the Economic Expansion Incentives (Relief from Income Tax) Act (Chapter 86 of the 2005 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 may be cited as the Income Tax (Amendment) Act 2008.

(2) Sections 2(*b*) and 23 shall be deemed to have come into operation on 13th February 2007.

(3) Section 31(*a*) and (*b*) (in relation to section 37(18A) and (18D)) shall be deemed to have come into operation on 15th February 2007.

(4) Sections 8 and 16 shall be deemed to have come into operation on 1st September 2007.

(5) Section 6(*g*) shall be deemed to have come into operation on 6th December 2007.

(6) Section 40 shall be deemed to have come into operation on 17th January 2008.

(7) Sections 6(*c*), (*d*) and (*e*), 11, 12, 13, 24, 25(*b*) (in relation to the insertion of section 14Q) and 32(*b*) (in relation to section 37C(15)(*e*)) shall be deemed to have come into operation on 16th February 2008.

(8) Sections 17(*a*) (in relation to section 13S(1)(*a*) and (*b*), (1A) and (1B)) and (*d*), 18, 30, 42, 55 and 57(*c*) shall be deemed to have come into operation on 1st April 2008.

(9) Section 46 shall come into operation on 1st January 2009.

(10) Section 19(*b*) to (*l*) shall have effect for the year of assessment 2008 and subsequent years of assessment.

(11) Sections 2(*a*) and (*c*), 5, 7, 9, 10, 14, 17(*a*) (in relation to section 13S(1)(*c*)), (*b*) and (*c*), 19(*a*), 20, 21, 22, 25(*a*) (in relation to section 15(1)(*i*)(ii) and (iii)) and (*b*) (in relation to the insertion of section 14DA), 26, 27, 29, 32(*b*) (in relation to section 37C(15)(*f*)), (*c*) and (*d*), 33, 34, 35, 36, 38, 39, 45, 47, 48, 49, 50, 53(*b*) and (*c*), 54 and 57(*a*), (*b*) and (*d*) shall have effect for the year of assessment 2009 and subsequent years of assessment.

## Amendment of section 2

**2.** Section 2 of the Income Tax Act (referred to in this Act as the principal Act) is amended —

(*a*) by deleting the definition of "research and development" in subsection (1) and substituting the following definition:

" "research and development" means any systematic, investigative and experimental study that involves novelty or technical risk carried out in the field of science or technology with the object of acquiring new knowledge or using the results of the study for the production or improvement of materials, devices, products, produce, or processes, but does not include —

(*a*) quality control or routine testing of materials, devices or products;

(*b*) research in the social sciences or the humanities;

(*c*) routine data collection;

(*d*) efficiency surveys or management studies;

(*e*) market research or sales promotion;

(*f*) routine modifications or changes to materials, devices, products, processes or production methods;

(*g*) cosmetic modifications or stylistic changes to materials, devices, products, processes or production methods; or

(*h*) development of a computer software that is not intended to be sold, rented, leased, licensed or hired to 2 or more persons who are not related parties (within the meaning of subsection (3)) to each other, and to the person who develops the software or on whose behalf the development of the software is undertaken;";

(*b*) by deleting the definition of "treasury share" in subsection (1) and substituting the following definition:

" "treasury share" —

(*a*) in relation to a company incorporated under the Companies Act (Cap. 50) or any corresponding previous written law, means a treasury share as defined in section 4(1) of that Act; and

(*b*) in relation to a company incorporated under the law of a country other than Singapore, means a

share issued by the company which is subsequently acquired and held by it;"; and

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

"(3) In the definition of "research and development" in subsection (1), a person is a related party to another if he, directly or indirectly, controls the other person, or is controlled, directly or indirectly, by the other person, or where he and the other person, directly or indirectly, are under the control of a common person.".

**Amendment of section 10**

**3.** Section 10(20A) of the principal Act is amended by deleting the words "31st December 2008" in paragraphs (*f*)(ii) and (*h*) and substituting in each case the words "31st December 2013".

**Amendment of section 10C**

**4.** Section 10C of the principal Act is amended by deleting subsection (4) and substituting the following subsection:

"(4) Notwithstanding subsection (1)(*a*), where on or after 1st January 2007, contributions are made by any employer for any year to the medisave account of an employee maintained under the Central Provident Fund Act (Cap. 36), such contributions up to $1,500 for that year shall, subject to subsections (5) and (6), not be deemed to be income accruing to the employee.".

**Amendment of section 10L**

**5.** Section 10L of the principal Act is amended —

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

"(5) Where an SRS member is eligible to make a withdrawal under subsection (3)(*b*), all the funds (excluding any life annuity) standing in his SRS account shall be withdrawn not later than 10 years from the date he made his first withdrawal under subsection (3)(*b*).";

(*b*) by deleting the words "the earlier of the 2 periods" in subsections (6) and (8)(*a*) and substituting in each case the words "the period";

(*c*) by deleting the words "earlier of such periods" in subsection (6) and substituting the word "period"; and

(*d*) by inserting, immediately after the words "contributions by individuals" in subsection (11), the words "and by their employers on their behalf".

**Amendment of section 13**

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

(*a*) by deleting the words "31st December 2008" in subsections (1)(*a*)(i) and (ii), (*aa*)(ii), (*ab*) and (*ba*), (2) and (16) (paragraphs (*a*), (*b*)(i), (ii)(A) and (iii) and (*c*)(i) and (ii) of the definition of "qualifying debt securities") and substituting in each case the words "31st December 2013";

(*b*) by deleting the words "31st December 2008" in subsections (1)(*b*)(i) and (ii), (2C)(*a*) and (*b*), (2D)(*a*) and (*b*) and (16) (paragraph (*a*) of the definition of "qualifying project debt securities") and substituting in each case the words "31st December 2011";

(*c*) by inserting, immediately after paragraph (*bb*) of subsection (1), the following paragraphs:

"(*bc*) subject to subsection (2H) and such conditions as may be prescribed by regulations —

(i) the interest, discount, prepayment fee, redemption premium and break cost derived by any person from any qualifying debt securities (excluding Singapore Government Securities) which —

(A) are issued during the period from 16th February 2008 to 31st December 2013;

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

(C) cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; and

(D) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date; and

(ii) such other income, as may be prescribed by regulations, derived by any person that is directly attributable to qualifying debt securities (excluding Singapore Government Securities) which —

(A) are issued on or after such date as may be prescribed by regulations;

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

(C) cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; and

(D) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date;

(*bd*) subject to subsection (2I) and such conditions as may be prescribed by regulations, any amount payable to any person from any Islamic debt securities —

(i) which are qualifying debt securities and issued during the period from 16th February 2008 to 31st December 2013; and

(ii) the amount payable from which is not deductible against any income of the issuer of those securities accruing in or derived from Singapore;";

(*d*) by inserting, immediately after the words "subsection (1)(*b*)" in subsection (2E), the words ", (*bc*) and (*bd*)";

(*e*) by inserting, immediately after subsection (2G), the following subsections:

"(2H) Subsection (1)(*bc*) shall not, unless otherwise approved by the Minister or such person as he may appoint, apply to any interest, discount, prepayment fee, redemption premium or break cost derived from any qualifying debt securities or such other income directly attributable to qualifying debt securities as may be prescribed by regulations under that provision where —

(*a*) 50% or more of the issue of those securities is beneficially held or funded, directly or indirectly, at any time during the life of the issue by related parties of the issuer of those securities; and

(*b*) such income is derived by —

(i) any related party of the issuer of those securities; or

(ii) any other person where the funds used by such person to acquire those securities are obtained, directly or indirectly, from any related party of the issuer of those securities.

(2I) Subsection (1)(*bd*) shall not, unless otherwise approved by the Minister or such person as he may appoint, apply to any amount payable from any Islamic debt securities which are qualifying debt securities where 50% or more of the issue of those securities is beneficially held or funded, directly or indirectly, at any time during the life of the issue by related parties of the issuer of those securities and where the amount is payable to —

(*a*) any related party of the issuer of those securities; or

(*b*) any other person where the funds used by such person to acquire those securities are obtained, directly or indirectly, from any related party of the issuer of those securities.";

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

"(9A) For the avoidance of doubt, in subsection (9)(*a*), income is subject to tax if tax has been paid, or tax (not being deferred tax) is to be paid on that income.

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

(*g*) by deleting the words "or (*zd*)" in paragraph (*b*) of the definition of "deposit" in subsection (16) and substituting the words ", (*ta*) or (*zd*)".

**Amendment of section 13A**

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

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

"(1B) For the year of assessment 2009 and subsequent years of assessment, the income of a shipping enterprise referred to in this section shall include income derived from foreign exchange and risk management activities which are carried out in connection with and incidental to the operation by the shipping enterprise of Singapore ships."; and

(*b*) by inserting, immediately after the words "a statement" in subsection (4), the words "(to be included in a notice of any assessment served on the shipping enterprise under section 76)".

**Amendment of section 13CA**

**8.** Section 13CA of the principal Act is amended —

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

"(1A) The Minister shall not prescribe the trustee of a prescribed trust fund referred to in section 13C as a prescribed person for the purposes of subsection (1).";

(*b*) by deleting the words "one month" in subsections (3)(*a*) and (5)(*a*) and substituting in each case the words "3 months";

(*c*) by inserting, immediately after the definition of "equity interest" in subsection (9), the following definition:

" "issued securities", in relation to a company, means —

(*a*) issued debentures of, or issued stocks or shares in, the company;

(*b*) any right, option or derivative in respect of any such debentures, stocks or shares; or

(*c*) such other securities of the company as may be prescribed;"; and

(*d*) by deleting the definitions of "securities" and "value" in subsection (9) and substituting the following definition:

" "value" —

(*a*) in relation to issued securities of a company other than those prescribed under paragraph (*c*) of the definition of "issued securities", means the value of those securities at the time of their issue by the company; or

(*b*) in relation to issued securities of a company prescribed under paragraph (*c*) of the definition of "issued securities", means the value of those securities at the prescribed time.".

**Amendment of section 13F**

**9.** Section 13F(1) of the principal Act is amended by deleting the full-stop at the end of paragraph (*c*) and substituting a semi-colon, and by inserting immediately thereafter the following paragraph:

"(*d*) for the year of assessment 2009 and subsequent years of assessment, from foreign exchange and risk management activities which are carried out in connection with and incidental to the operations described in paragraphs (*a*), (*b*) and (*c*).".

**Amendment of section 13H**

**10.** Section 13H(6) of the principal Act is amended by inserting, immediately after the words "a statement", the words "(to be included in a notice of any assessment served on the approved venture company under section 76)".

**Amendment of section 13J**

**11.** Section 13J of the principal Act is amended by deleting the words "entrepreneurial employee equity-based remuneration scheme" in the section heading and substituting the words "equity remuneration incentive scheme (SMEs)".

**Amendment of section 13L**

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

(*a*) by deleting the words "company employee equity-based remuneration scheme" in the 6th and 7th lines of subsection (1) and substituting the words "share acquisition scheme which satisfies the relevant percentage requirement";

(*b*) by deleting the definition of "company employee equity-based remuneration scheme" in subsection (5);

(*c*) by deleting the definition of "50% requirement" in subsection (5);

(*d*) by inserting, immediately after the definition of "qualifying employee" in subsection (5), the following definition:

" "relevant percentage requirement" —

(*a*) in relation to any right or benefit under a share acquisition scheme to acquire the shares of a qualifying company or its holding company granted before 16th February 2008, means in the aggregate at least 50% of the employees of the qualifying company are offered during any calendar year any rights or benefits to acquire shares in the qualifying company or in its holding company under that scheme, as ascertained in accordance with the specified formula; or

(*b*) in relation to any right or benefit under a share acquisition scheme to acquire the shares of a qualifying company or its holding company granted on or after 16th February 2008, means in the aggregate at least 25% of the employees of the qualifying company are offered during any calendar year any rights or benefits to acquire

shares in the qualifying company or in its holding company under that scheme, as ascertained in accordance with the specified formula;";

(*e*) by deleting the full-stop at the end of the definition of "shares" in subsection (5) and substituting a semi-colon, and by inserting immediately thereafter the following definition:

" "specified formula" means the following formula:

$$\frac{A}{B - C - D - E} \times 100\%,$$

where A is the aggregate number of employees of the qualifying company who are offered during a calendar year any right or benefit to acquire shares in the qualifying company or in its holding company under any share acquisition scheme in respect of which the qualifying company has opted under section 13J(6) for tax exemption under this section instead of section 13J to apply, and who are employees of that qualifying company at the time of such offer;

B is the number of employees of the qualifying company on the last day of that calendar year;

C is the number of part-time employees (other than non-executive directors) on the last day of that calendar year where any right or benefit to acquire shares in that qualifying company or in its holding company is not offered to any such employee for the whole of that calendar year, or nil where any right or benefit to acquire shares in that qualifying company or in its holding company is offered to any such employee during that calendar year;

D is the number of full-time employees with less than one year's service (other than

non-executive directors) on the last day of that calendar year where any right or benefit to acquire shares in that qualifying company or in its holding company is not offered to any such employee for the whole of that calendar year, or nil where any right or benefit to acquire shares in that qualifying company or in its holding company is offered to any such employee during that calendar year; and

E is the number of employees engaged on contracts not exceeding 2 years (other than non-executive directors) on the last day of that calendar year where any right or benefit to acquire shares in that qualifying company or in its holding company is not offered to any such employee for the whole of that calendar year, or nil where any right or benefit to acquire shares in that qualifying company or in its holding company is offered to any such employee during that calendar year.”; and

(*f*) by deleting the words “company employee equity-based remuneration scheme” in the section heading and substituting the words “equity remuneration incentive scheme”.

**New section 13M**

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

“**Exemption of tax on gains or profits from equity remuneration incentive scheme (start-ups)**

**13M.**—(1) Where a qualifying employee derives any gains or profits in any year of assessment, after the expiry of the minimum holding period, from any right or benefit under any share acquisition scheme granted during the period from 16th February 2008 to 15th February 2013 (both dates inclusive) to acquire shares in any qualifying company, there shall, subject to this section, be exempt

from tax 75% of an amount of such gains or profits in that year of assessment as determined under subsection (2).

(2) The amount of gains or profits referred to in subsection (1) is —

(*a*) where the price to be paid for the shares under the right or benefit is equal to or exceeds the market value or (if it is not possible to determine such value) the net asset value of the shares at the time of the grant of the right or benefit, the amount as determined under section 10(6); or

(*b*) where the price to be paid for the shares under the right or benefit is at a discount to the market value or (if it is not possible to determine such value) the net asset value of the shares at the time of the grant of the right or benefit, the amount as determined under section 10(6) less the amount of the discount.

(3) The exemption under this section shall not apply to any amount of gains or profits to which section 10(6) applies —

(*a*) to the extent that the amount, when aggregated with the amount of such gains or profits previously derived by him and which qualifies for exemption under this section, exceeds $10 million;

(*b*) which is derived by him on or after 16th February of the 10th year following the year in which he first derived such gains or profits which qualified for exemption under this section; or

(*c*) which is derived by him for the release of his right or benefit to acquire shares in any qualifying company by reason of his resignation or the termination of his employment with the qualifying company due to his misconduct.

(4) For the purposes of this section and section 13J, where —

(*a*) a company grants any right or benefit under any share acquisition scheme during the period from 16th February 2008 to 15th February 2013 (both dates inclusive) to acquire shares under a tranche of the share acquisition scheme; and

(*b*) any gains or profits derived by a qualifying employee from any right or benefit granted under that tranche qualifies for tax exemption under this section as well as section 13J,

the company shall opt for the tax exemption under this section or section 13J to apply in respect of the gains or profits relating to that tranche but not under both sections.

(5) Where a company has opted under subsection (4) for tax exemption under this section to apply to the gains or profits in respect of a tranche of a share acquisition scheme, tax exemption under section 13J or 13L —

(*a*) shall, subject to paragraph (*b*), not be available in respect of any right or benefit to acquire shares granted by the company under any tranche subsequent to that tranche under the share acquisition scheme; and

(*b*) shall be available in respect of any right or benefit to acquire shares granted subsequent to the option by the company under any tranche under the share acquisition scheme only where the conditions for tax exemption under this section are not satisfied in respect of any such subsequent tranche granted.

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

(7) In this section —

"minimum holding period" —

(*a*) in relation to a right or benefit to acquire shares in a qualifying company under any stock option scheme, means the period prescribed by the Singapore Exchange during which no option may be exercised under a stock option scheme implemented by any company listed on that Exchange, which would have been applicable to the stock option granted by the qualifying company if it were a company listed on that Exchange;

(*b*) in relation to a right or benefit to acquire shares in a qualifying company under any share acquisition scheme (other than a stock option scheme), means —

(i) a period of at least one year after the grant of the right or benefit, during which the shares so acquired may not be sold, if the price to be paid for the shares under the right or benefit is at a

discount to the market value or, if it is not possible to determine such value, the net asset value of the shares at the time of the grant of the right or benefit; or

(ii) a period of at least 6 months after the grant of the right or benefit, during which the shares so acquired may not be sold, if the price to be paid for the shares under the right or benefit is equal to or exceeds the market value or, if it is not possible to determine such value, the net asset value of the shares at the time of the grant of the right or benefit;

"qualifying company" means a company incorporated in Singapore which, at the time of the grant to its employees of any right or benefit to acquire its shares —

(*a*) carries on business in Singapore;

(*b*) has been incorporated for 3 years or less;

(*c*) has its total share capital beneficially held directly by no more than 20 shareholders —

(i) all of whom are individuals; or

(ii) at least one of whom is an individual holding at least 10% of the total number of issued ordinary shares of the qualifying company; and

(*d*) has gross assets the market value of which does not exceed $100 million;

"qualifying employee" means an employee (other than any non-executive director) of a company, who at the time of the grant to him of any right or benefit to acquire the shares of the company —

(*a*) is committed to work at least 30 hours per week for the company in which he is employed or, if he is committed to work less than such number of hours, is committed to work at least 75% of his total working time per week for the company; and

(*b*) does not beneficially own, directly or indirectly, voting shares that confer the right to exercise or control the exercise of not less than 25% of the voting power in the company which grants the right or benefit to acquire its shares;

"share acquisition scheme" means a scheme which imposes a minimum holding period requirement and allows an employee of a company to own or purchase shares in a qualifying company, including stock options, share awards and other similar forms of employee share purchase plans but excluding phantom shares rights, share appreciation rights and any other similar rights;

"shares" includes stocks but does not include redeemable or convertible shares or shares of a preferential nature;

"total working time", in relation to a qualifying employee, means the total period of time spent by him as an employee for all his employers plus, if applicable, the total period of time, which shall be deemed to be 10 hours per week, spent by him on remunerative work as a self-employed person.".

**Amendment of section 13N**

**14.** Section 13N of the principal Act is amended —

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

"(ii) derives gains or profits of at least $160,000 from the exercise of any employment in Singapore for the year preceding that year of assessment;";

(*b*) by deleting the words "if he is neither a citizen of Singapore nor a Singapore permanent resident at the time such contribution is made." in subsection (1)(*b*) and substituting the following words:

"if —

(i) he is neither a citizen nor a permanent resident of Singapore at the time such contribution is made;

(ii) he derives gains or profits of at least $160,000 from the exercise of any employment in Singapore for the year preceding that year of assessment; and

(iii) a deduction with respect to such contribution has not been allowed to his employer under section 14(1)(*e*).";

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

"(5A) Where —

(*a*) an individual has been approved as an NOR individual before the year of assessment 2009;

(*b*) the period of his approval has not expired at the beginning of that year of assessment; and

(*c*) he has had income exempted from tax under this section in force immediately before the date of commencement of section 14 of the Income Tax (Amendment) Act 2008 for any year of assessment between the year of assessment 2005 and the year of assessment 2008 (both years inclusive),

then the individual may, at any time at or before filing with the Comptroller a return of his income for the year of assessment 2009, elect to continue to be subject to subsections (1) and (7) in force immediately before the date of commencement of section 14 of the Income Tax (Amendment) Act 2008; and in that event subsections (1) and (7) in force immediately before that date shall continue to apply to him for so long as he remains an NOR individual.";

(*d*) by deleting the words "subsection (1)" in subsection (6) and substituting the words "subsections (1) and (5A)"; and

(*e*) by deleting paragraphs (*a*), (*b*) and (*c*) in the definition of "relevant employment income" in subsection (7) and substituting the following paragraphs:

"(*a*) director's fee; and

(*b*) where any amount of tax of the NOR individual payable in Singapore is borne, directly or indirectly, by his employer, the amount of tax that is so borne.".

**Amendment of section 13P**

**15.** Section 13P(1) of the principal Act is amended by deleting the words "31st December 2008" and substituting the words "31st December 2013".

**Amendment of section 13R**

**16.** Section 13R of the principal Act is amended —

(*a*) by deleting the word "There" in subsection (1) and substituting the words "Subject to such conditions as may be prescribed by regulations, there";

(*b*) by deleting the words "one month" in subsection (4)(*a*) and substituting the words "3 months";

(*c*) by inserting, immediately after the definition of "equity interest" in subsection (8), the following definition:

" "issued securities", in relation to a company, means —

(*a*) issued debentures of, or issued stocks or shares in, the company;

(*b*) any right, option or derivative in respect of any such debentures, stocks or shares; or

(*c*) such other securities of the company as may be prescribed;"; and

(*d*) by deleting the definitions of "securities" and "value" in subsection (8) and substituting the following definition:

" "value" —

(*a*) in relation to issued securities of a company other than those prescribed under paragraph (*c*) of the definition of "issued securities", means the value of those securities at the time of their issue by the company; or

(*b*) in relation to issued securities of a company prescribed under paragraph (*c*) of the definition of "issued securities", means the value of those securities at the prescribed time.".

**Amendment of section 13S**

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

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

"(1) Subject to subsections (1B) and (4), there shall be exempt from tax the income derived by an approved shipping investment enterprise —

(*a*) from the chartering or finance leasing of any sea-going ship, acquired by the approved shipping investment enterprise before or during the period of its approval referred to in subsection (3), to —

(i) a person who is neither resident in Singapore nor a permanent establishment in Singapore; or

(ii) an approved international shipping enterprise,

for use outside the limits of the port of Singapore;

(*b*) from the chartering or finance leasing of any sea-going Singapore ship, acquired by the approved shipping investment enterprise before or during the period of its approval referred to in subsection (3), to a shipping enterprise within the meaning of section 13A for use outside the limits of the port of Singapore; and

(*c*) for the year of assessment 2009 and subsequent years of assessment, from foreign exchange and risk management activities which are carried out in connection with and incidental to the activities referred to in paragraphs (*a*) and (*b*).

(1A) Subsection (1) shall continue to apply to a shipping investment enterprise the approval of which has expired or been withdrawn, but which continues to derive income of the type referred to in subsection (1) in relation to a sea-going ship acquired before or during the period of the approval, provided that the enterprise has by the date of the expiry or before the withdrawal, fulfilled all the conditions referred to in subsection (3); and any reference in this section to an approved shipping investment enterprise shall be construed accordingly.

(1B) Subsections (1) and (1A) shall apply to income derived by an approved shipping investment enterprise in relation to a sea-going ship acquired before the period of its approval, if and only if the enterprise is approved on or after 1st April 2008.";

(*b*) by deleting the words "from the chartering or finance leasing of sea-going ships" in subsection (5);

(*c*) by inserting, immediately after the words "a statement" in subsection (7), the words "(to be included in a notice of any assessment served on the enterprise under section 76)"; and

(*d*) by deleting the definition of "tax exempt period" in subsection (20) and substituting the following definition:

" "tax exempt period", in relation to an approved shipping investment enterprise, means —

(*a*) in a case where the enterprise is approved on or after 1st April 2008 and has acquired a sea-going ship for use outside the limits of the port of Singapore before the date of its approval, the period from the date of its approval to the date where no income of any sea-going ship of the enterprise is eligible for exemption from tax under subsection (1); or

(*b*) in any other case, the period from the date the enterprise first acquires, during the period of its approval, a sea-going ship for use outside the limits of the port of Singapore to the date where no income of any sea-going ship of the enterprise is eligible for exemption from tax under subsection (1).".

**New section 13W**

**18.** The principal Act is amended by inserting, immediately after section 13V, the following section:

"**Exemption of relevant income of eligible family-owned investment holding company**

**13W.**—(1) There shall be exempt from tax all relevant income of an eligible family-owned investment holding company.

(2) For the purposes of subsection (1), the Minister may make regulations to provide for the deduction of expenses, allowances, losses and donations of an eligible family-owned investment holding company otherwise than in accordance with this Act.

(3) In this section —

"eligible family-owned investment holding company" means any company incorporated before 1st April 2013 —

(*a*) whose shareholders are related to each other in the manner prescribed by regulations;

(*b*) whose operation consists wholly or mainly of the holding or making of investments; and

(*c*) which satisfies such other conditions as may be prescribed by regulations;

"relevant income" means —

(*a*) any income of the kinds referred to in section 13(1)(*zd*), (*ze*), (*zf*), (*zh*), (*zi*), (*zj*), (*zk*) or (*zl*) accrued in or derived from Singapore on or after 1st April 2008; or

(*b*) any income of the kinds referred to in section 13(7A) received in Singapore on or after 1st April 2008.

(4) Where a company fails to satisfy the definition of "eligible family-owned investment holding company" in any basis period beginning on or after 1st April 2013, then this section shall not apply to the company in any subsequent basis period, even if it satisfies the definition in that subsequent basis period.".

## Amendment of section 14

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

(*a*) by deleting the semi-colon at the end of subsection (1)(*e*) and substituting a colon, and by inserting immediately thereafter the following proviso:

"And provided that no deduction shall be allowed in respect of any contribution or part thereof to a pension or provident fund constituted outside Singapore made in respect of an employee, if the employee has been exempted from tax on such contribution or part thereof under section 13N;";

(*b*) by deleting the words "specified percentage of the total remuneration of his employees" in subsections (5) (7th and 8th lines) and (6) (6th and 7th lines) and substituting in each case the words "maximum allowable amount";

(*c*) by deleting the words "specified percentage" in the 1st and 2nd lines of subsection (6A) and substituting the words "maximum allowable amount in the basis period";

(*d*) by deleting the words "in the case of an employer who has" in subsection (6A)(*a*) and substituting the words "of the total remuneration of the employer's employees in that basis period in a case where the employer has";

(*e*) by deleting paragraph (*b*) of subsection (6A) and substituting the following paragraph:

"(*b*) in any other case, the amount determined in accordance with the formula in subsection (6B).";

(*f*) by deleting subsection (6B) and substituting the following subsections:

"(6B) For the purpose of subsection (6A)(*b*), the maximum allowable amount in any basis period shall be ascertained —

(*a*) where the total amount of expenses incurred by the employer in providing qualifying insurance in that basis period is nil, in accordance with the formula

$$A + B,$$

where A is the lower of —

(i) the total amount of medical expenses incurred by the employer for his employees in that basis period (excluding the total amount of general contributions made by the employer); and

(ii) 1% of the total remuneration of his employees in that basis period; and

B is the lower of —

(i) the total amount of general contributions made by the employer in that basis period; and

(ii) the difference between 2% of the total remuneration of his employees in that basis period and A; and

(*b*) where the total amount of expenses incurred by the employer in providing qualifying insurance in that basis period is not nil, in accordance with the formula

C + D,

where C is the lower of —

(i) the total amount of expenses incurred by the employer in providing riders for his employees in that basis period; and

(ii) 1% of the total remuneration of his employees in that basis period; and

D is the lower of —

(i) the total amount of medical expenses incurred by the employer for his employees in that basis period (excluding the total amount of expenses incurred by the employer in providing riders for his employees); and

(ii) the difference between 2% of the total remuneration of his employees in that basis period and C.

(6C) For the purpose of subsection (6B), a reference to expenses incurred by an employer in providing qualifying insurance excludes any reimbursement in cash by the employer of the employee for payment by the employee of premiums on such qualifying insurance.";

(*g*) by deleting the words "subsections (5) and (6)" in subsection (7) and substituting the words "subsections (5), (6) and (6B)";

(*h*) by inserting, immediately before the definition of "gross rate of pay" in subsection (8), the following definitions:

" "co-payment" means the part of the amount of any claim, after deducting the deductible, which a person insured under the MediShield Scheme or an integrated medical insurance plan has to bear under the Scheme or plan;

"deductible" means the amount of any claim which a person insured under the MediShield Scheme or an integrated medical insurance plan has to bear before the insurer becomes liable to make payment under the Scheme or plan;

"general contribution" means any contribution falling within subsection (1)(*f*) which is not —

(*a*) a contribution falling within subsection (6A)(*a*)(i); or

(*b*) a sum paid by an employer to the medisave account maintained under the Central Provident Fund Act (Cap. 36) in respect of any of his employees as reimbursement of the employee for premiums paid or payable by the employee on a qualifying insurance;";

(*i*) by inserting, immediately after the definition of "gross rate of pay" in subsection (8), the following definition:

" "integrated medical insurance plan" has the same meaning as in the regulations made under section 77(1)(*k*) of the Central Provident Fund Act (Cap. 36);";

(*j*) by inserting, immediately after the definition of "medical treatment" in subsection (8), the following definition:

" "MediShield Scheme" means the MediShield Scheme established and maintained under section 53 of the Central Provident Fund Act;";

(*k*) by inserting, immediately after the definition of "part-time employee" in subsection (8), the following definition:

" "qualifying insurance", in relation to any basis period of an employer, means medical insurance under the

MediShield Scheme or an integrated medical insurance plan that is provided by an employer to employees to cover the cost of medical treatment of —

(*a*) at least 20% of the number of local employees who are employed by the employer as at the first day of the basis period; and

(*b*) every local employee who commences his employment with the employer during the basis period,

for every calendar month or part thereof in the basis period that the employees are employed by the employer;"; and

(*l*) by inserting, immediately after the definition of "remuneration" in subsection (8), the following definition:

" "rider" means any insurance under which the insurer of the rider is liable to pay in full or in part the deductible or co-payment relating to the MediShield Scheme or an integrated medical insurance plan;".

**Amendment of section 14D**

**20.** Section 14D of the principal Act is amended —

(*a*) by deleting the words "a manufacturing trade or business or a trade or business for the provision of any services" in subsection (1) and substituting the words "any trade or business and subject to subsection (4)";

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

"(*aa*) expenditure incurred during the basis period for any year of assessment between the year of assessment 2009 and the year of assessment 2013 (both years inclusive) on research and development undertaken in Singapore directly by him and not related to that trade or business (except to the extent that it is capital expenditure on plant, machinery, land or buildings or on alterations, additions or extensions to buildings or

in the acquisition of rights in or arising out of research and development);";

(*c*) by inserting, immediately after the words "on his behalf" in subsection (1)(*b*), the words "in Singapore";

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

"(*c*) payments made during the basis period for any year of assessment between the year of assessment 2009 and the year of assessment 2013 (both years inclusive) by that person to a research and development organisation for undertaking on his behalf in Singapore research and development not related to that trade or business; and

(*d*) payments made by that person to a research and development organisation for undertaking on his behalf outside Singapore research and development related to that trade or business.";

(*e*) by deleting the words "If the research and development organisation referred to in subsection (1)(*b*) is outside Singapore" in subsection (3) and substituting the words "For the purposes of subsection (1)(*d*)"; and

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

"(4) The deduction of the expenditure and payments referred to in subsection (1)(*aa*) and (*c*) shall be made in accordance with the following provisions:

(*a*) if the person derives from the trade or business carried on by him both normal income and concessionary income, the amount of the expenditure or payments shall so far as possible be deducted against the normal income, and any remaining balance of the amount shall be treated as part of the unabsorbed losses in respect of the normal income to be deducted against the concessionary income in accordance with section 37B;

(*b*) if the concessionary income referred to in paragraph (*a*) is subject to tax at 2 or more concessionary rates of tax, the deduction under section 37B of the remaining balance referred to in that paragraph shall so far as possible be made against the part of the concessionary income that is subject to tax at the higher or highest concessionary rate of tax, and the deduction under section 37B of any remaining balance shall so far as possible be made against the part of the concessionary income that is subject to tax at the lower or next lowest concessionary rate of tax, and so on;

(*c*) if the person derives from the trade or business only concessionary income which is subject to tax at a single concessionary rate of tax, a specified amount of the expenditure or payments shall be deducted against the concessionary income;

(*d*) if the person derives from the trade or business only concessionary income which is subject to tax at 2 or more concessionary rates of tax, a specified amount of the expenditure or payments shall so far as possible be deducted against the part of the concessionary income that is subject to the higher or highest concessionary rate of tax, and any remaining balance of the specified amount shall be treated as part of the unabsorbed losses in respect of that part of the concessionary income that is subject to the higher or highest concessionary rate of tax, to be deducted in accordance with section 37B against the rest of the concessionary income;

(*e*) if the rest of the concessionary income referred to in paragraph (*d*) is subject to tax at 2 or more concessionary rates of tax, then paragraph (*b*) shall apply, with the necessary modifications, to the last-mentioned deduction in paragraph (*d*).

(5) In this section —

"concessionary income" means income that is subject to tax at a concessionary rate of tax;

"concessionary rate of tax" has the same meaning as in section 14C;

"normal income" means income that is subject to tax at the rate of tax specified in section 43(1)(*a*);

"specified amount", in relation to any expenditure or payments, means an amount computed in accordance with the formula

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

where A is the amount of the expenditure or payments;

B is the rate of tax specified in section 43(1)(*a*); and

C is —

(*a*) in a case where the concessionary income derived by the person from the trade or business carried on by him is subject to tax at a single concessionary rate of tax, that rate; or

(*b*) in a case where the concessionary income derived by the person from the trade or business carried on by him is subject to tax at 2 or more concessionary rates of tax, the higher or highest of those rates.".

**New section 14DA**

**21**. The principal Act is amended by inserting, immediately after section 14D, the following section:

"**Enhanced deduction for qualifying expenditure on research and development**

**14DA.**—(1) Subject to this section, for the purpose of ascertaining the income of any person carrying on any trade or business during the basis period for any year of assessment between the year of assessment 2009 and the year of assessment 2013 (both years inclusive), the following amounts shall be allowed as a deduction in addition to the deduction allowed under section 14D:

(*a*) 50% of the qualifying expenditure incurred during the basis period on research and development undertaken in Singapore directly by him (except to the extent that it is capital expenditure on plant, machinery, land or buildings or on alterations, additions or extensions to buildings or in the acquisition of rights in or arising out of research and development); and

(*b*) a specified percentage of all payments made during the basis period by that person to a research and development organisation for undertaking research and development in Singapore on his behalf.

(2) Section 14D(4) and (5) shall apply in relation to the deduction of the expenditure and payments referred to in subsection (1)(*a*) and (*b*) for research and development that is not related to the trade or business carried on by the person, as they apply in relation to the deduction of the expenditure and payments referred to in section 14D(1)(*aa*) and (*c*), subject to the following modifications:

(*a*) a reference to the amount of the expenditure or payments is a reference to the percentage of the expenditure or payments referred to in subsection (1)(*a*) or (*b*) (as the case may be); and

(*b*) a reference to a specified amount of the expenditure or payments in section 14D(4) is a reference to an amount computed in accordance with the following formula:

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

where A is the percentage of the expenditure or payments referred to in subsection (1)(*a*) or (*b*) (as the case may be);

B is the rate of tax specified in section 43(1)(*a*); and

C is —

(i) in a case where the concessionary income (as defined in section 14D(5)) derived by the person from the trade or business carried on by him is subject to tax at a single concessionary rate of tax, that rate; or

(ii) in a case where the concessionary income derived by the person from the trade or business carried on by him is subject to tax at 2 or more concessionary rates of tax, the higher or highest of those rates.

(3) In this section —

"consumables" means any materials or items used in the research and development which, upon such use, are consumed or transformed in such a manner that they are no longer useable in their original form, but does not include utilities;

"qualifying expenditure" means any expenditure attributable to the research and development that is incurred on —

(*a*) staff costs;

(*b*) consumables; or

(*c*) such other matter as the Minister may prescribe by regulations,

but does not include any expenditure to the extent it is subsidised by Government grants or subsidies;

"specified percentage", in relation to all payments made during the basis period by any person to a research and development organisation for undertaking research and development in Singapore on his behalf, means —

(*a*) where more than 60% of all such payments made are qualifying expenditure, a percentage ascertained in accordance with the formula

$$0.5 \times D,$$

where D is the percentage of all such payments made which are qualifying expenditures; or

(*b*) in all other cases, 30%;

"staff costs" means any salary, wages and other benefits paid or granted in respect of employment (excluding director's fees), whether in money or otherwise, to any employee for carrying out the research and development, and includes —

(*a*) expenses incurred for training or certifying the employee for the purpose of carrying out the research and development; and

(*b*) such other expenses as may be prescribed.".

**Amendment of section 14E**

**22.** Section 14E of the principal Act is amended —

(*a*) by deleting the words "a manufacturing trade or business, or a trade or business for the provision of any services" in subsection (1)(*a*) and substituting the words "any trade or business";

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

"(*aa*) a person carrying on any trade or business has incurred during the basis period for any year of assessment between the year of assessment 2009 and the year of assessment 2013 (both years inclusive) expenditure in undertaking directly by himself, or in paying a research and development organisation to undertake on his behalf, an approved research and development project in Singapore which is not related to that trade or business; or";

(*c*) by deleting the words "under section 14 or 14D" in the last line of subsection (1) and substituting the words "under section 14, 14D or 14DA, as the case may be"; and

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

"(3A) The total amount of deduction allowed under this section and sections 14, 14D and 14DA in respect of any expenditure incurred by a person for an approved research and development project in Singapore shall not exceed 200% of such expenditure incurred.

(3B) Section 14D(4) and (5) shall apply in relation to the deduction of the expenditure and payments referred to in subsection (1)(*aa*), as they apply in relation to the deduction of

the expenditure and payments referred to in section 14D(1)(*aa*) and (*c*), subject to the following modifications:

(*a*) a reference to the amount of the expenditure or payments is a reference to the amount of deduction that would have been allowed under this section for the expenditure or payments referred to in subsection (1)(*aa*) but for this subsection;

(*b*) a reference to a specified amount of the expenditure or payments is a reference to an amount computed in accordance with the following formula:

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

where A is the amount of the deduction referred to in paragraph (*a*);

B is the rate of tax specified in section 43(1)(*a*); and

C is —

(i) in a case where the concessionary income (as defined in section 14D(5)) derived by the person from the trade or business carried on by him is subject to tax at a single concessionary rate of tax, that rate; or

(ii) in a case where the concessionary income derived by the person from the trade or business carried on by him is subject to tax at 2 or more concessionary rates of tax, the higher or highest of those rates.".

**Amendment of section 14P**

**23.** Section 14P of the principal Act is amended —

(*a*) by deleting the words "subsection (3)" in the penultimate line of subsection (8)(*b*) and substituting the words "subsection (8A)"; and

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

"(8A) For the purpose of subsection (8)(*b*), the amount equal to the cost to the holding company of acquiring the treasury shares transferred to a person shall be determined —

(*a*) in accordance with subsection (3); or

(*b*) where the holding company is incorporated outside Singapore and the following conditions are satisfied, on the basis that the treasury shares acquired by the holding company at the latest point in time are deemed to be transferred first:

(i) the basis is in accordance with the accounting policy of the group of companies of which the holding company is a member;

(ii) if there are applicable accounting principles which are generally accepted in the country in which the holding company is incorporated, the basis is in accordance with those principles;

(iii) the basis is consistently adopted by the holding company unless otherwise allowed by the Comptroller; and

(iv) the Comptroller is satisfied that the basis is not adopted for the purposes of deriving any tax benefit or obtaining any tax advantage.".

**New section 14Q**

**24.** The principal Act is amended by inserting, immediately after section 14P, the following section:

"**Deduction for renovation or refurbishment expenditure**

**14Q.**—(1) Subject to this section, where any person carrying on a trade, profession or business has incurred during the period from 16th February 2008 to 15th February 2013 (both dates inclusive), expenditure on any renovation or refurbishment works for the purposes of that trade, profession or business (referred to in this section as renovation or refurbishment expenditure), he may claim a

deduction in respect of the renovation or refurbishment expenditure in accordance with this section.

(2) Any claim for renovation or refurbishment expenditure under this section shall be made at the time of lodgment of the return of income for the year of assessment relating to the basis period in which the expenditure is incurred or within such further time as the Comptroller may, in his discretion, allow.

(3) For the purposes of subsection (1) and subject to subsections (7), (8) and (9), a deduction is allowed for one-third of the renovation or refurbishment expenditure for the basis period in which the expenditure was incurred and the balance is to be allowed by 2 equal deductions, one for each of the basis periods for the next 2 succeeding years of assessment.

(4) For the purposes of this section, any renovation or refurbishment expenditure incurred by any person prior to the commencement of his trade, profession or business shall be deemed to have been incurred by that person on the first day he carries on that trade, profession or business.

(5) Where it appears to the Comptroller that a deduction under this section which has been allowed to any person in any year of assessment ought not to have been allowed by virtue of subsection (9)(*a*), there shall be deemed to be income of the person chargeable to tax, for the year of assessment in which the Comptroller discovers the incorrect claim, an amount equal to such deduction.

(6) A deduction under this section shall be made against income from the trade, profession or business for which the renovation or refurbishment expenditure was incurred after all other deductions under this Part have been allowed.

(7) A person shall not be entitled to —

(*a*) a deduction for renovation or refurbishment expenditure under this section where a deduction or an allowance for that expenditure is allowed under any other provision of this Act;

(*b*) a deduction for renovation or refurbishment expenditure under this section in any basis period subsequent to the basis period in which the person permanently ceases the trade,

profession or business for which purpose the expenditure was incurred;

(*c*) a deduction for any amount of renovation or refurbishment expenditure incurred by a person during a specified period that is in excess of $150,000 of such expenditure; or

(*d*) in the case of a partner of a partnership carrying on a trade, business or profession, a deduction for any amount of renovation or refurbishment expenditure incurred by the partnership during a specified period that is in excess of $150,000 of such expenditure.

(8) In subsection (7)(*c*) and (*d*), "specified period" means —

(*a*) in the case of subsection (7)(*c*), a period of 3 consecutive basis periods beginning with the basis period for the year of assessment in which a deduction is first allowed to the person under this section, or any successive period of 3 consecutive basis periods; or

(*b*) in the case of subsection (7)(*d*), a period of 3 consecutive basis periods beginning with the basis period for the year of assessment in which a deduction is first allowed under this section to any partner of the partnership for renovation or refurbishment expenditure incurred by the partnership, or any successive period of 3 consecutive basis periods.

(9) No deduction shall be allowed to a person under this section for any renovation or refurbishment expenditure relating to —

(*a*) unless otherwise approved by the Minister or such person as he may appoint, any renovation or refurbishment works, the plans of which require the approval of the Commissioner of Building Control under the Building Control Act (Cap. 29);

(*b*) any designer or professional fees;

(*c*) any antique;

(*d*) any type of fine art, including any painting, drawing, print, calligraphy, mosaic, sculpture, pottery or art installation; and

(*e*) such other item as may be prescribed by the Minister by regulations.".

**Amendment of section 15**

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

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

"(*i*) any payment to any provident, savings, widows' and orphans' or other society or fund, including the Supplementary Retirement Scheme, except —

(i) such payment made by an employer on his employee's behalf to the Central Provident Fund that are obligatory under the Central Provident Fund Act (Cap. 36);

(ii) such payment made by an employer on his employee's behalf to the retirement account or special account of that employee in accordance with section 18 of the Central Provident Fund Act;

(iii) such payment made by an employer on his employee's behalf to the SRS account of that employee up to the amount of the SRS contribution cap applicable to that employee as determined in accordance with regulations made under section 10L(11); and

(iv) such payments as are allowed under section 14(1)(*e*) and (*f*);"; and

(*b*) by deleting the words "14D, 14E, 14F, 14H, 14I, 14K, 14M, 14N, 14O or 14P" in subsection (2) and substituting the words "14D, 14DA, 14E, 14F, 14H, 14I, 14K, 14M, 14N, 14O, 14P or 14Q".

**Amendment of section 19**

**26.** Section 19 of the principal Act is amended by inserting, immediately after subsection (7), the following subsections:

"(8) Subject to subsection (9), this section shall, with the necessary modifications, apply to a person carrying on any trade or business who incurs during the basis period for any year of assessment between the year of assessment 2009 and the year of assessment 2013

(both years inclusive) capital expenditure on the provision of machinery or plant for any research and development undertaken by him directly in Singapore or by a research and development organisation on his behalf in Singapore, even though the machinery or plant is not for the purposes of that trade or business.

(9) Section 14D(4) and (5) shall apply in relation to the allowance for the capital expenditure referred to in subsection (8) as they apply in relation to the deduction of the expenditure and payments referred to in section 14D(1)(*aa*) and (*c*), subject to the following modifications:

(*a*) a reference to the amount of the expenditure or payments is a reference to the amount of the allowance;

(*b*) a reference to unabsorbed losses is a reference to unabsorbed allowances; and

(*c*) a reference to a specified amount of the expenditure or payments is a reference to an amount computed in accordance with the following formula:

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

where A is the amount of allowance that could have been made against the income of the person under subsection (8) if the income had been subject to tax at the rate specified in section 43(1)(*a*);

B is the rate of tax specified in section 43(1)(*a*); and

C is —

(i) in a case where the concessionary income (as defined in section 14D(5)) derived by the person from the trade or business carried on by him is subject to tax at a single concessionary rate of tax, that rate; or

(ii) in a case where the concessionary income derived by the person from the trade or business carried on by him is subject to tax at 2 or more concessionary rates of tax, the higher or highest of those rates.”.

**Amendment of section 19A**

**27.** Section 19A of the principal Act is amended by inserting, immediately after subsection (14A), the following subsections:

"(14B) Subject to subsection (14C), this section (other than subsections (2) to (10C)) shall, with the necessary modifications, apply to a person carrying on any trade or business who incurs during the basis period for any year of assessment between the year of assessment 2009 and the year of assessment 2013 (both years inclusive) capital expenditure on the provision of machinery or plant for any research and development undertaken by him directly in Singapore or by a research and development organisation on his behalf in Singapore, even though the machinery or plant is not for the purpose of that trade or business.

(14C) Section 14D(4) and (5) shall apply in relation to the allowance for the capital expenditure referred to in subsection (14B) as they apply in relation to the deduction of the expenditure and payments referred to in section 14D(1)(*aa*) and (*c*), subject to the following modifications:

(*a*) a reference to the amount of the expenditure or payments is a reference to the amount of the allowance;

(*b*) a reference to unabsorbed losses is a reference to unabsorbed allowances; and

(*c*) a reference to a specified amount of the expenditure or payments is a reference to an amount computed in accordance with the following formula:

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

where A is the amount of allowance that could have been made against the income of the person under subsection (14B) if the income had been subject to tax at the rate specified in section 43(1)(*a*);

B is the rate of tax specified in section 43(1)(*a*); and

C is —

(i) in a case where the concessionary income (as defined in section 14D(5)) derived by the

person from the trade or business carried on by him is subject to tax at a single concessionary rate of tax, that rate; or

(ii) in a case where the concessionary income derived by the person from the trade or business carried on by him is subject to tax at 2 or more concessionary rates of tax, the higher or highest of those rates.".

**Amendment of section 19B**

**28.** Section 19B of the principal Act is amended —

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

"(10A) No writing-down allowance under subsection (1) shall be made for any capital expenditure incurred by a company referred to in subsection (1) in acquiring intellectual property rights from —

(*a*) its related party —

(i) to whom any deduction has been allowed under section 14, 14D, 14DA or 14E for any outgoing, expense or payment incurred for any activity which resulted in the creation of the intellectual property; and

(ii) whose proceeds from the sale, transfer or assignment of those intellectual property rights to the company are not chargeable to tax; or

(*b*) its related party who acquired the rights, directly or indirectly, from a related party of the company referred to in paragraph (*a*).

(10B) The Minister may by order exempt a company from subsection (10A) in respect of such transaction as may be specified in the order."; and

(*b*) by deleting the full-stop at the end of the definition of "intellectual property rights" in subsection (11) and substituting a semi-colon, and by inserting immediately thereafter the following definition:

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

**Amendment of section 20**

**29.** Section 20 of the principal Act is amended —

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

"(*b*) while continuing to belong to that person —

(i) in a case where the machinery or plant which —

(A) was provided for any research and development undertaken by him directly in Singapore or by a research and development organisation on his behalf in Singapore; and

(B) was not provided for the purpose of a trade or business carried on by him,

permanently ceases to be used for any research and development undertaken by him directly in Singapore or by a research and development organisation on his behalf in Singapore, and is not used for the purpose of a trade, profession or business carried on by him; or

(ii) in any other case, permanently ceases to be used for the purpose of a trade, profession or business carried on by him in Singapore (whether by reason of the discontinuance of the trade, profession or business, or discontinuance of use of such machinery or plant in a trade, profession or business which continues to be carried on in Singapore),";

(*b*) by inserting, immediately after the words "in Singapore," in subsection (2), the words "or (as the case may be) for the purpose of any research and development undertaken by him directly in Singapore or by a research and development organisation on his behalf in Singapore,"; and

(*c*) by inserting, immediately after subsection (6A), the following subsections:

"(6B) Section 14D(4) and (5) shall apply in relation to the balancing allowance to be made to a person under subsection (1)(*b*)(i) as they apply in relation to the deduction of the expenditure and payments referred to in section 14D(1)(*aa*) and (*c*), subject to the following modifications:

(*a*) a reference to the amount of the expenditure or payments is a reference to the amount of the balancing allowance;

(*b*) a reference to unabsorbed losses is a reference to unabsorbed allowances; and

(*c*) a reference to a specified amount of the expenditure or payments is a reference to an amount computed in accordance with the following formula:

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

where A is the amount of the balancing allowance that could have been made against the income of the person under subsection (1)(*b*)(i) if the income had been subject to tax at the rate specified in section 43(1)(*a*);

B is the rate of tax specified in section 43(1)(*a*); and

C is —

(i) in a case where the concessionary income (as defined in section 14D(5)) derived by the person from the trade or business carried on by him is subject to tax at a single concessionary rate of tax, that rate; or

(ii) in a case where the concessionary income derived by the person from the trade or business carried on by him is subject to

tax at 2 or more concessionary rates of tax, the higher or highest of those rates.

(6C) Notwithstanding anything in this Act or the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86), where a balancing charge falls to be made on a person under subsection (1)(*b*)(i), the amount of the charge shall be deemed to be income of that person that is chargeable to tax at the rate of tax specified in section 43(1)(*a*).".

**Amendment of section 36**

**30.** Section 36 of the principal Act is amended by inserting, immediately after subsection (1), the following subsections:

"(1A) Sections 13H, 13S, 19B, 43Y and 43ZA shall apply to a partnership as they apply to a company with such modifications and exceptions as may be prescribed by the Minister by regulations.

(1B) Sections 14E and 19C shall, notwithstanding anything in those sections, apply to a partnership with such modifications and exceptions as may be prescribed by the Minister by regulations.

(1C) Regulations under subsections (1A) and (1B) may make provision —

(*a*) for the manner in which a concessionary rate of tax under sections 13H, 43Y and 43ZA may be accorded to a partner of a partnership being an individual;

(*b*) in a case where any deduction, writing-down allowance, exemption or concessionary rate of tax ought not to have been allowed to a partner of a partnership due to non-compliance with any condition imposed on the partnership, for the recovery from the partner —

(i) if the partner is a company, of the amount of tax which would otherwise have been payable; or

(ii) if the partner is an individual, of an amount to be computed in the prescribed manner;

(*c*) for the recovery of the amount referred to in paragraph (*b*) by deeming a specified amount as the income of the partner for the year of assessment in which the Comptroller

discovers the non-compliance referred to in that paragraph; and

(*d*) generally to give effect to or for carrying out the purposes of those sections as they apply to a partnership.".

**Amendment of section 37**

**31.** Section 37 of the principal Act is amended —

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

"(*c*) an amount equivalent to twice the amount of any donation of money made by him in the year preceding the year of assessment to —

(i) the Government; or

(ii) any institution of a public character, whether made directly to the institution or indirectly through any grant-making philanthropic organisation registered by the Comptroller for the purpose of this sub-paragraph;"; and

(*b*) by inserting, immediately after subsection (18), the following subsections:

"(18A) For the purposes of subsection (3)(*c*)(ii), the Minister may make regulations with respect to the following matters:

(*a*) the registration of a grant-making philanthropic organisation;

(*b*) the deregistration of an organisation referred to in paragraph (*a*);

(*c*) the issue of tax deduction receipts and maintenance of records and accounts by a registered grant-making philanthropic organisation for donations received by it and the audit of such records and accounts;

(*d*) the requirements to be complied with by a registered grant-making philanthropic organisation;

(*e*) any other matter for giving full effect to or for carrying out the purposes of that provision.

(18B) Where a registered grant-making philanthropic organisation contravenes any regulation made under subsection (18A), being a regulation prescribed as one to which this subsection applies —

(*a*) the organisation shall be liable to pay to the Comptroller a financial penalty of the higher of $100 and the amount ascertained by the formula

0.4 x the total amount of the donation to which the contravention relates; and

(*b*) the Minister or such person as he may appoint may deregister the organisation.

(18C) Notwithstanding anything to the contrary in this Act or any other written law, a registered grant-making philanthropic organisation shall keep and retain in safe custody all records and accounts in respect of any donation maintained under regulations made under subsection (18A), for a period of 7 years or such period as may be prescribed by regulations from the year of assessment relating to the year in which the donation is received by the organisation.

(18D) In subsection (3)(*c*)(ii), "grant-making philanthropic organisation" means —

(*a*) a charity registered or exempt from registration under the Charities Act (Cap. 37); or

(*b*) a not-for-profit organisation approved under section 13U.".

**Amendment of section 37C**

**32.** Section 37C of the principal Act is amended —

(*a*) by deleting the word "and" at the end of subsection (15)(*c*);

(*b*) by deleting the full-stop at the end of paragraph (*d*) of subsection (15) and substituting the word "; and", and by inserting immediately thereafter the following paragraphs:

"(*e*) any company, in respect of qualifying deductions under subsection (14)(*b*) relating to any loss arising from any unutilised deduction under section 14Q; and

(*f*) any qualifying start-up company, in respect of qualifying deductions under subsection (14)(*b*) relating to any loss incurred by the company for which any cash grant is given under section 37H.";

(*c*) by inserting, immediately after the words "deducting any" in the definition of "assessable income" in subsection (19), the words "deduction allowed under section 37G and"; and

(*d*) by inserting, immediately after the definition of "ordinary share" in subsection (19), the following definition:

" "qualifying start-up company" has the same meaning as in section 37H;".

**Amendment of section 37E**

**33.** Section 37E(17) of the principal Act is amended by inserting, immediately after the words "deducting any" in paragraph (*a*) of the definition of "assessable income", the words "deduction allowed under section 37G,".

**New sections 37G and 37H**

**34.** The principal Act is amended by inserting, immediately after section 37F, the following sections:

"**Deduction for incremental expenditure on research and development**

**37G.**—(1) Subject to this section, where any company incurs during the basis period for any year of assessment between the year of assessment 2010 and the year of assessment 2016 (both years inclusive) any incremental qualifying research and development expenditure, then there shall be allowed to that company, on due claim, a deduction against its assessable income computed in accordance with this section.

(2) For the purposes of this section, the company shall keep an account to be known as its research and development account.

(3) If —

(*a*) the company derives any income chargeable to tax under this Act during the basis period for any year of assessment

between the year of assessment 2009 and the year of assessment 2013 (both years inclusive); and

(*b*) the amount standing to its research and development account on the last day of that basis period is less than $450,000,

then there shall be credited to the research and development account on the last day of that basis period the lowest of —

(i) an amount computed in accordance with the specified formula;

(ii) the difference between $450,000 and the amount standing to the research and development account on the last day of that basis period; and

(iii) $150,000.

(4) For the purposes of subsection (3), the specified formula means —

$$(A - B - C - D - E) \times 50\%,$$

where A is the assessable income of the company for the year of assessment;

B is the amount of deduction allowed against the assessable income of the company under subsection (5) for the year of assessment (if applicable);

C is the amount of investment allowance deducted under Part X of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86) against the chargeable income of the company for the year of assessment (if any);

D is the amount of qualifying deduction transferred to the company under section 37C (if any) and qualifying deduction allowed to the company under section 37E for the year of assessment (if any); and

E is the amount of income of the company not charged to tax under section 43(6) or (6A) for the year of assessment.

(5) Where on the first day of the basis period for any year of assessment between the year of assessment 2010 and the year of assessment 2016 (both years inclusive), the research and development account of the company is in credit, and —

(*a*) the company has assessable income for that year of assessment; and

(*b*) the company has incurred incremental qualifying research and development expenditure during that basis period,

then there shall be deducted from the assessable income of the company for that year of assessment an amount equal to the lowest of —

(i) the incremental qualifying research and development expenditure incurred by that company during the basis period;

(ii) the amount of credit standing in the research and development account as at the first day of the basis period; and

(iii) the assessable income of the company for that year of assessment.

(6) As soon as an amount is deducted against the assessable income of a company under subsection (5), the research and development account shall be debited with such amount.

(7) Any deduction under this section shall so far as possible be made against the part of its assessable income that is subject to the highest rate of tax, and any remaining balance of the deduction shall so far as possible be made against the part of its assessable income that is subject to the next highest rate of tax, and so on.

(8) For the purpose of this section, the Minister may make regulations to give effect to or for carrying out the purposes of this section.

(9) A company to which a deduction has been given under this section shall deliver to the Comptroller a copy of the audited account made up to any date specified by him whenever called upon to do so by notice in writing.

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

"assessable income", in relation to a company for any year of assessment, means the remainder of its statutory income for the year of assessment after making the deductions under sections 37 and 37B;

"base qualifying research and development expenditure" means the amount of qualifying research and development expenditure incurred in the base year;

"base year" —

(*a*) in relation to a company incorporated in the basis period relating to the year of assessment 2009 or any subsequent year of assessment, means the basis period in which the company is incorporated; or

(*b*) in relation to any other company, means the basis period relating to the year of assessment 2008;

"incremental qualifying research and development expenditure", in relation to the basis period for any year of assessment, means the excess of qualifying research and development expenditure incurred during the basis period relating to the year of assessment over the base qualifying research and development expenditure;

"qualifying research and development expenditure" means any research and development expenditure which —

(*a*) qualifies for deduction under section 14D;

(*b*) is incurred in respect of research and development activities carried out in Singapore; and

(*c*) is not funded by any grant or subsidy from the Government.

**Cash grant for research and development expenditure for start-up company**

**37H.**—(1) Subject to this section and such conditions as may be prescribed by the Minister by regulations, a qualifying start-up company may apply to the Comptroller for any of its first 3 years of assessment falling between the year of assessment 2009 and the year of assessment 2013 (both years inclusive) for a cash grant of the specified amount, or $20,250, whichever is the lower, if the qualifying start-up company —

(*a*) has incurred at least $150,000 of qualifying research and development expenditure in the basis period relating to that year of assessment;

(*b*) where the qualifying start-up company has commenced any trade or business before or in the basis period relating to that year of assessment, has incurred any tax adjusted loss in that basis period; and

(*c*) carries on research and development in Singapore at the time the application under this section is made.

(2) An application made to the Comptroller under subsection (1) shall be —

(*a*) made at the time of lodgment by the qualifying start-up company of a return of its income for that year of assessment or within such earlier or extended time as the Comptroller may allow; and

(*b*) accompanied by a copy of the audited account of the qualifying start-up company for the basis period relating to that year of assessment, as well as such information and supporting documentation to be given in such form and manner as the Comptroller may specify.

(3) The specified amount for any year of assessment under subsection (1) shall be computed in accordance with the formula

$$A \times 9\%,$$

where A is —

(*a*) where the qualifying start-up company has not commenced any trade or business, the lower of —

(i) the sum total of qualifying research and development expenditure incurred by the company in the basis period relating to that year of assessment and any amounts described under section 14DA(1)(*a*) and (*b*) for that year of assessment; and

(ii) $225,000; or

(*b*) where the qualifying start-up company has commenced any trade or business, the lowest of —

(i) the tax adjusted loss of the company for the basis period relating to that year of assessment;

(ii) the sum total of qualifying research and development expenditure incurred by the company in the basis period relating to that year of assessment and any amounts described under section 14DA(1)(*a*) and (*b*) for that year of assessment; and

(iii) $225,000.

(4) Where any tax, duty, interest or penalty is due under this Act, the Goods and Services Tax Act (Cap. 117A), the Property Tax Act (Cap. 254) or the Stamp Duties Act (Cap. 312) by the qualifying start-up company to the Comptroller of Income Tax, Comptroller of Goods and Services Tax, Comptroller of Property Tax or Commissioner of Stamp Duties, as the case may be, the amount of cash grant payable by the Comptroller to the company shall be reduced by the amount so due.

(5) Any amount reduced under subsection (4) shall be deemed to be tax, duty, interest or penalty paid by the qualifying start-up company under the relevant Act and shall (if it is due under an Act other than this Act) be paid by the Comptroller to the Comptroller of Goods and Services Tax, Comptroller of Property Tax or Commissioner of Stamp Duties, as the case may be.

(6) For the purposes of sections 14D(2) and 37(3)(*a*), the expenditure and loss incurred by a qualifying start-up company shall be reduced by the amount in respect of which a cash grant has been given to the company under subsection (1).

(7) Where a qualifying start-up company has not commenced any trade or business, any amount of expenditure in respect of which a cash grant has not been given to that company under subsection (1) shall not qualify for any cash grant under that subsection in any subsequent year of assessment.

(8) Where a company has received an amount under subsection (1) —

(*a*) without having satisfied all of the requirements in that subsection; or

(*b*) that is in excess of that which may be given to it under this section,

such amount shall be recoverable by the Comptroller from the company as a debt due to the Government.

(9) The amount recoverable under subsection (8) shall be payable at the place stated in a notice served by the Comptroller on the company within one month after the service of the notice.

(10) The Comptroller may, in his discretion and subject to such terms and conditions, including the imposition of interest, as he may impose, extend the time limit within which payment is to be made.

(11) Sections 87(1) and (2), 89(1) to (4) and 90 shall apply to the collection and recovery by the Comptroller of the amount recoverable under subsection (8) and any interest imposed under subsection (10) as they apply to the collection and recovery of tax, and for the purpose of such application, references in section 87(1) to the provisions of this Act relating to the collection and recovery of tax are references to sections 89(1) to (4) and 90.

(12) Where the Comptroller has recovered any amount under subsection (8), the amount of the expenditure or loss referred to in subsection (6) shall be increased by an amount determined in accordance with regulations made by the Minister under this subsection, unless disallowed by the Comptroller under subsection (13).

(13) The Comptroller may disallow the increase under subsection (12) if he is satisfied that the company has —

(*a*) provided the Comptroller with any information or document, in connection with an application under subsection (1), which is false or misleading in a material particular; or

(*b*) made use of any fraud, art or contrivance whatsoever or authorised the use of any such fraud, art or contrivance, in connection with an application under subsection (1).

(14) In this section —

"first 3 years of assessment", in relation to a qualifying start-up company, means the year of assessment relating to the basis period during which the company is incorporated in Singapore

and the 2 consecutive years of assessment immediately following that year of assessment;

"qualifying research and development expenditure" has the same meaning as in section 37G;

"qualifying start-up company" means any company —

(*a*) which is incorporated in Singapore;

(*b*) which has any of its first 3 years of assessment falling within the period from the year of assessment 2009 to the year of assessment 2013 (both years inclusive);

(*c*) which is resident in Singapore for the year of assessment for which the company makes an application under subsection (1);

(*d*) the total share capital of which is beneficially held directly by no more than 20 shareholders —

(i) all of whom are individuals throughout the basis period for the year of assessment for which the company makes an application under subsection (1); or

(ii) at least one of whom is an individual holding at least 10% of the total number of issued ordinary shares of the company throughout the basis period for the year of assessment for which the company makes an application under subsection (1);

"tax adjusted loss", in relation to a qualifying start-up company, means any loss in its trade or business —

(*a*) which is incurred in the basis period referred to in subsection (1)(*b*);

(*b*) which, had it been a profit, would have been assessable under this Act; and

(*c*) which is not deducted for the year of assessment to which the basis period relates because of insufficiency of statutory income of the qualifying start-up company.".

**Amendment of section 39**

**35**. Section 39 of the principal Act is amended —

(*a*) by inserting, immediately after "$3,500" wherever it appears in subsection (2)(*e*), the words "(if the year of assessment is 2008), or $5,500 (if the year of assessment is 2009 or a subsequent year of assessment)";

(*b*) by deleting the words "or professional" in the 2nd line of subsection (2)(*k*) and substituting the words ", professional or vocational";

(*c*) by deleting the words "subject to a maximum deduction of $3,500" in subsections (2)(*k*) (8th and 9th lines) and (12) (11th line) and substituting in each case the words "subject to subsection (12B)";

(*d*) by inserting, immediately after the words "has been allowed under" in the last line of subsection (2)(*k*), the words "subsection (12A) or";

(*e*) by inserting, immediately after the word "contributed" in the 1st line of subsection (2)(*o*), the words "by himself or by his employer on his behalf";

(*f*) by deleting the full-stop at the end of paragraph (*p*) of subsection (2) and substituting a semi-colon, and by inserting immediately thereafter the following paragraph:

"***Deduction for voluntary contribution to medisave account***

(*q*) has made a voluntary contribution to the Central Provident Fund up to the amount allowable under the Central Provident Fund Act (Cap. 36) and has directed an amount of such contribution that is within the medisave contribution ceiling prevailing at the time when the contribution was made, to be paid to his medisave account maintained under the Central Provident Fund Act (referred to in this paragraph as relevant contribution), there shall be allowed a deduction of the amount equal to

$$A - B,$$

where A is the amount of relevant contribution; and

B is the amount of relevant contribution that is allowed a deduction under paragraph (*h*).";

(*g*) by deleting the words "his, his spouse's, his sibling's, his parent's or his grandparent's retirement account" in the 5th and 6th lines of subsection (3) and substituting the words "his spouse's, his sibling's, his parent's or his grandparent's retirement account or special account";

(*h*) by inserting, immediately after the words "retirement account" in the 8th line of subsection (3), the words "or special account";

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

"(3A) In the case of an individual resident in Singapore in the year of assessment who is a citizen or permanent resident of Singapore and who or whose employer on his behalf, in the year preceding the year of assessment, has paid money to his retirement account or special account in accordance with section 18 of the Central Provident Fund Act (Cap. 36), there shall be allowed a deduction of the amount of such payment or $7,000, whichever is the less.";

(*j*) by deleting the words "his, his spouse's, his sibling's, his parent's and his grandparent's retirement accounts" in subsection (4) and substituting the words "his spouse's, his sibling's, his parent's and his grandparent's retirement accounts or special accounts";

(*k*) by deleting the words "subsection (3)" in subsection (5) and substituting the words "subsections (3) and (3A)";

(*l*) by deleting the words "subsection (2)(*k*)" in the 5th line of subsection (12) and substituting the words "subsections (2)(*k*) and (12A)";

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

"(12A) Where an individual has incurred in any year an amount on the fees (including examination, tuition and registration fees) of any course of study completed on or after 1st January 2008 or any seminar or conference attended on or after 1st January 2008 for the purpose of gaining an approved academic, professional or vocational qualification, there shall be allowed to him on due claim a deduction in respect of those

fees in a year of assessment subsequent to the year in which the fees were incurred, being —

(*a*) the first such year of assessment in which the assessable income of the individual exceeds $22,000; or

(*b*) the second subsequent year of assessment from the year of assessment relating to the year in which he completed the course or attended the seminar or conference for which the fees were incurred,

whichever is the earlier, subject to subsection (12B) and the following conditions:

(i) the individual is resident in Singapore in the year of assessment for which he makes the claim; and

(ii) no deduction of such amount has been allowed under subsection (2)(*k*) or section 14.

(12B) The total amount of deduction in respect of fees allowed to an individual for any year of assessment in respect of one or more courses of study, seminars or conferences under subsections (2)(*k*), (12) and (12A) shall not exceed $3,500.”; and

(*n*) by inserting, immediately after the definition of “approved” in subsection (13), the following definition:

“ “medisave contribution ceiling”, in relation to an individual, means the maximum amount directed by the Minister under section 13(6) of the Central Provident Fund Act;”.

**Amendment of section 40**

**36.** Section 40(1) of the principal Act is amended by deleting the words “and (12)” and substituting the words “, (12) and (12A)”.

**Amendment of section 42**

**37.** Section 42 of the principal Act is amended by deleting the words “31st December 2008” in subsections (6)(*b*)(ii), (*c*) and (*d*) and (7)(*a*), (*b*)(ii), (*c*) and (*d*) and substituting in each case the words “31st December 2013”.

**Amendment of section 42A**

**38**. Section 42A of the principal Act is amended —

(*a*) by deleting subsection (2A) and substituting the following subsections:

"(2A) Where an individual resident in Singapore has —

(*a*) a first child of the family born to him on or after 1st January 2008 who is legitimate at the time of the birth;

(*b*) an illegitimate first child of the family born to him on or after 1st January 2008 and the individual becomes lawfully married to the other natural parent of the child before the child reaches 6 years of age; or

(*c*) a first child of the family adopted by him under any written law relating to the adoption of children on or after 1st January 2008 and before the child reaches 6 years of age,

then there shall, in respect of that child, be allowed for the year of assessment immediately following the year of the birth in the case of paragraph (*a*), the year of marriage in the case of paragraph (*b*), or the year of the adoption in the case of paragraph (*c*), a rebate of $5,000 against the tax payable by that individual.

(2B) Where an individual resident in Singapore has —

(*a*) a fifth or subsequent child of the family born to him on or after 1st January 2008 who is legitimate at the time of the birth;

(*b*) an illegitimate fifth or subsequent child of the family born to him on or after 1st January 2008 and the individual becomes lawfully married to the other natural parent of the child before the child reaches 6 years of age; or

(*c*) a fifth or subsequent child of the family adopted by him under any written law relating to the adoption of children on or after 1st January 2008 and before the child reaches 6 years of age,

then there shall, in respect of that child, be allowed for the year of assessment immediately following the year of the birth in the case of paragraph (*a*), the year of marriage in the case of paragraph (*b*), or the year of the adoption in the case of paragraph (*c*), a rebate of $20,000 against the tax payable by that individual.

(2C) Where more than one individual is entitled to claim the rebate referred to in subsection (1), (2), (2A) or (2B), the rebate shall be apportioned between them in such proportion as they may agree or, in the absence of any agreement, in such manner as appears to the Comptroller to be reasonable.";

(*b*) by deleting the words "(1), (2) and (2A)" in subsection (3) and substituting the words "(1) to (2C)";

(*c*) by deleting the words "second, third or fourth" in subsection (4);

(*d*) by deleting subsection (10) and substituting the following subsections:

"(10) No rebate shall be allowed under this section for the year of assessment 2008 or a preceding year of assessment, in respect of a child who at the time of his birth or adoption or the marriage of his natural parents (as the case may be), has more than 3 other siblings who are members of the same household.

(10A) No rebate shall be allowed under this section in respect of a child who is adopted by an individual before the individual is married.";

(*e*) by inserting, immediately before the definition of "second child of the family" in subsection (11), the following definition:

" "first child of the family" means a child of the family who —

(*a*) is a citizen of Singapore at the time of his birth or adoption or the marriage of his natural parents (as the case may be), or within 12 months thereafter; and

(*b*) at the time of his birth, adoption or the marriage of his natural parents (as the case may be), has no other sibling who is a member of the same household;";

(*f*) by inserting, immediately after the definition of "fourth child of the family" in subsection (11), the following definition:

" "fifth or subsequent child of the family" means a child of the family who —

(*a*) is a citizen of Singapore at the time of his birth or adoption or the marriage of his natural parents (as the case may be), or within 12 months thereafter; and

(*b*) at the time of his birth, adoption or the marriage of his natural parents (as the case may be), has at least 4 other siblings who are members of the same household;"; and

(*g*) by deleting the section heading and substituting the following section heading:

"**Rebate for children of family**".

**Amendment of section 43**

**39.** Section 43(10) of the principal Act is amended by deleting the definition of "qualifying company" and substituting the following definition:

" "qualifying company" means a company incorporated in Singapore (other than a company limited by guarantee) which for each of the first 3 years of assessment is resident in Singapore for that year of assessment, and has its total share capital beneficially held directly by no more than 20 shareholders —

(*a*) all of whom are individuals throughout the basis period for that year of assessment; or

(*b*) at least one of whom is an individual holding at least 10% of the total number of issued ordinary shares of the company throughout the basis period for that year of assessment;".

**Amendment of section 43A**

**40.** Section 43A(2) of the principal Act is amended —

(*a*) by deleting the word "and" at the end of paragraph (*b*); and

(*b*) by deleting paragraph (*c*) and substituting the following paragraphs:

"(*c*) deduction of losses, capital allowances and donations otherwise than in accordance with this Act;

(*d*) circumstances in which any losses (including impairment loss recognised under FRS 39, as defined in section 34A) incurred in respect of any facility referred to in paragraph (*b*), and capital allowances and donations attributable to income from such facility which has been allowed as a deduction against any income chargeable to tax, may be deemed as income chargeable to tax (at such rate as may be prescribed) for a specified basis period;

(*e*) adjustment of any amount deemed as income chargeable to tax referred to in paragraph (*d*) for the specified basis period;

(*f*) circumstances in which any income from any facility referred to in paragraph (*b*) to be exempt from tax, may be adjusted for any basis period in which the income from such facility is derived;

(*g*) circumstances in which any impairment loss, bad debt or provision for doubtful debt in respect of any facility referred to in paragraph (*b*), which has previously been allowed as a deduction against any income chargeable to tax and which is subsequently reversed, recovered or written back, may be deemed as income chargeable to tax (at such rate as may be prescribed) for any basis period in which the reversal is recognised or the recovery or write back occurs; and

(*h*) generally for giving full effect to or for carrying out the purposes of this section.".

**Amendment of section 43N**

**41.** Section 43N of the principal Act is amended —

(*a*) by deleting the words "31st December 2008" in subsections (1)(*aa*)(ii), (*ab*) and (*ac*) and (2)(*a*), (*b*)(ii), (*c*) and (*d*) and substituting in each case the words "31st December 2013"; and

(*b*) by deleting the words "27th February 2008" in subsection (3)(*b*) and substituting the words "31st December 2013".

**New sections 43ZA to 43ZD**

**42.** The principal Act is amended by inserting, immediately after section 43Z, the following sections:

"**Concessionary rate of tax for container investment enterprise**

**43ZA.**—(1) Notwithstanding section 43 but subject to subsection (5), tax at the rate of 5% or 10% as the Minister (or such person as the Minister may appoint) may specify, shall be levied and paid for each year of assessment upon the income of an approved container investment enterprise accruing in or derived from Singapore from —

(*a*) the leasing of any container owned by the enterprise acquired before or during the period of approval of the enterprise referred to in subsection (4) and used for the international transportation of goods; and

(*b*) foreign exchange and risk management activities which are carried out in connection with and incidental to the leasing referred to in paragraph (*a*).

(2) Subsection (1) shall continue to apply to a container investment enterprise the approval of which has expired or been withdrawn, but which continues to derive income of the type referred to in subsection (1) in relation to a container acquired before or during the period of approval of the enterprise, provided that the enterprise has by the date of the expiry or before the withdrawal of its approval fulfilled all the conditions referred to in subsection (4), and any reference in this section to an approved container investment enterprise shall be construed accordingly.

(3) The Minister or such person as he may appoint may, at any time between 1st April 2008 and 28th February 2011, approve a container investment enterprise for the purposes of subsection (1).

(4) The approval under subsection (3) shall be subject to such conditions, and shall be for such period not exceeding 10 years, as the Minister may specify, except that the Minister may extend the period so specified for such further period or periods as he thinks fit.

(5) The Minister or such person as he may appoint may, in respect of any container or class of containers, specify a period not exceeding a period of 15 years, during which the income from the leasing of such container or class of containers is subject to the applicable concessionary tax rate under subsection (1).

(6) In determining the income of an approved container investment enterprise from the leasing of any container —

(*a*) the allowances under section 19, 19A, 20, 21, 22 or 23 shall be taken into account notwithstanding that no claim for those allowances has been made;

(*b*) the allowances under section 19, 19A, 20, 21, 22 or 23 in respect of finance leasing in any year of assessment shall be deducted against the income from such leasing for that year of assessment, and any balance of the allowances shall not, subject to paragraph (*c*), be available as a deduction against any other income or be available for transfer under section 37C;

(*c*) where the approved container investment enterprise ceases to derive income from finance leasing in the basis period for any year of assessment, any balance of the allowances in respect of finance leasing after the deduction against the income from such leasing shall be available as a deduction against any other income for that year of assessment and for any subsequent year of assessment in accordance with section 23; and

(*d*) the Comptroller shall determine the manner and extent to which —

(i) allowances under section 19, 19A, 20, 21, 22 or 23 and any expenses and donations allowable under this Act are to be deducted; and

(ii) any loss may be deducted under section 37.

(7) In this section —

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

"container" means a sea-container used for the international transportation of goods and that adheres to the standards defined by the Institute of International Container Lessors or the International Organization for Standardization for such sea container;

"container investment enterprise" means —

(*a*) a company incorporated and resident in Singapore; or

(*b*) a registered business trust;

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

"registered business trust" has the same meaning as in the Business Trusts Act (Cap. 31A).

(8) In this section, a reference to the leasing of a container excludes the leasing of a container which has been treated as though it had been sold pursuant to regulations made under section 10D(1).

**Concessionary rate of tax for container investment manager**

**43ZB.**—(1) Notwithstanding section 43, the Minister may by regulations provide that tax at the rate of 10% shall be levied and paid for each year of assessment upon such income as the Minister may specify of an approved container investment manager derived by it on or after 1st April 2008 from —

(*a*) managing an approved container investment enterprise; or

(*b*) such other services or activities carried out for an approved container investment enterprise as may be prescribed.

(2) Regulations made under subsection (1) may provide for the deduction of losses otherwise than in accordance with section 37(3).

(3) The concessionary rate of tax referred to in subsection (1) shall apply to an approved container investment manager subject to such conditions as the Minister or such person as he may appoint may impose.

(4) Approval may be granted under this section between 1st April 2008 and 28th February 2011.

(5) In this section —

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

"container investment enterprise" has the same meaning as in section 43ZA;

"container investment manager" means any company incorporated in Singapore.

**Concessionary rate of tax for approved insurance brokers**

**43ZC.**—(1) Notwithstanding section 43, the Minister may by regulations provide that tax at the rate of 10% shall be levied and paid for each year of assessment upon such income as the Minister may specify of an approved insurance broker derived by it on or after 1st April 2008 from —

(*a*) the provision of direct insurance broking or reinsurance broking to any insured person or person seeking insurance coverage —

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

(ii) who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore where the funds used by that person to finance the premiums, brokerage fees and any other fees paid or payable to the approved insurance broker are not obtained, directly or indirectly, from the operation; and

(*b*) the provision of risk advisory services and other advisory services relating to the insurance sector to any person —

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

(ii) who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore where the funds used by that person to finance the service fees paid or payable to the approved insurance broker are not obtained, directly or indirectly, from the operation.

(2) Regulations made under subsection (1) may provide for the deduction of losses otherwise than in accordance with section 37(3).

(3) The concessionary rate of tax referred to in subsection (1) shall apply to an approved insurance broker subject to such conditions as the Minister or such person as he may appoint may impose.

(4) Approval may be granted under this section between 1st April 2008 and 31st March 2013.

(5) In this section —

"approved insurance broker" means a company that is a direct insurance broker, general reinsurance broker or life reinsurance broker approved by the Minister or such person as he may appoint;

"direct insurance broker", "general reinsurance broker" and "life reinsurance broker" have the same meanings as in section 1A of the Insurance Act (Cap. 142).

**Concessionary rate of tax for income derived from managing qualifying registered business trust or company**

**43ZD.**—(1) Notwithstanding section 43, the Minister may by regulations provide that tax at the rate of 10% shall be levied and paid for each year of assessment upon the income derived on or after 1st April 2008 —

(*a*) by an approved trustee-manager of a qualifying registered business trust from providing services in such capacity in respect of such infrastructure asset or project situated outside Singapore as may be prescribed by regulations (referred to in this section as prescribed offshore infrastructure asset or project); and

(*b*) by an approved fund management company from —

(i) managing a qualifying company in respect of any prescribed offshore infrastructure asset or project; or

(ii) arranging, on behalf of a qualifying company, any loan of designated securities under a securities lending arrangement in writing to another qualifying company.

(2) Regulations made under subsection (1) may provide for the deduction of losses otherwise than in accordance with section 37(3).

(3) The concessionary rate of tax referred to in subsection (1) shall apply to an approved trustee-manager or fund management company subject to such conditions as the Minister or such person as he may appoint may impose.

(4) Approval may be granted under this section between 1st April 2008 and 31st December 2011.

(5) In this section —

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

"designated securities" means —

(*a*) stocks, shares, bonds or other securities, denominated in any foreign currency, issued by a company which is neither incorporated in Singapore nor resident in Singapore; or

(*b*) bonds denominated in any foreign currency issued by any foreign government;

"fund management company" means any company incorporated in Singapore;

"qualifying company", in relation to an approved fund management company, means any company incorporated in Singapore which —

(*a*) is listed or to be listed on any exchange in Singapore within one year from the date the approved fund management company is so approved; and

(*b*) owns any offshore infrastructure asset or any asset used in an offshore infrastructure project, or debt securities or

shares of any company that owns any offshore infrastructure asset or any asset used in an offshore infrastructure project;

"qualifying registered business trust", in relation to an approved trustee-manager, means any registered business trust which —

(*a*) is listed or to be listed on any exchange in Singapore within one year from the date the approved trustee-manager is so approved; and

(*b*) owns any offshore infrastructure asset or any asset used in an offshore infrastructure project, or debt securities or shares of any company that owns any offshore infrastructure asset or any asset used in an offshore infrastructure project;

"registered business trust" and "trustee-manager" have the same meanings as in the Business Trusts Act (Cap. 31A).".

**Amendment of section 45**

**43.** Section 45(9) of the principal Act is amended —

(*a*) by deleting the words "31st December 2008" in paragraph (*a*) and substituting the words "31st December 2013"; and

(*b*) by deleting the words "31st December 2008" in paragraph (*b*) and substituting the words "31st December 2011".

**Amendment of section 45A**

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

(*a*) by deleting the words "31st December 2008" in subsections (2)(*b*), (2A) and (2B)(*a*) and substituting in each case the words "31st December 2013"; and

(*b*) by deleting the words "31st December 2008" in subsection (2B)(*b*) and substituting the words "31st December 2011".

**Amendment of section 50A**

**45.** Section 50A of the principal Act is amended —

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

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

"(*f*) any income derived from any trade or business carried on in that territory through a permanent establishment in that territory;

(*g*) any discount or premium from debt securities or interest derived from that territory where the payment is not —

(i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore); or

(ii) deductible against any income accruing in or derived from Singapore;

(*h*) any rent or other income ancillary to the holding of immovable properties located in that territory but not including gains from the disposal of such immovable properties derived from a trade or business carried on in Singapore; and

(*i*) any gains or profits of an income nature not falling within any of the preceding paragraphs that is derived from that territory."; and

(*c*) by inserting, immediately after subsection (6), the following subsection:

"(7) In this section, "debt securities" has the same meaning as in section 43N(4).".

**Amendment of section 57**

**46.** Section 57 of the principal Act is amended —

(*a*) by deleting the word "him" in subsection (1B) and substituting the words "the agent";

(*b*) by deleting subsection (6) and substituting the following subsections:

"(6) Where an agent makes any payment of moneys to the Comptroller under this section —

(*a*) the agent shall be deemed to have been acting under the authority of the person by whom the tax is payable (referred to in this section as the defaulting taxpayer);

(*b*) the agent is hereby indemnified in respect of the payment to the Comptroller;

(*c*) the amount of the tax due from the defaulting taxpayer shall be reduced by the amount paid by the agent to the Comptroller; and

(*d*) the amount of the reduction shall, to the extent of that amount, be deemed to have been paid to the defaulting taxpayer in accordance with any law, contract or scheme governing the payment of moneys held by the agent for or due from the agent to the defaulting taxpayer.

(6A) Where —

(*a*) an amount of tax is due from any person under this Act otherwise than as an agent under this section;

(*b*) except for this subsection, an amount is or would, at any time during the period of 90 days after the date of the receipt of the notice in paragraph (*c*), be payable by the Government to the defaulting taxpayer by or under any written law, contract or scheme; and

(*c*) before payment of the amount referred to in paragraph (*b*) is made to the defaulting taxpayer, the Comptroller serves notice on any public officer by whom the payment is to be made that the tax is due from the defaulting taxpayer,

then the public officer shall, notwithstanding any other written law, contract or scheme, be entitled to reduce the amount referred to in paragraph (*b*) by the amount of the whole or any part of the tax referred to in paragraph (*a*), and if the public officer makes such a reduction —

(i) the amount of the tax referred to in paragraph (*a*) shall be reduced by the amount of the reduction; and

(ii) the amount of the reduction shall, to the extent of such amount, be deemed to have been paid to the defaulting taxpayer in accordance with any law, contract or scheme governing the payment of moneys referred to in paragraph (*b*) to the defaulting taxpayer."; and

(*c*) by inserting, immediately after the word "agent" in the section heading, the words ", etc., for recovery of tax".

**Amendment of section 62**

**47.** Section 62(2) of the principal Act is amended by deleting the words "not liable to pay tax".

**Amendment of section 72**

**48.** Section 72(1) of the principal Act is amended by inserting, immediately after the words "section 62", the words "or, if he is exempted from the liability to deliver a return under section 62(2), after the expiration of the time that would have been allowed to him for the delivery of the return if he had not been so exempted".

**Amendment of section 76**

**49.** Section 76 of the principal Act is amended —

(*a*) by inserting, immediately after the words "subsections (2) and (3)" in subsection (1), the words "and (if applicable) his duty under subsection (8)"; and

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

"(8) If any incorrect information appears in a notice of assessment for any year of assessment served on a person who is exempted from the liability to furnish a return under section 62(2), he shall, within 30 days from the date of service of the notice or such extended time as the Comptroller may allow, inform the Comptroller by notice in writing —

(*a*) if the incorrect information relates to any understatement or omission of income, of the correct amount of income from every source for that year of assessment; or

(*b*) if the incorrect information relates to any deduction or relief which is excessive or which is wrongly granted, of the correct amount of deduction or relief for that year of assessment or the fact that the deduction or relief is wrongly granted, as the case may be.".

**Amendment of section 93A**

**50.** Section 93A(1) of the principal Act is amended by inserting, immediately after the words "the assessment" in the 4th line, the words "or, where he is exempted from liability to furnish a return under section 62(2), in the notice of assessment served on him".

**Amendment of section 95**

**51.** Section 95 of the principal Act is amended —

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

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

"(*c*) fails to comply with section 76(8),";

(*c*) by inserting, immediately after the words "or information" in the 11th line of subsection (1), the words "or failure";

(*d*) by inserting, immediately after the words "as correct" in the last line of subsection (1), the words "or if a notice had not been provided in accordance with section 76(8)";

(*e*) by deleting the word "or" at the end of subsection (2)(*a*);

(*f*) by deleting the comma at the end of paragraph (*b*) of subsection (2) and substituting the word "; or", and by inserting immediately thereafter the following paragraph:

"(*c*) fails to comply with section 76(8),";

(*g*) by inserting, immediately after the words "or information" in the 11th line of subsection (2), the words "or failure";

(*h*) by inserting, immediately after the words "as correct" in the 13th line of subsection (2), the words "or if a notice had not been provided in accordance with section 76(8)"; and

(*i*) by inserting, immediately after the words “incorrect return” in the section heading, the word “, etc.”.

**Amendment of section 96**

**52.** Section 96 of the principal Act is amended —

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

“(*b*) makes any false statement or entry in any return made under this Act or in any notice made under section 76(8);”;

(*b*) by deleting the comma at the end of paragraph (*c*) of subsection (1) and substituting the word “; or”, and by inserting immediately thereafter the following paragraph:

“(*d*) fails to comply with section 76(8),”; and

(*c*) by inserting, immediately after the words “this Act” in subsection (3), the words “or notice made under section 76(8)”.

**Amendment of section 100**

**53.** Section 100 of the principal Act is amended —

(*a*) by deleting the word “Any” in subsection (2) and substituting the words “Subject to subsection (3), any”;

(*b*) by inserting “37(18B),” immediately after the words “13R(3) or (5),” in subsection (2); and

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

“(3) An action to recover a penalty imposed under section 87(1) on any amount recoverable under section 37H(8) (including interest imposed under section 37H(10)) shall not be brought after the expiration of 6 years from the date on which the cause of action accrued.”.

**Deletion and substitution of Fifth Schedule**

**54**. The Fifth Schedule to the principal Act is deleted and the following Schedule substituted therefor:

# "FIFTH SCHEDULE

Section 39(2)(*e*)

## CHILD RELIEF

1. Subject to the provisions of this Schedule, the allowable deduction to an individual in respect of each of his eligible children shall be as follows:

(*a*) if the year of assessment is 2008 —

| | |
|---|---|
| (i) for the first, second and third child | $2,000; |
| (ii) for the fourth and fifth child if born before 1st August 1973 | $300; |
| (iii) for the fourth child if born on or after 1st January 1988 | $2,000; |

(*b*) if the year of assessment is 2009 or a subsequent year of assessment —

| | |
|---|---|
| for each child | $4,000. |

2. Subject to paragraphs 1(*a*)(iii) and 5(1)(*a*)(iv), no deduction shall be granted for the year of assessment 2008 under any paragraph of this Schedule in respect of a child born on or after 1st August 1973 if that child is the fourth or subsequent child.

3. No deduction shall be allowed in respect of any child —

(*a*) whose income (excluding income to which the child is entitled as the holder of a scholarship, bursary or similar educational endowment) for the year immediately preceding the year of assessment exceeded —

(i) if that year of assessment is 2008, the appropriate deduction otherwise allowable under paragraph 1(*a*);

(ii) if that year of assessment is 2009 or a subsequent year of assessment, $2,000; or

(*b*) who was engaged in any employment, other than under articles or indentures, or carried on or exercised a trade, business, profession or vocation, during the year immediately preceding the year of assessment.

4. Where more than one individual is entitled to claim a deduction in respect of the same child under paragraph 1 or the proviso to section 39(2)(*e*), the deduction shall be apportioned in such manner as appears to the Comptroller to be reasonable.

5.—(1) Where a married woman, divorcee or widow maintained, in the year immediately preceding the year of assessment, a child who is a citizen of Singapore as at 31st December of that year, the following deductions shall, without prejudice to any deduction allowable under paragraph 1 or proviso (A) to section 39(2)(*e*), be allowable to her only:

(*a*) if that year of assessment is 2008 —

| | |
|---|---|
| (i) first eligible child | 5% of her earned income; |
| (ii) second eligible child | 15% of her earned income; |
| (iii) third eligible child | 20% of her earned income; |
| (iv) fourth eligible child of the family who is born on or after 1987 (other than a child adopted before 1st January 2004) | 25% of her earned income; |

(*b*) if that year of assessment is 2009 or a subsequent year of assessment —

| | |
|---|---|
| (i) first eligible child | 15% of her earned income; |
| (ii) second eligible child | 20% of her earned income; |
| (iii) third and subsequent eligible child | 25% of her earned income for each eligible child. |

(2) Where more than one married woman, divorcee or widow is entitled to claim a deduction in respect of the same child under sub-paragraph (1), the deduction shall be allowed to one such claimant only as determined by the Comptroller (whose decision shall be final) having regard to the circumstances of the case, including rights of custody, care and control and level of maintenance provided by each claimant.

(3) The total deductions allowable to a married woman, divorcee or widow under sub-paragraph (1)(*b*) shall not exceed 100% of her earned income for any year of assessment.

6.—(1) The total deductions allowable to all individuals under paragraphs 1(*a*) and 5(1)(*a*) and proviso (A) to section 39(2)(*e*) in respect of the same child shall not exceed $25,000.

(2) The total deductions allowable to all individuals under paragraphs 1(*b*) and 5(1)(*b*) and proviso (A) to section 39(2)(*e*) in respect of the same child shall not exceed $50,000.

(3) For the purpose of sub-paragraphs (1) and (2), any deduction allowable under paragraph 1 or proviso (A) to section 39(2)(*e*) shall first be allowed before a deduction, to the extent allowable under sub-paragraph (1) or (2), is allowed under paragraph 5.

7. In this Schedule —

(*a*) "child", in relation to an individual claiming a deduction, means a legitimate child, step-child or child adopted in accordance with any written law relating to the adopting of children; and

(*b*) where any question arises as to the ranking of any child for the purpose of any deduction to be granted under this Schedule, it shall be determined by the Comptroller whose decision shall be final.".

**Miscellaneous amendments**

**55.** The principal Act is amended by deleting the words "or 43Z" in the following sections and substituting in each case the words ", 43Z, 43ZA, 43ZB, 43ZC or 43ZD":

Sections 14C(6) (definition of "concessionary rate of tax"), 37B(7) (definition of "higher rate of tax" or "lower rate of tax") and 37E(17) (definition of "concessionary rate of tax").

**Remission of tax for year of assessment 2008**

**56.** There shall be remitted the tax payable for the year of assessment 2008 by an individual or Hindu joint family resident in Singapore an amount equal to —

(*a*) 20% of the tax payable for that year of assessment; or

(*b*) $2,000,

whichever is the lower, and the amount of such remission shall be determined by the Comptroller.

**Consequential and related amendments to Economic Expansion Incentives (Relief from Income Tax) Act**

**57.** The Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86) is amended —

(*a*) by deleting the words "a statement showing the amount of income" in section 12 and substituting the words "a statement (to be included in a notice of any assessment served on the pioneer enterprise under section 76 of the Income Tax Act) showing the amount of income in respect of its old trade or business";

(*b*) by inserting, immediately after the words "a statement" in section 44F(1), the words "(to be included in a notice of any assessment served on the company or firm under section 76 of the Income Tax Act)";

(*c*) by deleting the words "or 43Z" in the definition of "concessionary income" in section 66(1) and substituting the words ", 43Z, 43ZA, 43ZB, 43ZC or 43ZD"; and

(*d*) by inserting, immediately after the words "a statement" in section 97O, the words "(to be included in a notice of any assessment served on the enterprise under section 76 of the Income Tax Act)".

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## EXPLANATORY STATEMENT

This Bill seeks to implement the tax changes announced in the Government's 2008 Budget Statement, to make certain other amendments to the Income Tax Act (Cap.134) and to make consequential and related amendments to various provisions of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86).

Clause 1 relates to the short title and commencement.

Clause 2 amends section 2 (Interpretation) to replace the definition of "research and development". Under the amended definition, a systematic, investigative and experimental study which involves novelty or technical risk and carried out in the field of science or technology can qualify as research and development. However, the development of computer software not intended for multiple sale, rental, leasing, licensing or hiring is not considered research and development. The clause also introduces a definition for "treasury share" as it applies to a company incorporated under a law of a foreign country.

Clauses 3, 6(*a*), 37, 41, 43 and 44 amend sections 10 (Charge of income tax), 13 (Exempt income), 42 (Rates of tax upon individuals), 43N (Concessionary rate of tax for income derived from debt securities), 45 (Withholding of tax in respect of interest paid to non-resident persons) and 45A (Application of section 45 to royalties, management fees, etc.), respectively, to extend the period of the tax incentive scheme for qualifying debt securities to 31st December 2013, as well as to make various consequential amendments as a result of the extension.

Clause 4 amends section 10C(4) which provides that any qualifying contributions, made by an employer to the medisave account of an employee in lieu of hospitalisation or outpatient medical benefits which the employer is obliged to provide under a contract of employment, are not deemed to be income accruing to the employee. The provision is extended to include such contributions even if not made in lieu of hospitalisation or outpatient medical benefits which the employer is obliged to provide under a contract of employment. With the extension, the employee will not be assessed to tax on any qualifying general contribution made by his employer to his medisave account while his employer will be given a tax deduction for such contribution under section 14(1)(*f*), subject to conditions.

Clause 5 amends section 10L (Withdrawals from Supplementary Retirement Scheme) —

(*a*) to allow an SRS member to contribute to his SRS account beyond the prevailing prescribed retirement age, subject to conditions. Once the SRS

member makes a withdrawal on or after reaching the prescribed retirement age prevailing at the time when he made his first contribution to his SRS account, he must withdraw the funds in his SRS account within 10 years from the date of the withdrawal; and

(*b*) to enable employers to contribute to their employees' SRS accounts on the employees' behalf, subject to conditions.

Clauses 6(*b*), 43 and 44 amend sections 13 (Exempt income), 45 (Withholding of tax in respect of interest paid to non-resident persons) and 45A (Application of section 45 to royalties, management fees, etc.), respectively, to extend the period of tax exemption for qualifying project debt securities to 31st December 2011, as well as to make consequential amendments as a result of the extension.

Clause 6(*c*) to (*g*) amends section 13 (Exempt income) —

(*a*) to provide for a tax exemption on qualifying income from certain qualifying debt securities that have an original maturity of not less than 10 years, or on any amount payable from certain Islamic debt securities, subject to conditions;

(*b*) to make a clarification of one of the conditions for foreign income to be exempt from tax, that it must first be subject to similar tax under the law of the foreign territory from which it is received. Income is subject to such tax if tax has been or is to be paid on it in that territory;

(*c*) to enable the Minister or a person appointed by him to waive the condition referred to in paragraph (*b*); and

(*d*) to make a technical amendment to the definition of "deposit".

Clauses 7 and 9 amend sections 13A (Exemption of shipping profits) and 13F (Exemption of international shipping profits), respectively, to extend tax exemption to the income of a shipping enterprise and that of an approved international shipping enterprise derived from foreign exchange and risk management activities, which are carried out in connection with and incidental to the operation by the shipping enterprise of Singapore ships under section 13A(1) and the operations of the approved international shipping enterprise under section 13F(1).

Clause 7 also amends section 13A(4) to provide that the statement of exempt income is to be included in a notice of assessment served on the shipping enterprise concerned. Such notice may be of the original assessment or any additional or revised assessment.

Clause 8 amends section 13CA (Exemption of income of non-resident arising from funds managed by fund manager in Singapore) to increase the maximum period that the Comptroller of Income Tax (the Comptroller) may give to a person to reduce his or his associates' ownership of securities of a company, or of a trust fund, such that the ownership no longer exceeds the limits set out in that section. The Comptroller may now give such a person up to 3 months to comply with the requirement, instead of one month. It also inserts a definition of "issued securities" (in place of the definition of "securities") and amends the definition of "value" in relation to issued securities, to

cater to those types of securities which are prescribed by regulations as issued securities.

Clause 10 amends section 13H (Exemption of income of venture company) for a similar purpose to the amendment to section 13A(4).

Clause 11 amends section 13J (Exemption of tax on gains or profits from entrepreneurial employee equity-based remuneration scheme) to rename the entrepreneurial employee equity-based remuneration scheme as equity remuneration incentive scheme (SMEs).

Clause 12 amends section 13L (Exemption of tax on gains or profits from company employee equity-based remuneration scheme) —

(*a*) to rename the company employee equity-based remuneration scheme as equity remuneration incentive scheme; and

(*b*) to reduce, with respect to any right or benefit granted on or after 16th February 2008 under a share acquisition scheme to acquire shares in a qualifying company or its holding company, the percentage of the employees of the qualifying company to whom such right or benefit must be made available from 50% to 25%.

Clause 13 inserts a new section 13M.

The new section 13M provides for tax exemption on 75% of the gains or profits derived by a qualifying employee of a qualifying start-up company from any right or benefit granted during the period from 16th February 2008 to 15th February 2013 under a share acquisition scheme to acquire its shares, subject to conditions. The partial exemption is available to the qualifying employee up to $10 million of gains or profits derived by him over a 10-year period.

Clause 14 amends section 13N (Exemption of tax on income derived by non-ordinarily resident individual or NOR individual) —

(*a*) to replace the requirement that the NOR individual must be subject to notional tax of a certain amount on his gains or profits from employment in Singapore, with a requirement that he must have derived gains or profits from employment in Singapore of at least $160,000;

(*b*) to impose additional conditions for the grant of tax exemption on contributions made by an employer of an NOR individual to a non-obligatory overseas pension or provident fund;

(*c*) to allow the time apportionment of all perquisites and leave pay such that the portion of perquisites and leave pay corresponding to the days spent outside Singapore is exempt from tax;

(*d*) to specifically exclude time apportionment of any amount of Singapore income tax borne, directly or indirectly, by any employer of an NOR individual, so that the full amount of such tax will be assessable to tax in the hands of an NOR individual; and

(*e*) to allow an NOR individual whose period of approval as such individual commenced before and has not expired at the beginning of the year of assessment 2009 and who has enjoyed tax exemption under that section in the past, to elect to be subject to the requirements of exemption in force before the amendments to that section.

Clause 15 amends section 13P (Exemption of income derived from asset securitisation transaction) to extend the end of the period by which an asset securitisation transaction may be entered into, in order for tax exemption under that section to apply, to 31st December 2013.

Clause 16 amends section 13R (Exemption of income of company incorporated and resident in Singapore arising from funds managed by fund manager in Singapore) to enable regulations to be made to impose conditions before the prescribed income of an approved company arising from funds managed in Singapore can be exempt from tax. The clause also makes other amendments to section 13R for a similar purpose to the amendments of section 13CA.

Clause 17 amends section 13S (Exemption of income of shipping investment enterprise) to extend tax exemption to the income of an approved shipping investment enterprise derived from foreign exchange and risk management activities, which are carried out in connection with and incidental to the activities of that enterprise under section 13S(1). It also extends tax exemption to qualifying income of such enterprise in relation to a sea-going ship acquired before the period of its approval, if the approval is given on or after 1st April 2008. The clause also clarifies that the tax exemption under the section will continue to apply to an enterprise whose approval has expired or been withdrawn, but which still continues to derive qualifying income from a sea-going ship acquired before or during the period of approval, if the enterprise had fulfilled all the conditions of its approval by the date of expiry or before the withdrawal of the approval.

The clause also amends section 13S for a similar purpose to the amendment to section 13A(4).

Clause 18 inserts a new section 13W.

The new section 13W provides for tax exemption on specified Singapore-sourced investment income and all foreign-sourced income received in Singapore by a family-owned investment holding company which is owned by shareholders who are related to one another in the manner prescribed by regulations, subject to conditions.

Clause 19 amends section 14 (Deductions allowed) to extend, subject to conditions, the tax deduction for medical expenses beyond 1% but not exceeding 2% of the total remuneration of their employees to the following employers:

(*a*) employers who provide qualifying insurance either by paying on behalf of their employees the insurance premiums to the insurance company directly or by reimbursing the employees (by payment into their medisave accounts) for the insurance premium paid or payable by the employees. The extension does not apply to employers who reimburse the premiums to their employees directly in cash. The tax deduction beyond 1% of the total remuneration of

their employees also does not extend to expenses incurred by employers on riders that cover deductibles and co-payments;

(*b*) employers who make general contributions to the medisave account of their employees, subject to a cap of $1,500 per employee per year regardless of the number of employers each employee has.

The clause also amends section 14 to disallow a deduction of contribution to a non-obligatory overseas pension or provident fund if the employee in respect of whom such contribution is made has already been given a tax exemption for it under section 13N.

Clause 20 amends section 14D (Expenditure on research and development) to remove the requirement that the person claiming a deduction under the section must carry on a manufacturing trade or business, or a trade or business for the provision of services, so that the deduction can be claimed by a person carrying on any trade or business. It also extends the deduction to expenditure and payments made for research and development carried out by the taxpayer, or by a research and development organisation on behalf of the taxpayer, in Singapore, even though the research and development is unrelated to the taxpayer's trade or business, subject to conditions.

Clause 21 inserts a new section 14DA.

The new section 14DA provides for an enhanced deduction (in addition to that provided by section 14D) of —

(*a*) 50% of the expenditure on staff costs and consumables incurred by a person carrying on a trade or business, on research and development undertaken directly by him in Singapore; and

(*b*) a certain percentage of all payments made by a person carrying on a trade or business to a research and development organisation for undertaking research and development for him in Singapore.

However, the person is not entitled to the enhanced deduction to the extent that the expenditure is subsidised by Government grants or subsidies.

Clause 22 amends section 14E (Further deduction for expenditure on research and development project) —

(*a*) to remove the requirement that the person claiming the further deduction must carry on a manufacturing trade or business, or a trade or business for the provision of services so that the deduction can be claimed by a person carrying on any trade or business;

(*b*) to extend the further deduction to expenditure and payments made for an approved research and development project carried out by a person, or by a research and development organisation on behalf of the person, in Singapore, even though the project is unrelated to the person's trade or business, subject to conditions; and

(*c*) to provide a cap on the total deductions allowed to any person under sections 14, 14D, 14DA and 14E for an approved research and development project viz. 200% of the expenditure incurred for that project.

Clause 23 amends section 14P (Deduction for treasury shares transferred under employee equity-based remuneration scheme) to provide for the Last-In-First-Out (LIFO) method in determining the cost to a holding company incorporated outside Singapore of acquiring treasury shares transferred to an employee of its subsidiary company incorporated in Singapore, subject to conditions.

Clause 24 inserts a new section 14Q.

The new section 14Q provides for a tax deduction to any person carrying on a trade, profession or business for qualifying expenditure incurred on renovation or refurbishment works for the purposes of that trade, profession or business. Where the total qualifying renovation or refurbishment expenditure incurred for any 3 consecutive basis periods (beginning with the basis period in which such deduction is first allowed) exceeds $150,000, no deduction will be given to the person for the excess. In the case of a partnership, the cap of $150,000 is applied collectively to all partners of the partnership.

Clause 25 amends section 15 (Deductions not allowed) to clarify that an employer is not prohibited from claiming a tax deduction for any contributions made by him on his employee's behalf to the Central Provident Fund that is mandatory under the Central Provident Fund Act (Cap. 36) or to the employee's retirement account, special account or SRS account, subject to conditions. It also makes a consequential amendment arising from the insertion of new sections 14DA and 14Q under the Bill.

Clauses 26 and 27 amend sections 19 (Initial and annual allowances for machinery or plant) and 19A (Allowances of 3 years write off for machinery and plant, and 100% write off for computer, prescribed office automation equipment and robot, etc.), respectively, to enable capital allowance to be given for machinery or plant that is provided for research and development purposes, even though it is not provided for the taxpayer's trade or business, subject to conditions.

Clause 28 amends section 19B (Writing-down allowances for intellectual property rights) to provide that a company cannot claim a writing-down allowance for intellectual property rights acquired from its related party to whom any deduction for the creation of those rights has been allowed under certain sections of the Act, and who is not chargeable to tax on the proceeds of sale, etc., of those rights. The prohibition also applies if the rights were acquired from another related party who acquired them, directly or indirectly, from the first-mentioned related party.

Clause 29 amends section 20 (Balancing allowances and charges for machinery or plant) to provide for the circumstances where a balancing allowance or charge may be made to or on a person who has been given an allowance under the amended section 19 or 19A for machinery or plant that was provided for research and development undertaken by him or on his behalf and not for his trade or business.

Clause 30 amends section 36 (Partnership) to extend certain deductions, exemptions, concessionary rates of tax and writing-down allowances to a partnership. It also enables regulations to be made for the manner in which a concessionary rate of tax may be accorded to a partner who is an individual, and the recovery of tax in cases where the partnership fails to satisfy the conditions imposed in order to enjoy the deduction, exemption, concessionary rate of tax or writing-down allowance.

Clause 31 amends section 37 (Assessable income) —

(*a*) to expand the types of donations qualifying for double deduction to include any cash donation made to an institution of a public character indirectly through any grant-making philanthropic organisation registered by the Comptroller;

(*b*) to enable regulations to be made for the registration and deregistration of a grant-making philanthropic organisation, as well as other requirements applicable to such organisation;

(*c*) to impose a financial penalty on a registered grant-making philanthropic organisation if it contravenes a prescribed regulation; and

(*d*) to specify the period which a registered grant-making philanthropic organisation must keep records and accounts relating to donations received.

Clause 32 amends section 37C (Group Relief for Singapore companies) to disallow any transfer under the group relief system of a qualifying deduction that relates to a loss arising from a deduction under section 14Q, and a qualifying deduction that relates to a loss which has been surrendered for a cash grant under section 37H. It also makes a consequential amendment to that section arising from the insertion of section 37G by clause 34.

Clause 33 makes a consequential amendment to section 37E (Carry-back of capital allowances and losses) arising from the insertion of section 37G by clause 34.

Clause 34 inserts new sections 37G and 37H.

The new section 37G provides for a tax deduction against the assessable income of a company which incurs incremental qualifying research and development expenditure in a given basis period i.e. qualifying research and development expenditure over and above similar expenditure incurred in the base year of the company. The company is to keep a research and development account (referred to as its account) to which it is to credit a specified amount at the end of a basis period for a year of assessment between year of assessment 2009 and year of assessment 2013 if it derives chargeable income in that basis period and the account has less than $450,000. An amount may be deducted against the company's assessable income for any year of assessment between year of assessment 2010 and year of assessment 2016 if the account is in credit, provided (among other conditions) the company incurs incremental qualifying research and development expenditure in the basis period for that year of assessment.

The new section 37H provides for a scheme of cash grants for qualifying start-up companies which have incurred at least $150,000 of qualifying research and development expenditure on research and development carried out in Singapore. The Comptroller is empowered to recover any amount of cash grant paid out to any company where the amount has been paid to the company even though it has not satisfied the requirements for the grant, or the amount paid is in excess of what may be given. The scheme is applicable only to qualifying research and development expenditure incurred during the basis period for any year of assessment between the year of assessment 2009 and the year of assessment 2013.

Clause 35 amends section 39 (Relief and deduction for resident individual and Hindu joint family) —

(*a*) to increase the amount of deduction allowable to an individual who maintains a qualifying handicapped child under subsection (2)(*e*) from $3,500 to $5,500, with effect from the year of assessment 2009;

(*b*) to extend the relief for course fees under subsection (2)(*k*) to fees incurred for courses, seminars and conferences attended for the purpose of gaining an approved vocational qualification;

(*c*) to allow for deferment of a claim for relief for fees incurred for courses, seminars and conferences completed or attended on or after 1st January 2008 to the earlier of —

(i) the first year of assessment in which the assessable income of the individual exceeds $22,000; and

(ii) the second subsequent year of assessment after the year of assessment relating to the year in which the individual completed the course or attended the seminar or conference, subject to conditions;

(*d*) to provide a maximum cap of $3,500 for the total relief allowed under subsections (2)(*k*), (12) and (12A) to any individual for any year of assessment;

(*e*) to extend the relief for contributions made by an individual to his SRS account to contributions made by his employer on his behalf;

(*f*) to provide for relief for any voluntary contribution (excluding any amount made by a self-employed individual for which a relief has already been allowed under subsection (2)(*h*)) specifically directed by an individual to be made to his medisave account, subject to conditions; and

(*g*) to provide that an individual may be allowed (subject to conditions) a deduction of up to $7,000 for each of the following:

(i) voluntary contributions made by him or his employer on his behalf to his retirement account or special account with the Central Provident Fund;

(ii) voluntary contributions made by him to his spouse's, sibling's, parent's or grandparent's retirement account or special account with the Central Provident Fund.

Clause 36 makes a consequential amendment to section 40 (Relief for non-resident citizens and certain other non-residents) arising from the insertion of section 39(12A) by clause 35.

Clause 38 amends section 42A (Rebate for second, third and fourth child of family) to provide for rebate for a qualifying first, fifth or subsequent child who is a Singapore citizen born or legally adopted on or after 1st January 2008.

Clause 39 amends section 43 (Rate of tax upon companies and others) to modify the definition of a qualifying company for the purposes of the tax exemption scheme for newly incorporated companies under subsection (6A). A company will now qualify for the scheme for a qualifying year of assessment if its total share capital is beneficially held directly by no more than 20 shareholders —

(*a*) all of whom are individuals throughout the basis period for that year of assessment; or

(*b*) at least one of whom is an individual holding at least 10% of the total number of issued ordinary shares of the company throughout that basis period.

Clause 40 amends section 43A (Concessionary rate of tax for Asian Currency Unit, Fund Manager and securities company) to enable regulations to be made —

(*a*) to provide for the carrying forward of unabsorbed donations apportioned to the exempt income from certain syndicated offshore credit or guarantee facilities, subject to conditions;

(*b*) to provide for circumstances in which deductions allowed in respect of any loss, capital allowance or donation attributable to exempt income from such facility may be recovered, and the manner of such recovery; and

(*c*) to provide for circumstances in which any impairment loss, bad debt or provision for doubtful debt in respect of such facility, which has been allowed as a deduction, may be deemed as income chargeable to tax (at a prescribed rate) after it has been reversed, recovered or written back.

Clause 42 inserts new sections 43ZA to 43ZD.

The new section 43ZA provides that concessionary tax rates of 5% or 10% will be levied upon the income of an approved container investment enterprise from leasing containers owned by the enterprise which are acquired before or during the period of its approval. Such concessionary tax rates will continue to apply to an enterprise whose approval has expired or been withdrawn but which continues to derive income from the leasing of such containers, if the enterprise had fulfilled all the conditions of its approval by the time of such expiry or before such withdrawal. The maximum period which the income from a container or class of containers can enjoy the concessionary tax rates is 15 years. The Minister or such person as he may appoint may approve a container investment enterprise during the period from 1st April 2008 to 28th February 2011.

The new section 43ZB enables regulations to be made to levy a concessionary tax rate of 10% upon specified income derived on or after 1st April 2008 by an approved container investment manager from managing an approved container investment enterprise or from other prescribed activity carried out for an approved container investment enterprise, subject to conditions. The Minister or such person as he may appoint may approve a container investment manager during the period from 1st April 2008 to 28th February 2011.

The new section 43ZC enables regulations to be made to levy a concessionary tax rate of 10% upon specified income derived on or after 1st April 2008 by an approved insurance broker from providing direct insurance broking service and reinsurance broking service, as well as from providing risk advisory and other advisory services relating to the insurance sector to certain persons. The approval may be granted during the period from 1st April 2008 to 31st March 2013.

The new section 43ZD enables regulations to be made to levy (subject to conditions) a concessionary tax rate of 10% upon such income derived on or after 1st April 2008 —

(*a*) by an approved trustee-manager of a qualifying Singapore-listed registered business trust from providing trustee-manager services to such trust in respect of prescribed offshore infrastructure assets or projects; and

(*b*) by an approved fund management company from managing a qualifying company in respect of prescribed offshore infrastructure assets or projects, or from arranging on behalf of such company any loan of designated securities under a written securities lending arrangement with another qualifying company.

The approval may be granted during the period from 1st April 2008 to 31st December 2011.

Clause 45 amends section 50A (Unilateral tax credits) to allow unilateral tax credit to be given to any person resident in Singapore for tax payable under the law of any territory outside Singapore with which the Government has no tax treaty, on the following additional types of income derived from that territory:

(*a*) income derived from any trade or business carried on in that territory through a permanent establishment in that territory and remitted to Singapore;

(*b*) discount or premium from debt securities or interest income derived from that territory, provided such payment is not borne by any person resident in Singapore or permanent establishment in Singapore, and is not deductible against any income accruing in or derived from Singapore;

(*c*) rent and other income ancillary to holding immovable properties in that territory;

(*d*) all other gains or profits of an income nature derived from that territory.

Clause 46 amends section 57 (Power to appoint agent) to enable the Government to set-off an amount of outstanding tax against what is payable by the Government to the defaulting taxpayer under any law, contract or scheme.

Clause 47 amends section 62 (Notice of chargeability and returns) to empower the Comptroller to exempt any person from the liability to deliver a return, and not just persons who are not liable to pay tax.

Clause 48 amends section 72 (Comptroller to make assessments) to require the Comptroller to assess a taxpayer who is exempted from the liability to deliver a return

under section 62(2), as soon as may be after the time that the taxpayer has to deliver a return if he had not been so exempted.

Clause 49 amends section 76 (Service of notices of assessment and revision of assessment) to require a taxpayer who is exempted from the liability to deliver a return under section 62(2), to give a written notice to the Comptroller of any omission or understatement of income, or any excessive or wrongly granted deduction or relief, contained in a notice of assessment served on him and to provide the correct information relating to such items.

Clause 50 amends section 93A (Relief in respect of error or mistake) to enable a taxpayer who is exempted from the liability to deliver a return under section 62(2) to apply to the Comptroller for relief in respect of any excessive assessment caused by an error or a mistake in the notice of assessment served on him.

Clause 51 amends section 95 (Penalty for incorrect return) to make it an offence for a taxpayer who is exempted from the liability to deliver a return under section 62(2) to fail to give the notice required to be given under the amended section 76.

Clause 52 amends section 96 (Tax evasion) to make it an offence for a taxpayer who is exempted from the liability to deliver a return under section 62(2) to wilfully with intent to evade or assist another person to evade tax —

(*a*) fail to give the notice required to be given under the amended section 76; or

(*b*) give any false statement or entry in such notice.

Clause 53 amends section 100 (Provisions relating to penalty) to deem any financial penalty imposed under the new section 37(18B) on a registered grant-making philanthropic organisation for failure to comply with any regulations made by the Minister under the new section 37(18A) as interest on tax, so that any proceedings for the recovery of such amount will not be subject to the provisions of the Limitation Act (Cap. 163). The section is also amended to provide for a limitation period of 6 years for the recovery of a penalty that applies to a cash grant (and any interest imposed on it) under section 37H.

Clause 54 replaces the Fifth Schedule —

(*a*) to increase the amount of deduction allowable to an individual who maintains a qualifying child from $2,000 to $4,000 with effect from the year of assessment 2009;

(*b*) to increase the deduction (computed based on a specified percentage of her earned income) allowable to a married woman, divorcee or widow in respect of the first, second or third qualifying child whom she maintains, to provide for a deduction (computed based on a specified percentage of her earned income) allowable to her in respect of the fifth or subsequent child whom she maintains, and to limit the total deduction allowable to her for maintaining her qualifying children to 100% of her earned income, all with effect from the year of assessment 2009; and

(*c*) to increase the total deductions allowable to all individuals for maintaining the same qualifying child from $25,000 to $50,000 with effect from year of assessment 2009.

Clause 55 makes consequential amendments to certain provisions of the Act arising from the insertion of sections 43ZA, 43ZB, 43ZC and 43ZD by clause 42.

Clause 56 provides for the remission of 20% on tax payable, or an amount not exceeding $2,000, whichever is the lower, for the year of assessment 2008 by a resident individual or a Hindu joint family.

Clause 57 —

(*a*) amends various provisions of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86) for a similar purpose to the amendment to section 13A(4) of the Income Tax Act (Cap. 134); and

(*b*) makes a consequential amendment to section 66 of the Economic Expansion Incentives (Relief from Income Tax) Act arising from the insertion of sections 43ZA, 43ZB, 43ZC and 43ZD by clause 42.

## EXPENDITURE OF PUBLIC MONEY

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