

Income Tax (Amendment) Bill

Bill No. 14/2013.

Read the first time on 16th September 2013.

A BILL

intituled

An Act to amend the Income Tax Act (Chapter 134 of the 2008 Revised Edition) and to make a consequential amendment 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 2013.

(2) Section 22 shall be deemed to have come into operation on 22nd January 2009.

(3) Section 7(*h*) and (*r*) shall be deemed to have come into operation on 1st October 2009.

(4) Section 15 shall be deemed to have come into operation on 18th December 2012.

(5) Sections 29, 50 and 53 shall be deemed to have come into operation on 25th February 2013.

(6) Section 27(*b*) shall be deemed to have come into operation on 26th February 2013.

(7) Section 30 shall be deemed to have come into operation on 1st April 2013.

(8) Section 7(*b*), (*c*), (*d*) and (*i*) shall be deemed to have come into operation on 28th June 2013.

(9) Sections 4(*c*), 7(*a*) and (*k*) to (*q*), 8, 12, 28, 31, 32 and 49 shall come into operation on 1st January 2014.

Amendment of section 2

2. Section 2(1) of the Income Tax Act (referred to in this Act as the principal Act) is amended by inserting, immediately after the definition of “incapacitated person”, the following definition:

““information subject to legal privilege” means —

(*a*) communications between an advocate and solicitor and his client or any person representing his client made in connection with the giving of legal advice to the client; and

(*b*) communications between —

(*i*) an advocate and solicitor and his client or any person representing his client; or

(ii) an advocate and solicitor or his client or any such representative and any other person, made in connection with, or in contemplation of, judicial proceedings and for the purposes of such proceedings,

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when such communications are in the possession of a person who is entitled to possession of them, but excluding, in any case, any communications made with the intention of furthering a criminal purpose;”.

Amendment of section 6

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3. Section 6 of the principal Act is amended —

(a) by deleting the words “offence committed in relation to income tax” in subsection (3) and substituting the words “offence under this Act”; and

(b) by deleting the words “or 105BA;” in subsection (4)(b) and substituting the words “or 105BA, or under any agreement or arrangement between the government of that country and the Government of Singapore and to which Part XXB applies.”.

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Amendment of section 10

4. Section 10 of the principal Act is amended —

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(a) by inserting, immediately before the words “the annual value” in subsection (2)(c), the words “for the year of assessment 2014 and any preceding year of assessment;”;

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

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“(ca) for the year of assessment 2015 and subsequent years of assessment, the annual value of any place of residence provided by the employer (or the part thereof occupied by the employee if the premises are shared with another) less the rent (if any) paid by the employee for the use of the premises;”;

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(c) by deleting the words “31st December 2013” in subsection (20A)(f)(ii) and (h) and substituting in each case the words “31st December 2018”.

Amendment of section 10C

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

(a) by inserting, immediately after the words “where a contribution is made by an employer in any year” in subsection (4), the words “before 2013”;

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

“*(5A)* Notwithstanding subsection (1)(a) but subject to subsection (6), where a contribution is made by an employer in 2013 or any subsequent year to the medisave account of his employee maintained under the Central Provident Fund Act (Cap. 36), the contribution up to the maximum amount referred to in subsection (5B) shall not be deemed to be income accruing to the employee.

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25 (5B) The maximum amount is \$1,500 in any year less any previous contribution made to that medisave account in that year by that employer in his capacity as a person of a prescribed description referred to in section 13(1)(jd) (if applicable) that is exempt from tax under that provision.”; and

(c) by deleting the words “Subsection (4)” in subsection (6) and substituting the words “Subsections (4) and (5A)”.

Amendment of section 10F

6. Section 10F of the principal Act is amended —

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

“(1A) Notwithstanding any other provision of this Act, where —

(a) a person provides any services in the basis period for the year of assessment 2012 or any subsequent year of assessment under a public-private partnership arrangement —

(i) that is the subject of a contract entered into between him and the Government or any approved statutory body; and

(ii) to which INT FRS 112 applies; and

(b) the person recognises in his financial statements, prepared in accordance with INT FRS 112, that income of a certain amount has been derived from such services,

then that amount shall be deemed as income derived by that person from those services for that basis period.

(1B) Notwithstanding subsection (1A), the person referred to in that subsection may elect in accordance with subsection (1D) for the Comptroller to assess to tax any deemed income referred to in subsection (1A) from providing any FRS 11 construction or upgrade services under the public-private partnership arrangement, as income derived by him in the basis period in which those services are completed.

(1C) Where an election has been made in accordance with subsection (1D), then, notwithstanding any other provision of this Act —

(a) the income referred to in subsection (1B) shall be deemed as income derived by the person in the basis period in which the FRS 11 construction or upgrade services are completed; and

(b) any expenditure for which a deduction or allowance may be allowed or made to him under Parts V and VI in respect of those services shall be treated as having been incurred in that basis period.

(1D) The election shall be made by notice in writing to the Comptroller —

(a) at the time of lodgment of the return of income for the year of assessment relating to the basis period in which the person first provides the FRS 11 construction or upgrade services, being the year of assessment 2012 or any subsequent year of assessment; or

(b) at such later time as the Comptroller may allow.

(1E) The election made under subsection (1D) shall be irrevocable.”;

(b) by deleting the definitions of “ “FRS 17” and “INT FRS 104” ” in subsection (2) and substituting the following definitions:

“ “FRS 11 construction or upgrade services” means any construction or upgrade services (as the case may be) to which FRS 11 applies;

“FRS 11”, “FRS 17”, “INT FRS 104” and “INT FRS 112” mean the financial reporting standards known as Financial Reporting Standard 11 (Construction Contracts), Financial Reporting Standard 17 (Leases), Interpretation of Financial Reporting Standard 104 (Determining whether an arrangement contains a lease) and Interpretation of Financial Reporting Standard 112 (Service Concession Arrangements), respectively, issued by the Accounting Standards Council under the Accounting Standards Act (Cap. 2B).”;

(c) by deleting the word “arrangement” in the section heading and substituting the word “arrangements”.

Amendment of section 13

7. Section 13 of the principal Act is amended —

- (a) by deleting the words “31st December 2013” in subsections (1)(a)(i) and (ii), (aa)(ii), (ab), (ba), (bc)(i)(A) and (bd)(i), (2) and (16) (paragraphs (a), (b)(ii)(A) and (iii) and (c)(ii) of the definition of “qualifying debt securities”) and substituting in each case the words “31st December 2018”;
- (b) by deleting the words “subsection (2H)” in subsection (1)(bc) and substituting the words “subsections (2H) and (2HA)”;
- (c) by deleting sub-paragraph (C) of subsection (1)(bc)(i) and substituting the following sub-paragraph:
- “(C) either —
- (CA) if they are issued before 28th June 2013, cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; or
- (CB) if they are issued on or after 28th June 2013, cannot have their tenure shortened to less than 10 years from the date of their issue, except under such circumstances as may be prescribed by regulations; and”;
- (d) by deleting sub-paragraph (C) of subsection (1)(bc)(ii) and substituting the following sub-paragraph:
- “(C) cannot have their tenure shortened to less than 10 years from the date of their issue, except under such circumstances as may be prescribed by regulations; and”;
- (e) by deleting the words “any subsequent year” in subsection (1)(jc) and substituting “2012”;
- (f) by inserting, immediately after paragraph (jc) of subsection (1), the following paragraph:

“(jd) any voluntary contribution in cash made in 2013 or any subsequent year by a person of a description prescribed by the Minister to the medisave account maintained under the Central Provident Fund Act of a self-employed individual, up to \$1,500 less any previous contribution made to that medisave account in that year by the person of the prescribed description in his capacity as an employer (if applicable) which is not deemed to be income under section 10C(5A);”;

(g) by deleting the words “the deposit of moneys with an approved bank or a finance company licensed under the Finance Companies Act in Singapore” in subsection (1)(zd) and substituting the words “a deposit of moneys held in Singapore with an approved bank or a finance company licensed under the Finance Companies Act (Cap. 108)”;

(h) by deleting the words “restricted authorised scheme” in subsection (1)(zi)(ii) and substituting the words “restricted Singapore scheme”;

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

“(2HA) Subsection (1)(bc) shall not apply to —

(a) any interest, discount, prepayment fee, redemption premium or break cost from qualifying debt securities issued on or after 28th June 2013; or

(b) such other income, directly attributable to qualifying debt securities as may be prescribed by regulations under that provision,

that is derived on or after the date on which the tenure of any portion of those qualifying debt securities is shortened to less than 10 years from the date of their issue, where the shortening of the tenure occurs under

such circumstances as may be prescribed by regulations made under that provision.”;

- (j) by deleting the definition of “approved bank” in subsection (16) and substituting the following definition:

““approved bank” means a bank licensed under the Banking Act (Cap. 19) or a merchant bank approved as a financial institution under section 28 of the Monetary Authority of Singapore Act (Cap. 186);”;

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- (k) by inserting, immediately after the definition of “financial sector incentive (bond market) company” in subsection (16), the following definition:

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““financial sector incentive (capital market) company” means a company approved as such by the Minister or such person as he may appoint;”;

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- (l) by inserting, immediately after the definition of “financial sector incentive (project finance) company” in subsection (16), the following definition:

““financial sector incentive (standard tier) company” has the same meaning as in section 43N(4);”;

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- (m) by deleting the word “or” at the end of paragraph (b)(ii) of the definition of “qualifying debt securities” in subsection (16);

- (n) by inserting, at the end of sub-paragraph (iii) of paragraph (b) of the definition of “qualifying debt securities” in subsection (16), the word “or”, and by inserting immediately thereafter the following sub-paragraph:

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“(iv) by any financial sector incentive (standard tier) company or financial sector incentive (capital market) company and issued during the period from 1st January 2014 to 31st December 2018;”;

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(o) by deleting the word “or” at the end of paragraph (c)(i) of the definition of “qualifying debt securities” in subsection (16);

(p) by deleting the comma at the end of sub-paragraph (ii) of paragraph (c) of the definition of “qualifying debt securities” in subsection (16) and substituting the word “; or”, and by inserting immediately thereafter the following sub-paragraph:

“(iii) by any financial sector incentive (standard tier) company or financial sector incentive (capital market) company and issued during the period from 1st January 2014 to 31st December 2018,”;

(q) by deleting paragraph (a) of the definition of “qualifying project debt securities” in subsection (16) and substituting the following paragraph:

“(a) which are arranged in accordance with regulations made for this purpose —

(i) by any financial institution in Singapore and issued during the period from 1st November 2006 to 31st December 2013;

(ii) by any financial sector incentive (bond market) company or financial sector incentive (project finance) company and issued during the period from 1st November 2006 to 31st March 2017; or

(iii) by any financial sector incentive (standard tier) company or financial sector incentive (capital market) company and issued during the period from 1st January 2014 to 31st March 2017;” and

(r) by deleting the definition of “restricted authorised scheme” in subsection (16) and substituting the following definition:

““restricted Singapore scheme” means a collective investment scheme constituted as a unit trust that is a restricted Singapore scheme within the meaning of the regulations made under the Securities and Futures Act (Cap. 289) for the purpose of section 305 of that Act;”.

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Repeal and re-enactment of section 13B

8. Section 13B of the principal Act is repealed and the following section substituted therefor:

“Assessment of income not entitled to exemption under section 43A, 43C, 43E or 43N

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13B.—(1) Notwithstanding section 13(1)(y), where it appears to the Comptroller that any income of a person which has been exempted from tax under regulations made under section 43A, 43C, 43E or 43N, ought not to have been so exempted for any year of assessment, the Comptroller may, at any time within 4 years after the expiration of that year of assessment, make such assessment or additional assessment upon the person as may appear to be necessary in order to make good any loss of tax.

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(2) Parts XVII and XVIII (relating to assessments, objections and appeals) and any rules made under this Act shall apply, with the necessary modifications, as if an assessment under subsection (1) were a notice of assessment.”.

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Amendment of section 13J

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

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(a) by deleting the words “on or after 1st June 2000” in subsection (1) and substituting the words “during the period from 1st June 2000 to 31st December 2013 (both dates inclusive)”;

(b) by deleting the words “on or after 1st January 2002” in subsection (1) and substituting the words “during the period from 1st January 2002 to 31st December 2013 (both dates inclusive)”;

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(c) by deleting the words “on or after 1st April 2001” in subsection (6)(a) and substituting the words “during the period from 1st April 2001 to 31st December 2013 (both dates inclusive)”;

5 (d) by deleting the words “on or after 1st January 2002” in subsection (6)(b) and substituting the words “during the period from 1st January 2002 to 31st December 2013 (both dates inclusive)”;

10 (e) by inserting, immediately after subsection (9), the following subsection:

“(9A) Notwithstanding anything in this section, the exemption under this section shall not apply to any gains or profits derived by a qualifying employee on or after 1st January 2024.”.

15 **Amendment of section 13L**

10. Section 13L of the principal Act is amended —

20 (a) by deleting the words “on or after 1st April 2001” in subsection (1) and substituting the words “during the period from 1st April 2001 to 31st December 2013 (both dates inclusive)”;

(b) by deleting the words “on or after 1st January 2002” in subsection (1) and substituting the words “during the period from 1st January 2002 to 31st December 2013 (both dates inclusive)”;

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

30 “(3A) Notwithstanding anything in this section, the exemption under this section shall not apply to any gains or profits derived by a qualifying employee on or after 1st January 2024.”.

Amendment of section 13M

11. Section 13M of the principal Act is amended by inserting, immediately after subsection (5), the following subsection:

“(5A) Notwithstanding anything in this section, the exemption under this section shall not apply to any gains or profits derived by a qualifying employee on or after 1st January 2024.”.

Amendment of section 13P

12. Section 13P of the principal Act is amended —

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(a) by deleting the words “31st December 2013” in subsection (1) and substituting the words “31st December 2018”; and

(b) by deleting subsection (3) and substituting the following subsections:

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“(3) Notwithstanding anything in this section, where it appears to the Comptroller that any income of an approved securitisation company which has been exempted from tax under subsection (1) ought not to have been so exempted for any year of assessment, the Comptroller may, at any time within 4 years after the expiration of that year of assessment, make such assessment or additional assessment upon the company as may appear to be necessary in order to make good any loss of tax.

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(3A) Parts XVII and XVIII (relating to assessments, objections and appeals) and any rules made under this Act shall apply, with the necessary modifications, as if an assessment under subsection (3) were a notice of assessment.”.

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Amendment of section 14

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

(a) by inserting, immediately after the words “in any calendar year” in subsection (1)(f), the words “before 2013”;

(b) by deleting the words “any subsequent year” in subsection (1)(fa) and substituting “2012”;

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

5 “(fb) any sum contributed by an employer in 2013 or
any subsequent year to the medisave account
maintained under the Central Provident Fund
Act in respect of any of his employees engaged
in activities relating to the production of the
income of the employer, up to a maximum
deduction of \$1,500 for that year for each
employee’s medisave account, less any previous
contribution made to that medisave account in
10 that year by that employer in his capacity as a
person of a prescribed description under
paragraph (fc) (if applicable) and that is
deductible under that provision:

15 Provided that no deduction shall be allowed in
respect of any sum contributed by an employer
to the medisave account maintained under the
Central Provident Fund Act in respect of an
employee who holds a professional visit pass or
a work pass or who would be required to obtain
such a pass if he were to work in Singapore;

20 (fc) any voluntary contribution in cash made in 2013
or any subsequent year by a person of a
description prescribed by the Minister for the
purposes of this paragraph, to the medisave
account of a self-employed individual
maintained under the Central Provident Fund
Act, up to a maximum deduction of \$1,500 for
that year for each individual’s medisave
account, less any previous contribution made
to that medisave account in that year by the
25 person of the prescribed description in his
capacity as an employer under paragraph (fb)
(if applicable) and that is deductible under that
provision;” and

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35 (d) by deleting paragraph (b) of subsection (4).

(2) Subsection (1)(d) shall have effect for the year of assessment 2014 and subsequent years of assessment.

Repeal of section 14J

14. Section 14J of the principal Act is repealed.

Amendment of section 14Q

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15. Section 14Q(7) of the principal Act is amended by deleting “\$15,000” in paragraph (d)(ii) and substituting “\$150,000”.

New section 14V

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

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“Deduction for amortisation of intangible asset created under public-private partnership arrangement

14V.—(1) Where —

(a) a person provides services under a public-private partnership arrangement —

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(i) that is the subject of a contract entered into between the Government or any approved statutory body and any person; and

(ii) to which INT FRS 112 applies;

(b) section 10F(1A) or (1C) applies to him in respect of those services;

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(c) the person recognises in his financial statements, prepared in accordance with INT FRS 112, an intangible asset as having been created in the course of providing the services; and

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(d) in accordance with FRS 38, amortisation of the asset is recognised in the person’s financial statements for the basis period for the year of assessment 2012 or any subsequent year of assessment,

then the amount of the amortisation that is recognised in the person’s financial statements as an expense in accordance with

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FRS 38, shall be allowed to the person as a deduction against an amount that is deemed as income derived by that person for that basis period under section 10F(1A) or (1C).

(2) In this section —

“FRS 38” means the financial reporting standard known as Financial Reporting Standard 38 (Intangible Assets) issued by the Accounting Standards Council under the Accounting Standards Act;

“INT FRS 112” has the same meaning as in section 10F.”.

New section 14W

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

“Deduction for expenditure on licensing intellectual property rights

14W.—(1) Subject to this section, for the purpose of ascertaining the income of a person carrying on a trade or business during the basis period for the year of assessment 2013, 2014 or 2015, there shall be allowed, in respect of all his trades and businesses and in addition to the deduction allowed under section 14 or 14D (as the case may be), a deduction for expenditure incurred during the basis period for the purposes of those trades and businesses on the licensing from another person of any qualifying intellectual property rights that is computed in accordance with the following formula:

$$A \times 300\%,$$

where A is —

(a) for the year of assessment 2013, the lower of the following:

(i) such expenditure incurred during the basis period for that year of assessment;

(ii) \$1,200,000;

(b) for the year of assessment 2014, the lower of the following:

- (i) such expenditure incurred during the basis period for that year of assessment;
 - (ii) the balance after deducting from \$1,200,000 the lower of the amounts specified in paragraph (a)(i) and (ii); and 5
- (c) for the year of assessment 2015, the lower of the following:
- (i) such expenditure incurred during the basis period for that year of assessment;
 - (ii) the balance after deducting from \$1,200,000 the lower of the amounts specified in paragraph (a)(i) and (ii), and the lower of the amounts specified in paragraph (b)(i) and (ii). 10

(2) Notwithstanding anything in this section or section 19B, where a person has, during the basis period for any year of assessment between the years of assessment 2013 and 2015 (both years inclusive), incurred both expenditure on the licensing from another person of any qualifying intellectual property rights and expenditure on the acquisition of any intellectual property rights, the aggregate of the expenditure which may be given a deduction under subsection (1) and the expenditure which may be given an allowance under section 19B(1B) shall not exceed — 15

- (a) in the case of the year of assessment 2013, the lower of the following:
 - (i) the aggregate of all such expenditure; 25
 - (ii) \$1,200,000;
- (b) in the case of the year of assessment 2014, the lower of the following:
 - (i) the aggregate of all such expenditure;
 - (ii) the balance after deducting from \$1,200,000 the lower of the amounts specified in paragraph (a)(i) and (ii); and 30

(c) in the case of the year of assessment 2015, the lower of the following:

(i) the aggregate of all such expenditure;

(ii) the balance after deducting from \$1,200,000 the lower of the amounts specified in paragraph (a)(i) and (ii), and the lower of the amounts specified in paragraph (b)(i) and (ii).

(3) In subsections (1) and (2) —

(a) if the person does not carry on any trade or business during the basis period for any one year of assessment between the years of assessment 2013 and 2015 (both years inclusive), the references to “\$1,200,000” in the paragraphs of those subsections applicable to the other 2 years of assessment shall be substituted with “\$800,000”;

(b) if the person does not carry on any trade or business during the basis periods for any 2 years of assessment between the years of assessment 2013 and 2015 (both years inclusive), the references to “\$1,200,000” in the paragraphs of those subsections applicable to the remaining year of assessment shall be substituted with “\$400,000”; and

(c) for the avoidance of doubt —

(i) if the person does not carry on any trade or business during the basis period for the year of assessment 2013, no deduction shall be made from the substituted amount in subsection (1)(b)(ii) or (c)(ii) of the lower of the amounts specified in subsection (1)(a)(i) and (ii), or from the substituted amount in subsection (2)(b)(ii) or (c)(ii) of the lower of the amounts specified in subsection (2)(a)(i) and (ii); and

(ii) if the person does not carry on any trade or business during the basis period for the year of

assessment 2014, no deduction shall be made from the substituted amount in subsection (1)(c)(ii) of the lower of the amounts specified in subsection (1)(b)(i) and (ii), or from the substituted amount in subsection (2)(c)(ii) of the lower of the amounts specified in subsection (2)(b)(i) and (ii).

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(4) For the purposes of subsection (1), where an individual carrying on a trade or business through 2 or more firms (excluding partnerships) has, during the basis period for any year of assessment between the years of assessment 2013 and 2015 (both years inclusive), incurred expenditure on the licensing from another person of any qualifying intellectual property rights in respect of such firms for the purposes of his trade or business, the deductions that may be allowed to him for that expenditure in respect of all his trades and businesses shall not exceed the amount computed in accordance with subsection (1) for that year of assessment.

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(5) For the purposes of subsections (1) and (2), where a partnership carrying on a trade or business has, during the basis period for any year of assessment between the years of assessment 2013 and 2015 (both years inclusive), incurred expenditure on the licensing from another person of any qualifying intellectual property rights and (if applicable) the acquisition of any intellectual property rights, for the purposes of its trade or business, the aggregate of the deductions and allowances that may be allowed to all the partners of the partnership for that expenditure in respect of all the trades and businesses of the partnership shall not exceed the amount computed in accordance with subsection (1) or (2) (as the case may be) for that year of assessment.

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(6) No deduction shall be allowed under this section in respect of —

(a) any expenditure which is not allowed as a deduction under section 14 or 14D (as the case may be);

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(b) any expenditure incurred by a person on licensing from its related party carrying on any trade or business in Singapore, of any qualifying intellectual property rights, where such rights were acquired or developed (in whole or in part) by the related party during the basis period relating to the year of assessment 2011 or any subsequent year of assessment; or

(c) any qualifying intellectual property rights for which a writing-down allowance has been previously made to that person under section 19B.

(7) The Minister may by order exempt a person from subsection (6)(b) in respect of such transaction as may be specified in the order.

(8) In this section —

“intellectual property rights” has the same meaning as in section 19B(11);

“qualifying intellectual property rights” means intellectual property rights but excludes the right to do or authorise the doing of anything which would, but for that right, be an infringement of —

(a) any trademark; or

(b) any rights to the use of software;

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

(9) In this section, a reference to expenditure incurred on the licensing from another person of qualifying intellectual property rights or the acquisition of intellectual property rights excludes any such expenditure to the extent that it is or is to be subsidised by grants or subsidies from the Government or a statutory board.

(10) In this section, a reference to expenditure incurred on the licensing from another person of qualifying intellectual property rights means the licence fees and excludes —

(a) expenditure for the transfer of ownership of any of those rights; and

(b) legal fees and other costs related to the licensing of such rights.”.

Amendment of section 15

18.—(1) Section 15 of the principal Act is amended —

(a) by deleting the words “and (fa)” in subsection (1)(i)(iv) and substituting the words “, (fa), (fb) and (fc)”;

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(b) by deleting the words “14Q or 14S” in subsection (2) and substituting the words “14Q, 14S, 14V or 14W”.

(2) Subsection (1)(b) shall have effect for the year of assessment 2012 and subsequent years of assessment in relation to the insertion of the reference to section 14V, and for the year of assessment 2013 and subsequent years of assessment in relation to the insertion of the reference to section 14W.

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Amendment of section 19

19. Section 19(4) of the principal Act is amended by deleting paragraph (b) and substituting the following paragraph:

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“(b) was acquired in the basis period for the year of assessment 2013 or any preceding year of assessment, and is registered outside Singapore and used exclusively outside Singapore.”.

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Amendment of section 21

20. Section 21 of the principal Act is amended by deleting subsection (5) and substituting the following subsection:

“(5) For the purpose of this section, where the capital expenditure incurred in providing, in the basis period for the year of assessment 2013 or any preceding year of assessment, a new motor car registered outside Singapore and used exclusively outside Singapore exceeds \$35,000, the expenditure incurred shall be deemed to be \$35,000.”.

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Amendment of section 26

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

- (a) by deleting subsection (5) and the subsection heading;
- (b) by inserting, immediately before the definition of “income of the shareholders’ fund” in subsection (12), the following definition:

“ “accident and health policy” has the same meaning as in the Insurance Act (Cap. 142);”;

- (c) by deleting the definition of “offshore life business” in subsection (12) and substituting the following definition:

“ “offshore life business” means the business of insuring or reinsuring the liability of a life policy, or accident and health policy, of any life insurance fund established and maintained under the Insurance Act, not being a Singapore policy within the meaning of that Act;”;

- (d) by deleting the definition of “offshore life policy” in subsection (12);

- (e) by deleting the definition of “offshore risk” in subsection (12) and substituting the following definition:

“ “offshore risk” means a risk or liability that is insured by a policy of any general insurance fund established and maintained under the Insurance Act, not being a Singapore policy within the meaning of that Act;”;

- (f) by deleting the definition of “Singapore life policy” in subsection (12).

(2) Subsection (1)(b), (c), (e) and (f) shall have effect for the year of assessment 2015 and subsequent years of assessment.

Amendment of section 34C

22. Section 34C(30) of the principal Act is amended by inserting, immediately after the words “amalgamated company” in paragraph (e), the words “and an amalgamating company”.

Amendment of section 37I

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23.—(1) Section 37I of the principal Act is amended —

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

“(a) section 14 in respect of —

- (i) expenditure that falls within the definition of “qualifying training expenditure” under section 14R for which a deduction may be given under that section; 10
- (ii) expenditure that falls within the definition of “qualifying design expenditure” under section 14S for which a deduction may be given under that section; 15
- (iii) expenditure on the leasing of a PIC automation equipment under a qualifying lease for which a deduction may be given under section 14T; or 20
- (iv) expenditure on the licensing from another person of any qualifying intellectual property rights for which a deduction may be given under section 14W;”;

(b) by inserting, immediately after paragraph (g) of subsection (2A), the following paragraph: 30

“(ga) section 14W;”;

(c) by deleting subsection (6);

(d) by inserting, immediately after “14T,” in subsection (14A), “14W,”;

(e) by deleting the words “or (15)” in subsection (16) and substituting the words “, (11A) or (15)”;

5 (f) by deleting the words “and (15)” in subsection (18) and substituting the words “, (11A) and (15)”.

(2) Subsection (1)(a) (in relation to section 37I(2A)(a)(i), (ii) and (iii)) and (c) shall have effect for the year of assessment 2011 and subsequent years of assessment.

10 (3) Subsection (1)(a) (in relation to section 37I(2A)(a)(iv)), (b) and (d) shall have effect for the year of assessment 2013 and subsequent years of assessment.

New sections 37IA and 37IB

15 **24.** The principal Act is amended by inserting, immediately after section 37I, the following sections:

“Productivity and Innovation Credit bonus

37IA.—(1) For each of the years of assessment 2013, 2014 and 2015, a person, being a company or firm (including a partnership) (referred to in this section as an eligible person), shall be entitled to be given an amount in cash (referred to in this section as the Productivity and Innovation Credit Scheme bonus or PIC bonus) if the Comptroller is satisfied, based on the return of his income for that year of assessment and other information available to the Comptroller, that —

25 (a) the person has incurred during the basis period for the year of assessment PIC expenditure of at least \$5,000 in total;

(b) he is carrying on a trade, profession or business in Singapore; and

30 (c) he employed and made contributions to the Central Provident Fund in respect of at least 3 local employees based on the payroll for the last month (or such other

month as the Comptroller may determine) of the basis period.

(2) The amount of the PIC bonus to be given to the eligible person for any year of assessment shall be the lower of the following:

(a) the amount of PIC expenditure incurred by him during the basis period for that year of assessment;

(b) \$15,000 less any PIC expenditure incurred by him during the basis period or periods for the other year or years of assessment (whether earlier or later than the first-mentioned basis period) for which he has already been given the PIC bonus.

(3) Notwithstanding subsection (1), the eligible person shall be entitled to be given the PIC bonus for the year of assessment 2013, 2014 or 2015 before the expiration of the time he must deliver the return of his income for that year of assessment, if he has made an election under section 37I for a cash payout in respect of PIC expenditure incurred for a period comprising the whole or a part of the basis period for the year of assessment (referred to in this section as the elected period), and the Comptroller is satisfied, based on information given by the person pursuant to the election and other information available to the Comptroller, that —

(a) the person has incurred PIC expenditure of at least \$5,000 in total from the beginning of the basis period to the end of the elected period;

(b) the person is a qualifying person within the meaning of section 37I in respect of the elected period; and

(c) the person is carrying on a trade, profession or business in Singapore.

(4) The amount of the PIC bonus to be given to the eligible person under subsection (3) shall be the lower of the following:

(a) an amount that corresponds to the PIC expenditure incurred from the beginning of the basis period to the

end of the elected period, less any expenditure incurred in that period for which he has already been given the PIC bonus;

(b) \$15,000 less any PIC expenditure incurred by him during the basis period or periods for the other year or years of assessment (whether earlier or later than the first-mentioned basis period) for which he has already been given the PIC bonus.

(5) Where —

(a) one or more payments of the PIC bonus for a year of assessment has been made to an eligible person under subsection (3); and

(b) as of the date the eligible person delivers the return of his income for that year of assessment, he has not been given the maximum amount of the PIC bonus which he may be given under subsection (2) for that year of assessment,

then he shall be entitled to be given the balance of the PIC bonus in respect of any PIC expenditure incurred in the basis period for the year of assessment for which no PIC bonus has been given, if the Comptroller is satisfied, based on the return and other information available to the Comptroller, that the person —

(i) is carrying on a trade, profession or business in Singapore; and

(ii) employed and made contributions to the Central Provident Fund in respect of at least 3 local employees based on the payroll for the last month (or such other month as the Comptroller may determine) of the basis period.

(6) For the purposes of this section, an individual carrying on one or more trades, professions or businesses through 2 or more firms (excluding partnerships) shall not be given a PIC bonus for any year of assessment that exceeds the amount computed in accordance with subsection (2) for that year of assessment.

(7) Notwithstanding subsections (1), (3) and (5), no PIC bonus may be given in respect of —

- (a) any qualifying intellectual property registration costs under section 14A relating to any intellectual property rights or any application for the registration or grant of such rights, if the rights or application have or has been sold, transferred or assigned within one year from the date of filing of the application for the registration or grant of those rights; 5
- (b) any capital expenditure on the provision of any PIC automation equipment — 10
 - (i) if it has been sold, transferred, assigned or leased out within one year from the date of provision; and
 - (ii) a waiver under section 19A(2HA) (in the case of subsection (1) or (5)) or 37I(10A) (in the case of subsection (3)) has not been granted in respect of the sale, transfer, assignment or lease; and 15
- (c) any capital expenditure on the acquisition of any intellectual property rights if any of the following has occurred within one year from the date of acquisition: 20
 - (i) the intellectual property rights have come to an end without being subsequently revived;
 - (ii) all or any part of the intellectual property rights have been sold, transferred or assigned; 25
 - (iii) the eligible person has permanently ceased to carry on the trade or business for which the intellectual property rights were used;
 - (iv) all or any part of the intellectual property rights in any software have been licensed to another. 30

(8) Where a PIC bonus has been given to an eligible person in respect of —

- (a) qualifying intellectual property registration costs under section 14A relating to any intellectual property rights or

any application for the registration or grant of such rights, and the rights or application are or is sold, transferred or assigned within one year from the date of filing of the application for the registration or grant of those rights; or

- (b) capital expenditure on the provision of any PIC automation equipment and that equipment is sold, transferred, assigned or leased out within one year from the date of provision,

then all of the following provisions shall apply:

- (i) the eligible person shall give notice in writing to the Comptroller of such event in the manner specified by the Comptroller within 30 days from the date of such event;
- (ii) the PIC bonus given for the PIC expenditure in respect of the application for the registration or grant of intellectual property rights or the PIC automation equipment, shall be recoverable by the Comptroller from the person as a debt due to the Government;
- (iii) where the PIC automation equipment is the subject of a hire-purchase agreement, no PIC bonus shall be given to the person for any PIC expenditure under the agreement incurred in the basis period in which the event occurs and for any subsequent basis period thereof.

(9) The Minister, or such person as he may appoint, may waive the application of subsection (8) in respect of an event referred to in paragraph (b) of that subsection in the same circumstances as those referred to in section 19A(2HA).

(10) Where a PIC bonus has been given to an eligible person in respect of capital expenditure on the acquisition of any intellectual property rights and any of the following occurs within 5 years from the date of acquisition:

- (a) the intellectual property rights come to an end without being subsequently revived;

- (b) all or any part of the intellectual property rights are sold, transferred or assigned;
- (c) the person permanently ceases to carry on the trade or business for which the intellectual property rights are used; 5
- (d) all or any part of the intellectual property rights in any software are licensed to another,

then both of the following provisions shall apply:

- (i) the person shall give notice in writing to the Comptroller of such event in the manner specified by the Comptroller within 30 days from the date of such event; 10
- (ii) an amount computed in accordance with the following formula shall be recoverable by the Comptroller from the person as a debt due to the Government:

$$\text{Amount of PIC bonus} \times \frac{\left(\begin{array}{c} 5 - \text{Number of complete years} \\ \text{the intellectual property rights} \\ \text{were held by the person} \end{array} \right)}{5} . \quad 15$$

(11) Where a PIC bonus has been given to an eligible person in respect of capital expenditure on the acquisition of any intellectual property rights under an IPR instalment agreement and any of the events in subsection (10)(a) to (d) occurs within 5 years from the date of acquisition of the intellectual property rights, then all the following provisions shall apply: 20

- (a) the person shall give notice in writing to the Comptroller of such event in the manner specified by the Comptroller within 30 days from the date of such event;
- (b) where any amount of the PIC bonus has been given to the person before the occurrence of the event, an amount computed in accordance with the formula in subsection (10)(ii) shall be recoverable by the Comptroller from the person as a debt due to the Government; 25
- (c) for the purpose of paragraph (b), the reference in the formula to the amount of PIC bonus is a reference to the 30

total amount of the PIC bonus that has been given to the person before the occurrence of the event;

- (d) the amount of the PIC bonus that may be given to the person in respect of those intellectual property rights for the basis period or elected period (as the case may be) in which the event occurs and thereafter shall be the part of the PIC bonus that corresponds to the intellectual property rights multiplied by the following:

$$\frac{\text{(Number of complete years the intellectual property rights were held by the person)}}{5}$$

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(12) 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 an eligible person to the Comptroller, the Comptroller of Goods and Services Tax, the Comptroller of Property Tax or the Commissioner of Stamp Duties, the amount of PIC bonus that may be given by the Comptroller to him shall be reduced by the amount so due.

(13) Any amount reduced under subsection (12) shall be deemed to be tax, duty, interest or penalty paid by the eligible person 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, the Comptroller of Property Tax or the Commissioner of Stamp Duties, as the case may be.

(14) Where an eligible person has received a PIC bonus —

- (a) in respect of any expenditure that is subsequently found not to qualify for the deduction or allowance under the relevant PIC provision;
- (b) without having satisfied all of the requirements in this section for the PIC bonus; or
- (c) that is in excess of that which may be given to him under this section,

the amount of the PIC bonus or the excess amount of the PIC bonus, as the case may be, shall be recoverable by the Comptroller from the person as a debt due to the Government.

(15) The amounts to be repaid under subsections (8), (10), (11) and (14) shall be payable at the place stated in the notice served by the Comptroller on the eligible person within 30 days after the service of the notice. 5

(16) The Comptroller may, in his discretion and subject to such terms and conditions as he may impose, extend the time limit within which payment under subsection (15) is to be made. 10

(17) Sections 86(1) to (6), 87(1) and (2), 89, 90 and 91 shall apply to the collection and recovery by the Comptroller of the amounts recoverable under subsections (8), (10), (11) and (14) as they apply to the collection and recovery of tax.

(18) In this section — 15

“IPR instalment agreement” has the same meaning as in section 37I(21);

“local employee”, in relation to an eligible person, means any Singapore citizen or Singapore permanent resident, but excludes — 20

(a) a shareholder who is also a director of the eligible person if the eligible person is a company within the meaning of section 4 of the Companies Act (Cap. 50); and

(b) a partner under a contract for service of the eligible person if the eligible person is a partnership; 25

“PIC automation equipment” has the same meaning as in section 19A(15);

“PIC provision” means any of the provisions of this Act in the second column of the table in the definition of “PIC expenditure”; 30

“Productivity and Innovation Credit Scheme expenditure” or “PIC expenditure”, in relation to an eligible person who incurs the expenditure, means any of the

expenditure in the first column of the following table for which a deduction or an allowance may be allowed or made to him under the provision of this Act that corresponds to it in the second column of the table:

5	<i>Expenditure</i>	<i>Provision of Act</i>
	(a) Qualifying intellectual property registration costs as defined in section 14A	Section 14A(1B)
10	(b) Qualifying expenditure as defined in section 14DA	Section 14DA(2)
15	(c) Qualifying training expenditure as defined in section 14R	Section 14R(2)
	(d) Qualifying design expenditure as defined in section 14S	Section 14S(2)
20	(e) Expenditure on the leasing of any PIC automation equipment, or procuring of cloud computing services as defined in section 14T	Section 14T(2)
25	(f) Expenditure on the licensing from another of any intellectual property rights	Section 14W(1)
30	(g) Capital expenditure on the provision of any PIC automation equipment	Section 19A(2B)

- (h) Capital expenditure on acquiring any intellectual property rights Section 19B(1B).

Modification of sections 37I and 37IA in their application to partnership 5

37IB.—(1) A reference to a qualifying person in section 37I (including the person who has to satisfy the conditions for a cash payout), and a reference to an eligible person in section 37IA (including the person who has to satisfy the conditions for the PIC bonus) shall in each case, where the person is a partnership, be a reference to the partnership; except that a reference in those sections to any deduction or allowance that may be allowed or made to a qualifying person or an eligible person under a provision of this Act, is a reference to such deduction or allowance that may be allowed or made to all of the partners of the partnership. 10 15

(2) In subsection (1) —

“cash payout” means a payment under section 37I;

“PIC bonus” means a payment under section 37IA.”. 20

Amendment of section 37J

25. Section 37J of the principal Act is amended —

(a) by deleting the words “the amount of cash payout that has been made to him or any other person under section 37I as a result of the offence, or which would have been made to him or any other person under that section” in subsections (1) and (2) and substituting in each case the words “the amount of cash payout or PIC bonus (or both, as the case may be) that has been made to him or any other person as a result of the offence, or which would have been made to him or any other person”; 25 30

(b) by deleting the words “a cash payout or a higher amount of cash payout under section 37I” in subsections (3) and (4) and

substituting in each case the words “a cash payout or PIC bonus (or both) or a higher amount of cash payout or PIC bonus (or both)”;

5 (c) by deleting the words “the amount of cash payout that has been made to him or that other person under section 37I as a result of the offence, or which would have been made to him or that other person under that section” in subsections (3) and (4) and substituting in each case the words “the amount of cash payout or PIC bonus (or both, as the case may be) that has been made to him or that other person as a result of the offence, or which would have been made to him or that other person”;

10 (d) by inserting, immediately after subsection (4), the following subsections:

15 “(4A) Where an individual has been convicted for —

(a) 3 or more offences under subsection (3) or section 96;

(b) 2 or more offences under subsection (4) or section 96A; or

20 (c) one offence under either subsection (3) or section 96, and one offence under either subsection (4) or section 96A,

the imprisonment he shall be liable to shall not be less than 6 months.

25 (4B) Where in any proceedings under subsection (3) it is proved that any information that is false in a material particular is given to the Comptroller under section 37I(2) by or on behalf of any person, the person who gave the information is presumed, unless the contrary is proved, to have given it with intent to obtain, or to assist the person on whose behalf the information is given to obtain, a cash payout or PIC bonus (or both) or a higher amount of cash payout or PIC bonus (or both), as the case may be.

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(4C) Where in any proceedings under subsection (4) it is proved that any false statement or entry is made in any books of account or other records maintained by or on behalf of any person, the person who made the statement or entry shall be presumed, unless the contrary is proved, to have made that false statement or entry with intent to obtain, or to assist the person on whose behalf the statement or entry is made to obtain, a cash payout or PIC bonus (or both) or a higher amount of cash payout or PIC bonus (or both), as the case may be.”;

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

“(6) In this section —

“cash payout” means a payment under section 37I;

“PIC bonus” means a payment under section 37IA.”; and

(f) by deleting the section heading and substituting the following section heading:

“Penalties for false information, etc., resulting in payment under section 37I or 37IA”.

Amendment of section 37M

26. Section 37M(1) of the principal Act is amended by deleting paragraph (b) and substituting the following paragraph:

“(b) part or all of the attributed donation (referred to in this section as the balance) has yet to be fully deducted in determining the amount of income that is exempt from tax for the year of assessment 2012.”.

Amendment of section 43

27. Section 43 of the principal Act is amended —

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

“*(5)* Any individual or foreign firm to which subsection *(4)* applies may make an irrevocable option to be taxed under subsection *(1)(b)* by the 15th day of the second month following the month in which the payment of the income is liable to be made to the individual or firm.”; and

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

“*(11)* Notwithstanding the definition of “qualifying company” in subsection *(10)*, a company that is incorporated on or after 26th February 2013 is not a qualifying company in relation to any year of assessment if —

(a) it undertakes property development in the basis period for that year of assessment, whether or not that is the only activity it carries out during the basis period;

(b) it is a partner of a partnership which undertakes property development in the basis period for that year of assessment, whether or not that is the only activity the partnership carries out during the basis period;

(c) its only activity in that basis period is the holding of investments; or

(d) it is a partner of a partnership where the only activity of the partnership during that basis period is the holding of investments, and the company has no activity during that basis period or its only activity during that basis period is the holding of investments.

(12) For the purposes of subsection *(11)*, a company or partnership undertakes property development if it carries out any of the following activities whether in Singapore or outside Singapore:

- (a) acquires land or building for the purpose of undertaking development (whether by the company or partnership or an entity to which it transfers the land or building) with a view to the sale or lease (whether by the entity undertaking the development or another entity to which the entity undertaking the development transfers the building or part thereof) of the whole or any part of the building so developed; 5
- (b) development with a view to the sale or lease (whether by the company or partnership or another entity to which the company or partnership transfers the building or part thereof) of the whole or any part of the building so developed; 10 15
- (c) the sale or lease of the whole or any part of a building developed by the company or partnership;
- (d) any other activity that is preparatory to, connected with or incidental to any activity referred to in paragraph (a), (b) or (c). 20
- (13) In subsection (12) —
- “acquire” includes acquire by way of purchase, grant, exchange, gift, settlement or otherwise;
- “develop” means to construct or cause to construct a building, including any building operations in, on, over or under the land for the purpose of erecting the building; and “development” shall be construed accordingly.”. 25

Amendment of section 43N

28. Section 43N of the principal Act is amended by deleting the words “31st December 2013” in subsections (1)(aa)(ii), (ab) and (ac), (2)(a), (b)(ii), (c) and (d) and (3)(b) and substituting in each case the words “31st December 2018”.

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Repeal of section 43O

29. Section 43O of the principal Act is repealed.

Amendment of section 43ZC

30. Section 43ZC of the principal Act is amended —

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

10 “(1) Notwithstanding section 43, the Minister may by regulations provide that tax at the rate of 5% or 10% shall be levied and paid for each year of assessment upon such income of an approved insurance broker as the Minister may specify that is derived by it on or after a prescribed date from the provision of such direct insurance broking, reinsurance broking or advisory services relating to the insurance sector as may be prescribed.”; and

15

(b) by deleting the words “31st March 2013” in subsection (4) and substituting the words “31st March 2018”.

Amendment of section 45

20 31. Section 45(9) of the principal Act is amended by deleting the words “31st December 2013” in paragraph (a) and substituting the words “31st December 2018”.

Amendment of section 45A

25 32. Section 45A of the principal Act is amended by deleting the words “31st December 2013” in subsections (2)(b), (2A) and (2B)(a) and substituting in each case the words “31st December 2018”.

Amendment of section 65B

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

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

30 “(2) A person shall not be obliged under this section to disclose —

- (a) any information which he is under any statutory obligation (other than sections 128, 128A, 129 and 131 of the Evidence Act (Cap. 97)) to observe secrecy; or
- (b) any information subject to legal privilege.”; 5
- (b) by inserting, immediately after the words “The Comptroller may” in subsection (3), the words “by notice”; and
- (c) by inserting, immediately after subsection (3), the following subsection:
 - “(3A) The time for compliance with a notice under subsection (3) shall be 21 days from the date of service of the notice or such other period as the Comptroller considers appropriate.”. 10

Repeal and re-enactment of section 65C and new sections 65D and 65E 15

34. Section 65C of the principal Act is repealed and the following sections substituted therefor:

“Failure to comply with section 64, 65, 65A or 65B

65C.—(1) Any person who, without reasonable excuse —

- (a) fails or neglects to comply with any notice or requirement of the Comptroller under section 64, 65, 65A or 65B; or 20
- (b) hinders or obstructs the Comptroller, or any officer authorised by the Comptroller, in the performance or execution of his duties or of anything which he is empowered or required to do under section 65B, 25

shall be guilty of an offence.

(2) Any person guilty of an offence under subsection (1) shall be liable on conviction —

- (a) to a fine not exceeding \$1,000 and in default of payment to imprisonment for a term not exceeding 6 months; and 30

(b) in the case of a continuing offence, to a further fine not exceeding \$50 for every day or part thereof during which the offence continues after conviction.

5 (3) The Comptroller may compound any offence under subsection (1).

(4) The generality of the term “reasonable excuse” in subsection (1) is not affected by section 65B(2).

10 (5) Except as provided under section 65B(2), it is not a defence to a charge under subsection (1) for a failure to disclose any information sought by a notice referred to in section 65B, that the person is under any duty of secrecy in respect of that information (referred to in this section as a displaced duty of secrecy).

15 (6) A person who in good faith complies with a notice referred to in section 65B shall not be treated as being in breach of a displaced duty of secrecy.

(7) No civil or criminal action for a breach of a displaced duty of secrecy, other than a criminal action for an offence under subsection (8), shall lie against the person referred to in subsection (6) —

20 (a) for producing any document or providing any information if he had done so in good faith in compliance with the notice under section 65B; or

25 (b) for doing or omitting to do any act if he had done or omitted to do the act in good faith and as a result of complying with such a notice.

30 (8) Any person who, in purported compliance with a notice issued by the Comptroller under section 64, 65, 65A or 65B, produces to the Comptroller any document which contains any information, or provides to the Comptroller any information, known to the person to be false or misleading in a material particular —

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

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

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

(9) A person shall not be convicted of an offence under this section for failing or neglecting to comply with a notice issued by the Comptroller under section 64, 65, 65A or 65B unless the notice was served on him personally or by registered post.

Section 65B notice applies notwithstanding duty of secrecy under Banking Act or Trust Companies Act

65D.—(1) This section applies where —

(a) the Comptroller requires any information for the administration of this Act, other than for an investigation or a prosecution for an offence alleged or suspected to have been committed under this Act;

(b) the information is protected from unauthorised disclosure under either of the following laws (referred to in this section as the relevant laws):

(i) section 47 of the Banking Act (Cap. 19) including any regulations made under subsection (10) of that section;

(ii) section 49 of the Trust Companies Act (Cap. 336); and

(c) the Comptroller issues a notice under section 65B to a person to provide that information.

(2) Notwithstanding anything in section 65B(2)(a), a person issued with a notice referred to in subsection (1)(c) is not excused from providing the information by reason only that the person is under a statutory obligation to observe secrecy under a relevant law, and that notice shall have effect notwithstanding the relevant law.

(3) A person who in good faith complies with a notice referred to in subsection (1)(c) shall not be treated as being in breach of the relevant law.

(4) No action for a breach of the relevant law shall lie against the person referred to in subsection (3) —

(a) for producing any document or providing any information if he had done so in good faith in compliance with a notice referred to in subsection (1)(c); or

(b) for doing or omitting to do any act if he had done or omitted to do the act in good faith and as a result of complying with such a notice.

Section 65B notice may be subject to confidentiality duty

65E.—(1) Where the Comptroller issues a notice to any person under section 65B and states that the notice must be kept confidential, the person (including an officer, employee or agent of the person) shall not disclose any information relating to the notice to any other person.

(2) Subsection (1) shall not apply to the disclosure of any information relating to the notice to an advocate and solicitor for the purpose of seeking legal advice on the notice, if (and only if) the person who discloses the information informs the advocate and solicitor of the Comptroller's requirement that the notice be kept confidential.

(3) The advocate and solicitor to whom information is disclosed in accordance with subsection (2) shall be subject to subsection (1) as if he is the person given the notice under subsection (1).

(4) Any person who contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$1,000 and in default of payment to imprisonment for a term not exceeding 6 months.

(5) The Comptroller may compound any offence under subsection (4).

(6) A person who in good faith complies with subsection (1) shall not be treated as being in breach of any duty to disclose the information to any person, whether imposed by written law, rule of law, any contract or any rule of professional conduct; and no criminal or civil action for a breach of such duty shall lie against the first-mentioned person.”. 5

New section 92D

35. The principal Act is amended by inserting, immediately after section 92C, the following section:

“Remission of tax of companies for years of assessment 2013, 2014 and 2015” 10

92D. Where the Comptroller is satisfied that the remission of tax would be beneficial to a company, there shall be remitted the tax payable for each of the years of assessment 2013, 2014 and 2015 by the company of an amount equal to the lower of the following: 15

(a) 30% of the tax payable for that year of assessment (excluding any tax levied and paid or payable pursuant to section 43(3), (3A) and (3B));

(b) \$30,000.”. 20

Amendment of section 93A

36. Section 93A of the principal Act is amended —

(a) by deleting subsections (1) and (2) and substituting the following subsections:

“(1) If any person alleges that for any year of assessment — 25

(a) an assessment is excessive; or

(b) any unabsorbed loss, allowance or donation that may be carried forward ought to be of a higher amount than that set out in an assessment, 30

by reason of some error or mistake —

(i) in the return or statement made by him for the purposes of the assessment; or

(ii) where he is exempted from liability to furnish a return under section 62(2), in the notice of assessment served on him,

he may, at any time not later than 6 years (if the year of assessment within which the assessment was made is 2007 or a preceding year of assessment) or 4 years (if the year of assessment within which the assessment is made is 2008 or a subsequent year of assessment) after the end of the year of assessment within which the assessment was made, make an application in writing to the Comptroller for relief.

(2) On receiving the application, the Comptroller shall inquire into the matter and shall, subject to this section, give, by way of repayment of tax or an amendment to the assessment, such relief in respect of the error or mistake as appears to him to be reasonable and just.”;

(b) by inserting, immediately after the word “relief” in subsection (3), the words “by way of repayment of tax”; and

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

“(3A) No amendment shall be made to the assessment under this section when the return or statement was in fact made on the basis of or in accordance with the practice of the Comptroller generally prevailing at the time when the return or statement was made.”.

Amendment of section 94

37. Section 94 of the principal Act is amended by deleting subsection (5).

Amendment of section 95

38. Section 95 of the principal Act is amended —

(a) by deleting the words “equal to the amount of tax which has been undercharged in consequence of such incorrect return or information or failure, or which would have been so undercharged if the return or information had been accepted as correct or if a notice had not been provided in accordance with section 76(8).” in subsection (1) and substituting the following words:

“equal to —

- (i) the amount of tax;
- (ii) the amount of PIC bonus; or
- (iii) the amount of tax and the amount of PIC bonus, as the case may be, that has been undercharged, obtained, or undercharged and obtained as a result of the incorrect return or information or failure, or that would have been so undercharged, obtained, or undercharged and obtained if the return or information had been accepted as correct or if a notice had not been provided in accordance with section 76(8).”;

(b) by deleting the words “equal to double the amount of tax which has been undercharged in consequence of such incorrect return or information or failure, or which would have been so undercharged if the return or information had been accepted as correct or if a notice had not been provided in accordance with section 76(8), and shall also be liable to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding 3 years or to both.” in subsection (2) and substituting the following words:

“equal to double —

- (i) the amount of tax;
- (ii) the amount of PIC bonus; or

(iii) the amount of tax and the amount of PIC bonus, as the case may be, that has been undercharged, obtained, or undercharged and obtained as a result of the incorrect return or information or failure, or that would have been so undercharged, obtained, or undercharged and obtained if the return or information had been accepted as correct or if a notice had not been provided in accordance with section 76(8), and shall also be liable to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding 3 years or to both.”; and

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

“(4) In this section, “PIC bonus” means a payment under section 37IA.”.

Amendment of section 96

39. Section 96 of the principal Act is amended —

(a) by inserting, immediately after the words “evade tax” in subsection (1), the words “, or to obtain or to assist any other person to obtain a PIC bonus or a higher amount of PIC bonus, or both”;

(b) by deleting the words “treble the amount of tax which has been undercharged in consequence of the offence or which would have been undercharged if the offence had not been detected, and shall also be liable to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 3 years or to both.” in subsection (1) and substituting the following words:

“treble —

(i) the amount of tax;

(ii) the amount of PIC bonus; or

(iii) the amount of tax and the amount of PIC bonus, as the case may be, that has been undercharged, obtained, or undercharged and obtained as a result of the offence, or that would have been undercharged, obtained, or undercharged and obtained if the offence had not been detected, and shall also be liable to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 3 years or to both.”;

(c) by deleting subsection (2) and substituting the following subsection:

“(2) When an individual has been convicted for —

(a) 3 or more offences under this section or section 37J(3); or

(b) one offence under this section and one offence under either section 96A or 37J(4),

the imprisonment he shall be liable to shall not be less than 6 months.”;

(d) by inserting, immediately after the words “evade tax” in subsection (3), the words “, to obtain a PIC bonus or a higher amount of PIC bonus, or both, as the case may be”;

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

“(5) In this section, “PIC bonus” means a payment under section 37IA.”; and

(f) by deleting the section heading and substituting the following section heading:

“Tax evasion and wilful action to obtain PIC bonus”.

Amendment of section 96A

40. Section 96A of the principal Act is amended —

(a) by inserting, immediately after the words “evade tax” in subsection (1), the words “, or to obtain or to assist any other

person to obtain a PIC bonus or a higher amount of PIC bonus, or both”;

- (b) by deleting the words “4 times the amount of tax which has been undercharged in consequence of the offence or which would have been undercharged if the offence had not been detected, and shall also be liable to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 5 years or to both.” in subsection (1) and substituting the following words:

“4 times —

(i) the amount of tax;

(ii) the amount of PIC bonus; or

(iii) the amount of tax and the amount of PIC bonus,

as the case may be, that has been undercharged, obtained, or undercharged and obtained as a result of the offence, or that would have been undercharged, obtained, or undercharged and obtained if the offence had not been detected, and shall also be liable to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 5 years or to both.”;

- (c) by deleting subsection (2) and substituting the following subsection:

“(2) When an individual has been convicted for —

(a) 2 or more offences under this section or section 37J(4); or

(b) one offence under this section and one offence under either section 96 or 37J(3),

the imprisonment he shall be liable to shall not be less than 6 months.”;

- (d) by inserting, immediately after the words “evade tax” in subsection (3), the words “, to obtain a PIC bonus or a higher amount of PIC bonus, or both, as the case may be”;

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

“(5) In this section, “PIC bonus” means a payment under section 37IA.”; and

(f) by deleting the section heading and substituting the following section heading: 5

“Serious fraudulent tax evasion and action to obtain PIC bonus”.

Amendment of section 105A

41. Section 105A of the principal Act is amended — 10

(a) by deleting the definition of “prescribed arrangement” in subsection (1) and substituting the following definition:

““prescribed arrangement” means an avoidance of double taxation arrangement which contains an EOI provision, or an EOI arrangement;” and 15

(b) by deleting subsection (4) and substituting the following subsection:

“(4) For the avoidance of doubt, the reference to tax in the definition of “tax position” in subsection (1) is a reference to any type of tax that is covered by the EOI provision of the avoidance of double taxation arrangement in question or by the EOI arrangement in question, and is not limited to income tax or tax of a similar character.”. 20

Amendment of section 105B

42. Section 105B of the principal Act is amended by deleting the words “prescribed under section 105C” in paragraphs (a) and (b). 25

Repeal of section 105C

43. Section 105C of the principal Act is repealed.

Amendment of section 105D

44. Section 105D of the principal Act is amended by inserting, immediately after subsection (3), the following subsection:

5 “(4) For the purposes of subsection (3), the terms of the prescribed arrangement shall not be construed in such a way as to prevent the Comptroller from complying with, or to permit him to decline to comply with, a request for information merely because —

10 (a) Singapore does not need the information for its own tax purposes; or

(b) the information is held by a bank or other financial institution, a nominee or a person acting in an agency or fiduciary capacity, or it relates to the ownership interests in an entity.”.

Amendment of section 105E

45. Section 105E of the principal Act is amended —

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

20 “(1) After receipt of a request under section 105D for any information which, in the opinion of the Comptroller, is information referred to in subsection (2), the Comptroller shall serve notice of the request on the person identified in the request as the person in relation to whom the information is sought.”;

25 (b) by deleting subsection (3); and

(c) by deleting the words “referred to in subsection (3)” in subsection (4)(a)(i) and substituting the words “upon whom service may be effected in accordance with section 8”.

Amendment of section 105F

30 46. Section 105F of the principal Act is amended by deleting subsection (1) and substituting the following subsection:

“(1) Sections 65 to 65D shall have effect for the purpose of enabling the Comptroller to obtain any information for the purpose of complying with a request under section 105D; and section 65E shall also have effect in relation to a notice issued under section 65B for the purpose of complying with such a request.”.

5

New section 105GA

47. The principal Act is amended by inserting, immediately after section 105G, the following section:

“Information may be used for administration of Act

10

105GA. For the avoidance of doubt, any information obtained under section 105F or 105G may be used not only for the purpose of complying with a request under section 105D, but also for any purpose connected with the administration of this Act, including the investigation or a prosecution for an offence alleged or suspected to have been committed under this Act.”.

15

Repeal and re-enactment of Part XXB

48. Part XXB of the principal Act is repealed and the following Part substituted therefor:

“PART XXB

20

INTERNATIONAL AGREEMENTS TO IMPROVE TAX COMPLIANCE

Interpretation of this Part

105I. In this Part —

“international tax compliance agreement” means an agreement or arrangement that is declared by the Minister, by an order under section 105K, as an international tax compliance agreement;

25

“person” has the meaning given to that word in section 2(1) and includes a partnership.

30

Purpose of this Part

105J. The purpose of this Part is to implement Singapore's obligations under an international tax compliance agreement.

International tax compliance agreements

5 **105K.**—(1) The Minister may by order declare any of the following as an international tax compliance agreement for the purposes of this Part:

10 (a) the agreement reached between the Government and the Government of the United States of America to facilitate compliance by financial institutions and other persons in Singapore with the Foreign Account Tax Compliance Act of the United States of America (FATCA);

(b) any agreement modifying or supplementing that agreement;

15 (c) any other agreement or arrangement between the Government and the government of another country which makes provision corresponding, or substantially similar, to that made by an agreement referred to in paragraph (a) or (b).

20 (2) An order under subsection (1) may only take effect on or after the date on which the agreement or arrangement enters into force for Singapore.

Provision of information to Comptroller

25 **105L.**—(1) A person falling within any description of persons prescribed by regulations made under section 105P (referred to in this section as a prescribed person) shall, at such times and frequency and in such form and manner as may be prescribed by those regulations, provide the Comptroller with information of a description prescribed by those regulations.

30 (2) A prescribed person is not excused from providing the information by reason only that the person is under a duty of secrecy, whether imposed by written law, rule of law, any

contract or any rule of professional conduct, in respect of that information.

(3) A prescribed person who in good faith complies with subsection (1) shall not be treated as being in breach of any duty of secrecy referred to in subsection (2). 5

(4) No civil or criminal action for a breach of any such duty, other than a criminal action for an offence under section 105M(3), shall lie against the prescribed person —

(a) for producing any document or providing any information if he had done so in good faith in compliance with subsection (1); or 10

(b) for doing or omitting to do any act if he had done or omitted to do the act in good faith and as a result of complying with subsection (1).

(5) Notwithstanding subsection (2), subsection (1) does not apply to any information subject to legal privilege. 15

Offences

105M.—(1) Any person who, without reasonable excuse, fails or neglects to comply with section 105L(1) shall be guilty of an offence and shall be liable on conviction — 20

(a) to a fine not exceeding \$1,000 and in default of payment to imprisonment for a term not exceeding 6 months; and

(b) in the case of a continuing offence, to a further fine not exceeding \$50 for every day or part thereof during which the offence continues after conviction. 25

(2) The Comptroller may compound any offence under subsection (1).

(3) Any person who, in purported compliance with section 105L(1), produces to the Comptroller any document which contains any information, or provides to the Comptroller any information, known to the person to be false or misleading in a material particular — 30

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

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

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

10 **Power of Comptroller to obtain information**

15 **105N.**—(1) Sections 65 to 65D shall have effect for the purpose of enabling the Comptroller to obtain any information for the purpose of complying with any provision of an international tax compliance agreement or enabling Singapore to carry out its obligations under any provision of such agreement, and section 65E shall also have effect in relation to a notice issued under section 65B for this purpose.

(2) For the purpose of subsection (1) —

20 (a) the reference in section 65 to the purpose of obtaining full information in respect of any person's income shall be read as a reference to the purpose referred to in subsection (1);

(b) a reference in section 65B to the purposes of this Act shall be read as the purpose referred to in subsection (1);

25 (c) references in section 65B to proceedings for an offence under this Act, proceedings for the recovery of tax or penalty and proceedings by way of an appeal against an assessment shall be read as a reference to proceedings for an offence under this Part; and

30 (d) the Comptroller may authorise an officer of the Monetary Authority of Singapore under section 4(1) to perform a duty of the Comptroller under section 65, 65A or 65B.

Information may be used for administration of Act

105O. For the avoidance of doubt, any information provided or obtained under section 105L or 105N may be used for any purpose connected with the administration of this Act, including the investigation or a prosecution for an offence alleged or suspected to have been committed under this Act.

5

Regulations to implement international tax compliance agreements

105P.—(1) The Minister may make regulations for, or in connection with, giving effect to or enabling effect to be given to an international tax compliance agreement.

10

(2) Without prejudice to the generality of subsection (1), regulations under subsection (1) may —

(a) prescribe anything which may be prescribed under this Part;

15

(b) for the purpose of section 105L, prescribe different descriptions of information, forms and manners of provision of the information, and times and frequencies for the provision of the information, in relation to different international tax compliance agreements, different persons or under different circumstances;

20

(c) impose registration, due diligence procedures and other obligations required or permitted to be imposed under an international tax compliance agreement on any person to whom the agreement applies; and

25

(d) contain incidental, transitional or savings provisions.

(3) Regulations under subsection (1) may give force of law to any provision of an international tax compliance agreement, whether with or without any modification.”.

30

Miscellaneous amendments arising from abolition of imputation system

5 **49.**—(1) The provisions of the principal Act specified in the first column of the Schedule are amended in the manner set out in the second column of that Schedule.

10 (2) For a period of 2 years after 1st January 2014, the Minister may by regulations prescribe such provisions of a savings or transitional nature consequent on the enactment of any of the amendments referred to in subsection (1) as he may consider necessary or expedient.

Miscellaneous amendments

50. The principal Act is amended by deleting “43O,” in the following sections:

15 Sections 14C(6) (paragraph (b) of the definition of “concessionary rate of tax”), 37B(7) (paragraph (b) of the definition of “higher rate of tax” or “lower rate of tax”), 37E(17) (paragraph (b) of the definition of “concessionary rate of tax”) and 43D(3).

Remission of tax for year of assessment 2013

20 **51.**—(1) There shall be remitted the tax payable for the year of assessment 2013 by an individual resident in Singapore an amount equal to —

(a) where he was below 60 years of age as at 31st December 2012, the lower of the following:

25 (i) 30% of the tax payable by that individual for that year of assessment;

(ii) \$1,500; or

(b) where he was 60 years of age and above as at 31st December 2012, the lower of the following:

30 (i) 50% of the tax payable by that individual for that year of assessment;

(ii) \$1,500.

(2) The amount of such remission shall be determined by the Comptroller.

Savings provision

52.—(1) Notwithstanding section 27(a), section 43(5) of the principal Act in force immediately before the date the Income Tax (Amendment) Act 2013 is published in the *Gazette* shall apply to any payment made before that date of income from a profession or vocation to an individual or foreign firm to which section 43(4) of the principal Act applies. 5

(2) Notwithstanding the repeal and re-enactment of Part XXB of the principal Act by section 48, Part XXB of the principal Act in force immediately before the date of commencement of that section shall continue to apply to any case relating to the administration of the principal Act, or a request made under section 105D, in respect of which an application to the High Court under that Part has been made before that date, and is pending on that date. 10 15

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

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

53. Section 66(1) of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86) is amended by deleting “43O,” in the definition of “concessionary income”. 25

THE SCHEDULE

Section 49(1)

MISCELLANEOUS AMENDMENTS ARISING FROM ABOLITION OF IMPUTATION SYSTEM

<i>First column</i>	<i>Second column</i>
1. Section 10I	Delete subsection (4).
2. Section 10J	Delete subsections (4) to (9), (11) and (12)(d).

THE SCHEDULE — *continued*

<i>First column</i>	<i>Second column</i>
3. Section 10K	Delete subsections (3) and (4).
4. Section 10N	<p>(a) Delete subsections (6), (8)(b) and (9)(b)(ii).</p> <p>(b) Insert, at the end of subsections (8)(a) and (9)(b)(i), the word “or”.</p>
5. Section 13	<p>(a) Delete the words “, other than dividends derived from Singapore from which tax has been deducted under section 44,” in subsection (1)(d).</p> <p>(b) Delete the words “, except dividends received before 1st January 2008 by it from any company in which it holds, at the time such dividends are declared, more than half of the total number of issued shares of the company unless the Minister otherwise approves” in subsection (1)(e).</p> <p>(c) Delete the words “except for sums in respect of dividends (other than dividends derived from outside Singapore) credited to his Investment Account maintained under the Central Provident Fund Act (Cap. 36)” in subsection (1)(j).</p> <p>(d) Delete the words “, except distributions made out of Singapore dividends from which tax is deducted or deductible under section 44” in subsection (1)(ze)(v).</p> <p>(e) Delete the words “, except distribution made out of Singapore dividends from which tax is deducted or deductible under section 44” in subsection (1)(zi)(ii).</p> <p>(f) Delete subsection (14).</p>

THE SCHEDULE — *continued**First column**Second column*

- | | |
|-------------------------|--|
| 6. Section 13A | <p>(a) Insert, immediately after the words “relating to” in subsection (4), the word “assessments,”.</p> <p>(b) Delete subsections (5A) and (6).</p> <p>(c) Delete the words “subsections (2) and (6)” in subsection (7) and substitute the words “subsection (2)”.</p> <p>(d) Delete subsections (8) and (9) and substitute the following subsections:</p> <p style="padding-left: 40px;">“(8) Notwithstanding subsections (1) to (7), where it appears to the Comptroller that any income of a shipping enterprise which has been exempted from tax ought not to have been so exempted for any year of assessment, the Comptroller may, at any time within 4 years after the expiration of that year of assessment, make such assessment or additional assessment upon the shipping enterprise as may appear to be necessary in order to make good any loss of tax.</p> <p style="padding-left: 40px;">(9) Parts XVII and XVIII (relating to assessments, objections and appeals) and any rules made under this Act shall apply, with the necessary modifications, as if an assessment under subsection (8) were a notice of assessment.”.</p> |
| 7. Sections 13D and 13E | Repeal. |
| 8. Section 13F(5) | Delete “(5A), (6),”. |
| 9. Section 13H | <p>(a) Insert, immediately after the words “relating to” in subsection (6), the word “assessments,”.</p> |

THE SCHEDULE — *continued**First column**Second column*

(b) Delete the words “Subject to subsection (8), where” in subsection (7) and substitute the word “Where”.

(c) Delete subsections (8) to (14).

(d) Delete subsections (16) and (17) and substitute the following subsections:

“(16) Notwithstanding anything in this section, where it appears to the Comptroller that any income of an approved venture company which has been exempted from tax or subject to tax at a concessionary rate under regulations made under subsection (1) ought not to have been so exempted or taxed for any year of assessment, the Comptroller may, at any time within 4 years after the expiration of that year of assessment, make such assessment or additional assessment upon the company as may appear to be necessary in order to make good any loss of tax.

(17) Parts XVII and XVIII (relating to assessments, objections and appeals) and any rules made under this Act shall apply, with the necessary modifications, as if an assessment under subsection (16) were a notice of assessment.”.

10. Section 13S

(a) Insert, immediately after the words “relating to” in subsection (7), the word “assessments,”.

(b) Delete the words “Subject to subsection (9), where” in subsection (8) and substitute the word “Where”.

THE SCHEDULE — *continued**First column**Second column*

(c) Delete subsections (9) to (16).

(d) Delete subsections (18) and (19) and substitute the following subsections:

“(18) Notwithstanding anything in this section, where it appears to the Comptroller that any income of an approved shipping investment enterprise which has been exempted from tax under subsection (1) ought not to have been so exempted for any year of assessment, the Comptroller may, at any time within 4 years after the expiration of that year of assessment, make such assessment or additional assessment upon the enterprise as may appear to be necessary in order to make good any loss of tax.

(19) Parts XVII and XVIII (relating to assessments, objections and appeals) and any rules made under this Act shall apply, with the necessary modifications, as if an assessment under subsection (18) were a notice of assessment.”.

11. Section 13V

Delete subsections (13) and (14).

12. Section 14B

(a) Delete subsections (5) to (9).

(b) Delete subsection (10) and substitute the following subsection:

“(10) Notwithstanding anything in this section, where it appears to the Comptroller that in any year of assessment any further deduction which has been allowed under this section or section 14E or 14L ought not to have been so allowed, the Comptroller may, within the year of

THE SCHEDULE — *continued*

<i>First column</i>	<i>Second column</i>
	assessment or within 4 years after the expiration thereof, make such assessment or additional assessment upon the firm or company as may be necessary in order to make good any loss of tax.”.
13. Section 14K	(a) Delete subsections (4) and (5). (b) Delete subsection (6) and substitute the following subsection: <p style="margin-left: 40px;">“(6) Section 14B(10) shall apply, with the necessary modifications, to any firm or company to which a deduction is allowed under subsection (1).”.</p>
14. Section 14M	(a) Delete subsections (8) to (17). (b) Delete subsection (23) and substitute the following subsection: <p style="margin-left: 40px;">“(23) Notwithstanding anything in this section, where it appears to the Comptroller that in any year of assessment any deduction allowed under this section ought not to have been so allowed, the Comptroller may, in the year of assessment or within 4 years after the expiration thereof, make such assessment or additional assessment upon the person as may be necessary in order to make good any loss of tax.”.</p>
15. Section 15(1)	Delete paragraph (o).
16. Sections 29 and 30	Repeal.
17. Section 34	Delete the words “section 30, 32 or 33” and substitute the words “section 32 or 33”.
18. Section 35	Delete subsection (5).

THE SCHEDULE — *continued*

<i>First column</i>	<i>Second column</i>
19. Section 36B(3)	Delete the words “, 43(2) and 46(1)(b)” and substitute the words “and 43(2)”.
20. Section 37A	Repeal.
21. Section 42	Delete subsection (3).
22. Section 43	<p>(a) Delete the words “and Singapore dividends” in subsection (2A)(a)(ii) and (b)(ii).</p> <p>(b) Delete the words “(excluding Singapore dividends)” in subsections (2A)(a)(iii), (6)(i) and (ii) and (6A)(a) and (b).</p> <p>(c) Delete subsection (3C).</p> <p>(d) Delete the definition of “Singapore dividends” in subsection (10).</p>
23. Sections 44 and 44A	Repeal.
24. Section 45G(1)	Delete the words “(except distribution out of Singapore dividends from which tax is deducted or deductible under section 44) made on or after 18th February 2005”.
25. Section 46	<p>(a) Delete the words “has deducted or is entitled to deduct from any dividend under section 44 or” in subsection (1)(a).</p> <p>(b) Delete sub-paragraph (ii) of subsection (1)(b).</p> <p>(c) Delete subsections (1A) to (6).</p> <p>(d) Delete the word “dividends,” in the section heading.</p>
26. Section 62B	<p>(a) Delete the words “from any dividend under section 44 or” in subsection (2).</p> <p>(b) Delete subsection (7) and substitute the following subsection:</p> <p style="padding-left: 40px;">“(7) Notwithstanding subsection (6), for the purposes of an election under section 24, where the buyer and seller</p>

THE SCHEDULE — *continued*

<i>First column</i>	<i>Second column</i>
	of any property each uses a different functional currency, the rate of exchange applicable shall be the rate of exchange prevailing as at the date of sale of the property.”.
27. Section 89(1)	Delete the words “sections 44, 44A and 45” and substitute the words “section 45”.
28. Section 92	(a) Delete subsections (3) and (5). (b) Delete subsection (4) and substitute the following subsection: <p style="margin-left: 40px;">“(4) The Minister may make rules for the purpose of giving effect to this section.”.</p>
29. Section 93	Delete subsection (4).
30. Section 94	(a) Delete subsection (4). (b) Insert, immediately after the word “section” in subsection (6), the words “(including an offence for the contravention of a provision that has been repealed)”.
31. Section 100(2)	(a) Delete “44(19),”. (b) Insert, immediately after “91(4)”, the words “, or section 44(19) in force immediately before 1st January 2014,”.
32. Section 107	Repeal.
33. First Schedule	Delete “, 42(3)” in the Schedule reference.

EXPLANATORY STATEMENT

This Bill seeks to implement the tax changes in the Government's 2013 Budget Statement and to make certain other amendments to the Income Tax Act (Cap. 134).

The Bill also makes a consequential amendment to 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 introduce a definition for the term "information subject to legal privilege", which is used in the amended section 65B and the new section 105L.

Clause 3 amends section 6 (Official secrecy) —

- (a) to enable documents and information to be disclosed in a prosecution for an offence under the Act and not just an offence that relates to income tax. Examples of offences under the Act which do not relate to income tax are offences under section 105F read with section 65C, and under the new section 105M; and
- (b) to allow the Comptroller of Income Tax (the Comptroller) to share information with the United States of America pursuant to Singapore's agreement with the United States of America to implement the Foreign Account Tax Compliance Act (FATCA), or other similar agreement.

Clause 4 amends section 10 (Charge of income tax) to provide that with effect from the year of assessment 2015, the taxable benefit of any place of residence provided by an employer to his employee is the annual value of that place less the rent paid by the employee. Currently, such taxable benefit is the lower of 10% of the employment income (less the rent paid by the employee) and the annual value of the place of residence.

Section 10 is further amended to extend to 31st December 2018 the date by which qualifying debt securities must be issued for income derived from them and distributed to certain unitholders to be deemed as income of such unitholders.

Clause 5 amends section 10C (Excess provident fund contributions, etc., deemed to be income) to increase the maximum amount of employer contribution to an employee's medisave account that is not treated as income of the employee, to \$1,500 per employer per year beginning with 2013. The cap of \$1,500 applies on a per contributor, per recipient basis. For example, if the employer is also a person prescribed under the new section 13(1)(jd) and makes a contribution to the same recipient's account in the latter capacity, the amount in the account which is not deemed as income under section 10C and the amount in the account which is exempt from tax under section 13(1)(jd) must not together exceed \$1,500.

Clause 6 amends section 10F (Ascertainment of income from certain public-private partnership arrangement) —

- (a) to align the tax treatment of income derived by a person from services provided to the Government or an approved statutory body under a public-private partnership arrangement to which the financial reporting standard known as the Interpretation of Financial Reporting Standard 112 (Service Concession Arrangements) (INT FRS 112) applies, with the accounting treatment for such arrangement under INT FRS 112; and
- (b) to give a person providing construction or upgrade services under such a public-private partnership arrangement the right to make an irrevocable election for any amount that is treated as income from such services under INT FRS 112 to be treated as having been derived in the basis period in which those services are completed.

Clause 7 amends section 13 (Exempt income) for the following purposes:

- (a) to extend to 31st December 2018 the date by which qualifying debt securities must be issued for certain income derived from them to be given tax exemption under that section;
- (b) to enable income from qualifying debt securities to be exempted from tax under subsection (1)(bc) if, among other conditions, the securities are only subject to the standard early termination clauses (to be prescribed by regulations). However, any income derived on or after the shortening of the tenure of the securities to less than 10 years on the basis of any such standard early termination clause will not be exempt from tax under that provision (new subsection (2HA));
- (c) to increase the maximum amount of voluntary cash contribution by a prescribed person to the medisave account of a self-employed individual that may be exempt from tax, to \$1,500 per prescribed person per year beginning with 2013. The cap of \$1,500 applies on a per contributor, per recipient basis. For example, if the prescribed person is also an employer who makes a contribution to the same recipient's account in the latter capacity, the amount in the account which is exempt from tax under subsection (1)(jd) and the amount in the account which is not deemed as income under section 10C must not together exceed \$1,500;
- (d) to amend subsection (1)(zd) (interest of an individual from deposit with approved bank or licensed finance company is exempt from tax) to clarify that it only applies to deposits held in Singapore;
- (e) to make consequential amendments arising from the insertion of a new definition of "restricted Singapore scheme" (formerly "restricted authorised scheme") in the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005

(G.N. No. S 602/2005) by the Securities and Futures (Offers of Investments) (Collective Investment Schemes) (Amendment) Regulations 2009 (G.N. No. S 420/2009);

- (f) to redefine the term “approved bank” as a bank that is licensed under the Banking Act (Cap. 19) or approved as a financial institution under the Monetary Authority of Singapore Act (Cap. 186), so as to remove the need for the Minister to approve such banks on a case by case basis. A bank has to be an approved bank if interest from the deposits held by it in Singapore is tax exempt in the hands of certain persons; and
- (g) to amend the definition of “qualifying debt securities” in that section so as to cover debt securities issued between the years 2014 and 2018 and arranged by a company approved by the Minister or a person appointed by him as a “financial sector incentive (standard tier) company”, or a “financial sector incentive (capital market) company”. A similar amendment is also made to the definition of “qualifying project debt securities”.

Clause 8 repeals and re-enacts section 13B. Most of the provisions of the section are now obsolete as a result of the abolition of the imputation system. The new section 13B is a re-enactment of existing section 13B(8) (Comptroller may make assessment on a company if it appears to him the company is not entitled to specified tax concession or exemption) in its application to a person given a tax exemption under regulations made under section 43A, 43C, 43E or 43N. It also applies the provisions under the Act concerning assessments, objections and appeals to an assessment made under the re-enacted section.

Clause 9 amends section 13J (Exemption of tax on gains or profits from equity remuneration incentive scheme (SMEs)) to provide that the partial tax exemption under that section does not apply to any gains or profits —

- (a) derived by a qualifying employee from any stock option, or any right or benefit under any share acquisition scheme, granted on or after 1st January 2014; or
- (b) derived by a qualifying employee on or after 1st January 2024.

Clause 10 amends section 13L (Exemption of tax on gains or profits from equity remuneration incentive scheme) for the same purposes as the amendments made to section 13J by clause 9.

Clause 11 amends section 13M (Exemption of tax on gains or profits from equity remuneration incentive scheme (start-ups)) to provide that the partial tax exemption under that section does not apply to any gains or profits derived by a qualifying employee on or after 1st January 2024.

Clause 12 amends section 13P (Exemption of income derived from asset securitisation transaction) —

- (a) to extend to 31st December 2018 the date by which an asset securitisation transaction must be entered into in order for income derived therefrom to be exempt from tax under that section; and
- (b) to apply the provisions of the Act concerning assessments, objections and appeals to an assessment which the Comptroller makes on a company because it appears to him the company is given an exemption to which it is not entitled under the section.

Clause 13 amends section 14 (Deductions allowed) —

- (a) to increase the maximum deduction allowable to an employer for his contribution to an employee's medisave account to \$1,500 per employee per year beginning with 2013; and
- (b) to increase the maximum deduction allowable to a prescribed person for his voluntary contribution to the medisave account of a self-employed individual, to \$1,500 per individual per year beginning with 2013.

The cap of \$1,500 applies on a per contributor, per recipient basis, so that if the contributor to a recipient's account did so both as employer and prescribed person, the total deduction allowable to him for all contributions to that account cannot exceed the cap.

The section is also amended to disapply the limitation under subsections (3) and (3A) on the deduction that may be allowed for motor car expenses, to a foreign registered car used exclusively outside Singapore.

Clause 14 repeals section 14J (Further deduction for expenditure on research and development of new financial activities) as it is no longer required.

Clause 15 makes a technical amendment to section 14Q (Deduction for renovation or refurbishment expenditure).

Clause 16 inserts a new section 14V to provide that where an intangible asset is created under a public-private partnership arrangement to which INT FRS 112 applies, and amortisation of the asset is recognised in accordance with FRS 38 in financial statements for a basis period for a year of assessment, then the amount of the amortisation that, in accordance with FRS 38, is recognised as an expense is an allowable deduction against an amount deemed as income for that basis period from providing services under the arrangement under the amended section 10F. Any resulting loss from such deduction may be deducted from other income in accordance with section 37(3).

Clause 17 inserts a new section 14W to provide for an enhanced deduction for expenditure in the form of licence fees incurred on licensing by a taxpayer from another person of any intellectual property rights other than trademark or software user rights. The new section 14W provides —

- (a) for a deduction (in addition to the deduction under section 14 or 14D) of 300% of up to \$1,200,000 of such expenditure incurred during the combined basis periods for the years of assessment 2013, 2014 and 2015;
- (b) that the combined expenditure for a deduction under the section and section 19B(1B) (enhanced writing-down allowance for intellectual property rights for years of assessment 2013 to 2015) must not exceed the expenditure cap of \$1,200,000;
- (c) that a person who fails to carry on any trade or business during any of those basis periods will have the above expenditure caps correspondingly reduced; and
- (d) that no deduction may be allowed for expenditure for which no deduction may be allowed under section 14 or 14D, for expenditure on the licensing of intellectual property rights from a related party carrying on a trade or business in Singapore where the rights were acquired or developed by the related party during the basis period relating to the year of assessment 2011 or any subsequent year of assessment, and for expenditure subsidised by a grant or subsidy of the Government or a statutory board.

Clause 18 makes consequential amendments to section 15 (Deductions not allowed) as a result of the insertion of new paragraphs *(fb)* and *(fc)* of section 14(1), and new sections 14V and 14W.

Clause 19 amends section 19 (Initial and annual allowances for machinery or plant) to disapply the limitation under subsection (3) on the amount of allowances that may be given for capital expenditure incurred on a motor car, to a foreign registered motor car used exclusively outside Singapore which is acquired in the basis period for the year of assessment 2014 or after.

Clause 20 amends section 21 (Replacement of machinery or plant) to disapply subsection (5) to a new foreign registered car used exclusively outside Singapore that is acquired in the basis period for the year of assessment 2014 or after. Section 21 allows a taxpayer to set off a balancing charge from disposing an item of machinery or plant against the cost of a new item, and for this purpose subsection (5) limits the cost of a new foreign registered car used exclusively outside Singapore to \$35,000.

Clause 21 amends section 26 (Profits of insurers) for the following purposes:

- (a) to delete subsection (5) (relating to the accounting method for ascertaining the profits of export credit insurers) so that income of export credit insurers will be ascertained in the same manner as general insurers; and
- (b) to amend various definitions under that section to align with the definitions of insurance terms under the First Schedule to the Insurance Act (Cap. 142).

Clause 22 amends section 34C (Amalgamation of companies) to provide that regulations may be made to modify the provisions of the Act in their application to an amalgamating company.

Clause 23 amends section 37I (Cash payout under Productivity and Innovation Credit Scheme) to enable a tax deduction under the new section 14W (deduction for expenditure on licensing intellectual property rights) to be converted at the election of taxpayer into a cash payout under that section. The expenditure for which a deduction under section 14 may be converted into a cash payout has also been clarified. It extends only to expenditure that also qualifies for a deduction under sections 14R, 14S and 14T. Subsection (6) (dealing with the amount of payout which may be made to partnerships) is deleted because the payout is to be made to the partnership and not to the partners. Subsections (16) and (18) (dealing with the manner of recovering a cash payout) are also amended to make them applicable to subsection (11A), which deals with the recovery of any cash payout in relation to expenditure incurred for acquiring intellectual property rights on instalment payment terms.

Clause 24 inserts new sections 37IA and 37IB.

The new section 37IA deals with the payment of a cash amount, known as the Productivity and Innovation Credit bonus or PIC bonus, to a person that is based on certain expenditures which improve productivity or help innovation, and which qualify for certain deductions or allowances under the Act. The expenditures must be incurred in the combined basis periods for the years of assessment 2013 to 2015.

The total PIC bonus that may be paid to a person for the combined basis periods is \$15,000 (subsection (2)). The maximum amount of PIC bonus to be paid for each year of assessment is \$15,000 less payments which have already been made in respect of an earlier or a later basis period. Payments may already have been made in respect of a later basis period in a given case because the document giving rise to the payment may be submitted earlier. To illustrate, a person may claim enhanced deductions for the year of assessment 2013, and may elect for a PIC cash payout for the year of assessment 2014 on a quarterly basis. The person may receive the PIC bonus for the year of assessment 2014 earlier than that for the year of assessment 2013 if the PIC cash payout election forms are submitted before the return of income for the year of assessment 2013.

The total PIC bonus available to an individual is subject to the cap referred to in subsection (2) regardless of the number of firms he carries on his trades or businesses (subsection (6)).

The conditions for the payment of the PIC bonus for each year of assessment are that —

- (a) the person must have incurred at least \$5,000 qualifying expenditure in the basis period for that year of expenditure;

- (b) he is carrying on a trade or business at the time the Comptroller is considering his case for the bonus; and
- (c) he has made contributions to the Central Provident Fund for at least 3 local employees based on the payroll for the last month of the basis period or such other month determined by the Comptroller (subsection (1)).

As an alternative, the Comptroller may give any part of the PIC bonus in advance and before the expiry of the time for submitting the return of income for the year of assessment if the person has made an election for a PIC cash payout under section 37I and those conditions (modified in their application to the making of an advance payment following an election for cash payout) are satisfied (subsection (3)).

Where advance payments of PIC bonus have been made under subsection (3) for any year of assessment and the person has, on the date of submission of return of income for that year of assessment, yet to be given the full amount of PIC bonus for that year of assessment in respect of any qualifying expenditure, he may be given the balance if the conditions in subsection (1) are satisfied (subsection (5)).

In certain circumstances, expenditure incurred by a person will not qualify for the PIC bonus, e.g. the property for which the expenditure was incurred has been disposed of within a specified period (subsection (7)).

PIC bonus that has been paid out may be recovered in certain circumstances and the amount to be paid out reduced (subsections (8), (10), (11) and (14)). These circumstances include, among others —

- (a) the disposal within a specified period of the property for which the qualifying expenditure was incurred;
- (b) the property for which the qualifying expenditure was incurred are intellectual property rights and the person permanently ceases to carry on the trade or business for which the rights are used; and
- (c) the expenditure is subsequently found not to qualify for the relevant deduction or allowance.

Outstanding taxes, duties, interest or penalties under the Act and certain other Acts owing by a person may be recovered from the PIC bonus due to him (subsections (12) and (13)).

The new section 37IB clarifies how sections 37I and 37IA are to apply if the person qualifying for the cash payout or PIC bonus is a partnership. All references to a qualifying person or an eligible person under those sections are to the partnership itself, except that any reference to a deduction or allowance that may be allowed or made to a person is a reference to such deduction or allowance that may be allowed or made to all of the partners.

Clause 25 amends section 37J (Penalties for false information, etc., under section 37I) to extend the scope of that section (which currently applies to information given when electing for a PIC cash payout under section 37I) to —

- (a) the giving of false information or the omission of information in relation to such election which results or could have resulted in the wrongful payment of a PIC bonus under the new section 37IA; and
- (b) the falsification of books and the employment of any fraud, art or contrivance in connection with such election in order to obtain the PIC bonus.

The minimum imprisonment term prescribed under sections 96(2) and 96A(2) for multiple offences under those sections are reproduced here as the offences are similar in nature. In addition, 2 rebuttable presumptions, based on sections 96(3) and 96A(3), have been added.

Clause 26 amends section 37M (Treatment of unabsorbed donations attributable to exempt income) to clarify that the donation that is to be given the tax treatment referred to in that section is the amount of the donation that remains after determining the amount of exempt income for the year of assessment 2012.

Clause 27 amends section 43 (Rate of tax upon companies and others) —

- (a) to change the period in section 43(5) within which a non-resident individual or firm must elect for his net professional or vocational income to be taxed at the rate of 20% (instead of the gross amount of such income being taxed at the rate of 15%), from the current 45 days to a period which corresponds to that within which withholding tax must be paid by the payer of the income to the Comptroller under section 45F (read with section 45(4)(a)); and
- (b) to provide that section 43(6A), which provides for a tax exemption for a part of the normal income of a newly incorporated company in its first 3 years of assessment, does not apply to a company incorporated on or after 26th February 2013 if it undertakes property development in the basis period in question, or if its only activity in that basis period is investment holding. Subsection (6A) will also not apply to a company which is a partner of a partnership that undertakes property development in the basis period, or to a company which is a partner of a partnership whose only activity in the basis period is investment holding and the company has no activity or no other activity besides investment holding.

Clause 28 amends section 43N (Concessionary rate of tax for income derived from debt securities) to extend to 31st December 2018 —

- (a) the date by which qualifying debt securities must be issued for certain income derived from them to enjoy the concessionary tax rate provided by regulations made under that section; and

- (b) the date by which income must be derived by a primary dealer from trading in Singapore Government securities so that it may be exempt from tax under regulations made under that section.

Clause 29 repeals section 43O (Concessionary rate of tax for cyber trading) as it is no longer required.

Clause 30 amends section 43ZC (Concessionary rate of tax for approved insurance brokers) to extend to 31st March 2018 the expiry date of the period during which approval may be given to an insurance broker to enjoy the tax incentive under the section. The clause also allows the Minister to specify a concessionary tax rate of 5% (besides the current rate of 10%) for the prescribed income of an approved insurance broker.

Clause 31 makes a consequential amendment to the latest date of issue of qualifying debt securities under section 45(9) (which creates an exception to the duty to withhold tax in the case of interest derived from qualifying debt securities) as a result of the 5 year extension of the Qualifying Debt Securities Incentive Scheme.

Clause 32 makes a consequential amendment to the latest date of issue of qualifying debt securities under section 45A(2), (2A) and (2B) (which create exceptions to the duty to withhold tax in the case of certain types of income derived from qualifying debt securities) as a result of the 5 year extension of the Qualifying Debt Securities Incentive Scheme.

Clause 33 amends section 65B (Power of Comptroller to obtain information) —

- (a) to provide that no one is obliged to provide information to the Comptroller under that section if it is information subject to legal privilege (as defined);
- (b) to displace the application of sections 128, 128A, 129 and 131 of the Evidence Act (Cap. 97), which deal with legal professional privilege;
- (c) to clarify that the requirement of the Comptroller to any person to provide information is to be set out in a “notice”; and
- (d) to prescribe a period of 21 days for complying with a notice by the Comptroller to provide information under subsection (3).

Clause 34 repeals and re-enacts section 65C and inserts new sections 65D and 65E.

Besides criminalising the failure to comply with a notice by the Comptroller under section 64, 65, 65A or 65B, the re-enacted section 65C —

- (a) criminalises the hindering or obstruction of the Comptroller in exercising his powers under section 65B;

- (b) sets out (with modifications) the penalty and other related provisions for failing to comply with a notice under section 64, 65, 65A or 65B. These provisions currently appear in section 94;
- (c) criminalises the giving of false information in purported compliance with a notice of the Comptroller under section 64, 65, 65A or 65B. The penalty is the same as that of the repealed section 105M (Failure to comply with section 105J orders);
- (d) clarifies that the defence of reasonable excuse for an offence of failing to comply with a notice is not confined to a case covered by section 65B(2) (any statutory duty of secrecy other than sections 128, 128A, 129 and 131 of the Evidence Act, as well as where the information is subject to legal privilege as defined in section 2);
- (e) clarifies that the only duties of secrecy that prevail over the duty to comply with a notice for information under section 65B are those found in section 65B(2); and
- (f) provides for immunities for a breach of any displaced duty of secrecy when complying with a notice under section 65B.

The new section 65D deals with a case where information sought by a notice under section 65B for a domestic tax administration purpose consists of information protected under the Banking Act or the Trust Companies Act (Cap. 336).

Under the current Part XXB, a court order is needed to obtain such information. The information may now be obtained directly under section 65B without the need for a court order. To this end, the new section 65D overrides any duty of secrecy imposed by the Banking Act or the Trust Companies Act in relation to the information sought, and provides for immunities for a breach of the duty when complying with a notice for such information.

The new section 65E —

- (a) provides that where a notice from the Comptroller to obtain information requires the notice to be kept confidential, then the recipient of the notice and anyone to whom the notice is disclosed for the purpose of complying with the notice must keep the notice confidential, unless it is for the purpose of seeking legal advice from an advocate and solicitor. This is to prevent a person in relation to whom information is sought from being tipped-off; and
- (b) provides for immunities from any action (e.g. for a breach of a contractual or fiduciary duty) arising from compliance with the duty to keep the notice confidential.

Clause 35 inserts a new section 92D to provide for a remission on tax payable by companies for the years of assessment 2013, 2014 and 2015. The rebate is 30% of the tax payable (excluding final withholding tax levied on income under section 43(3), (3A) and (3B)), subject to a cap of \$30,000 per year of assessment.

Clause 36 amends section 93A (Relief in respect of error or mistake) to allow relief in the form of an amendment to an assessment, to be given by the Comptroller to a taxpayer for a mistake made in his return which has resulted in an amount of loss, allowance or donation stated in the assessment, to be lower than what it ought to be. This may be detrimental to the taxpayer because a smaller amount will be available for deduction for the following year of assessment.

Clause 37 deletes section 94(5) (which deals with a continuing offence under section 65C) which is included (with modifications) in the new section 65C.

Clause 38 amends section 95 (Penalty for incorrect return, etc.) to extend the section to an action described in that section that resulted in or could have resulted in a wrongful payment of a PIC bonus under the new section 37IA.

Clause 39 amends section 96 (Tax evasion) to extend the section to an action described in that section that is made with the intention to obtain or to assist another to obtain a PIC bonus under the new section 37IA.

Clause 40 amends section 96A (Serious fraudulent tax evasion) to extend the section to an action described in that section that is made with the intention to obtain or to assist another to obtain a PIC bonus under the new section 37IA.

Amendments are made to sections 95, 96 and 96A, and also section 37J (vide clause 25), because the PIC bonus may be obtained on the basis of information given in a person's tax return (section 37IA(1)) or in an election for a cash payout (section 37IA(3)). The penalties under those sections are enhanced to reflect the amount of the PIC bonus wrongfully paid, or which could have been wrongfully paid if the offence had not been detected.

Lastly, sections 96(2) and 96A(2) (which prescribed minimum imprisonment terms for multiple offences under those sections) are amended to include convictions for corresponding offences under section 37J, given that the offences are similar in nature.

Clause 41 amends section 105A (Interpretation of Part XXA) to redefine the term "prescribed arrangement" as an avoidance of double taxation arrangement that contains an exchange of information (EOI) provision (referred to as a DTA) or an EOI arrangement prescribed under section 105BA. With this amendment, a DTA or an EOI arrangement need not be separately prescribed under section 105C before the Comptroller can use his powers under Part XXA to comply with a request made under the DTA or EOI arrangement.

The section is further amended to clarify that information may be sought and furnished under Part XXA concerning any type of tax of the foreign jurisdiction

that is covered by the EOI provision in the DTA or EOI arrangement. The EOI provision in a DTA or an EOI arrangement may allow for the exchange of information on taxes other than income tax, including taxes that have no equivalent in Singapore, such as capital gains tax.

Clause 42 makes consequential amendments to section 105B (Purpose of Part XXA) as a result of the repeal of section 105C.

Clause 43 repeals section 105C (Prescribed arrangement) to remove the need for a DTA or an EOI arrangement to be separately prescribed by the Minister before Part XXA can apply to it.

Clause 44 amends section 105D (Request for information) to clarify the scope of subsection (3). Subsection (3) provides that a request for information must be subject to and dealt with in accordance with the terms of the prescribed arrangement. The new subsection (4) states that such terms must not be construed in a way that will prevent information from being furnished, or to enable information not to be furnished, on the basis that there is no “domestic tax interest” or that the information is held by a bank or other financial institution, a nominee, an agent or a fiduciary, or is ownership information. This subsection is intended to ensure that the limitations of any EOI provision in a DTA that is based on an older version of Article 26 of the OECD Model Tax Convention on Income and on Capital cannot be used to prevent the exchange of information on those stated grounds.

Clause 45 amends section 105E (Comptroller to serve notice of request on certain persons) to remove the need to separately notify the person who has possession or control of the information sought, of a request for information protected under the Banking Act or the Trust Companies Act. This is because the person will already be notified when the Comptroller seeks the information from him under section 105F. Thus, with this amendment, the Comptroller is only required to notify the person in relation to whom the information is sought.

The section no longer requires service to be effected by ordinary post. It may be served in any way permitted by section 8.

Clause 46 amends section 105F (Power of Comptroller to obtain information) to apply the new sections 65D and 65E to a notice for information to comply with a request under Part XXA and actions taken in compliance with the notice.

Clause 47 inserts a new section 105GA to make it clear that information that is obtained to fulfil a request for information under a DTA or an EOI arrangement may be used for a domestic tax administration purpose.

Clause 48 repeals and re-enacts Part XXB.

The new Part XXB, comprising new sections 105I to 105P, is intended to implement Singapore’s obligations under the agreement reached between the Government and the Government of the United States of America for the purpose

of the Foreign Accounts Tax Compliance Act of the United States of America (FATCA), as well as other corresponding or substantially similar agreements or arrangements that Singapore may enter into with other countries. The agreement or arrangement must first be prescribed as an international tax compliance agreement under the new section 105K.

The new section 105I is an interpretation provision for the new Part. A definition is given to the term “person” because the current definition of “person” under section 2 excludes a partnership, and it is envisaged that an international tax compliance agreement may cover a partnership.

The new section 105J provides that the purpose of the new Part is to implement Singapore’s obligations under an international tax compliance agreement.

The new section 105L requires a specified person to provide to the Comptroller information of a specified description, at a specified time or frequency. The person, description of information, and time or frequency will be specified by regulations under the new section 105P. The section provides that the duty to provide the information prevails over any duty of secrecy but does not extend to information subject to legal privilege (as defined). The section also provides for immunities for a breach of any duty of secrecy when complying with the section.

The new section 105M criminalises the failure to comply with the new section 105L, and the giving of false information in purported compliance with it. The penalties are similar to those in the new section 65C.

The new section 105N applies with modifications the various information-gathering powers (including provisions overriding duties of secrecy and providing for immunities for compliance) under the Act to obtain information in order to comply with, or to enable Singapore to carry out its obligations under, an international tax compliance agreement, and to provide immunities for persons who complied with notices issued by the Comptroller in exercise of those powers. In particular, the Comptroller may appoint an officer of the Monetary Authority of Singapore to exercise its information-gathering powers.

The new section 105O clarifies that information provided or obtained for the purpose of an international tax compliance agreement may be used for a domestic tax administration purpose.

The new section 105P enables the Minister to make regulations for the purpose of giving effect to an international tax compliance agreement.

Clause 49 and the Schedule repeal and amend a number of provisions of the Act to remove words and provisions which are obsolete as a result of the abolition of the imputation system.

Clause 50 makes consequential amendments to various provisions of the Act arising from the repeal of section 43O.

Clause 51 provides for a remission of the tax payable for the year of assessment 2013 by a resident individual. The amount of remission is 30% of the tax payable or, if the individual is aged 60 and above at the end of 2012, 50% of the tax payable. The amount of remission is capped at \$1,500.

Clause 52 inserts a savings provision to preserve the application of the old section 43(5) (which is substituted under clause 27) to payments made before the date of publication in the *Gazette* of the Income Tax (Amendment) Act 2013.

The clause also inserts a savings provision to apply the current Part XXB to cases where an application for a court order under the current Part XXB has already been made before the date of coming into force of the new Part XXB and is pending on that date.

Finally, the clause enables the Minister to make regulations to prescribe further savings and transitional provisions.

Clause 53 makes a consequential amendment to section 66(1) of the Economic Expansion Incentives (Relief from Income Tax) Act arising from the repeal of section 43O of the Income Tax Act.

EXPENDITURE OF PUBLIC MONEY

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