

# **Income Tax (Amendment) Bill**

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**Bill No. 23/2022.**

*Read the first time on 12 September 2022.*

A BILL

*intituled*

An Act to amend the Income Tax Act 1947 and to make consequential and related amendments to certain other Acts.

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

## Short title and commencement

1.—(1) This Act is the Income Tax (Amendment) Act 2022.

(2) Section 10 is deemed to have come into operation on 19 February 2019.

5 (3) Section 17 is deemed to have come into operation on 1 November 2021.

(4) Section 44(3) comes into operation on 1 January 2023.

(5) Sections 2, 4, 5, 34, 35, 36, 37, 38, 46(a), (b), (d) to (r) and (t), 47, 48(a), (b), (c), (f), (g) and (h) and 49(2) and (3) come into  
10 operation on a date that the Minister appoints by notification in the *Gazette*.

## Amendment of section 2

2. In section 2(1) of the Income Tax Act 1947 (called in this Act the principal Act) —

15 (a) delete the definition of “authentication code”; and

(b) delete the definition of “electronic service” and substitute —

““electronic service” means the system established  
under section 29 of the Inland Revenue  
20 Authority of Singapore Act 1992;”.

## Amendment of section 6

3. In section 6 of the principal Act, delete subsection (12) and substitute —

25 “(12) Despite subsections (1) and (2) and without affecting subsections (5) to (11D) and (12B), the Comptroller may disclose information relating to income or items of income of any person to any of the following with the express consent of the person:

30 (a) any public officer or officer of a statutory board for the performance of his or her official duties;

(b) any other person (called *A* in this subsection and subsection (12A)) who is engaged by the Government or a statutory board to assist any public officer or officer of a statutory board in performing any of the officer's official duties if a public officer or officer of the statutory board (as the case may be), duly authorised by the Comptroller for this purpose, has obtained a declaration of secrecy from *A* in accordance with subsection (1).

(12A) *A* shall be guilty of an offence if *A* —

(a) discloses to any person, or allows any person access to, any information disclosed to *A* under subsection (12); or

(b) uses or makes any copy of any record or document containing the information,

other than for the purpose of rendering the assistance mentioned in subsection (12)(b).

(12B) Despite subsections (1) and (2) and without affecting subsections (5) to (12), the Comptroller may disclose any information prescribed in the Eleventh Schedule to any public officer or officer of a statutory board that is required for the performance of the public officer's or officer's official duties.”.

### **Amendment of section 8**

4. In section 8(1)(c) of the principal Act, delete “section 8A(13)(ba) and (13A)” and substitute “section 8A(3)”.

### **Deletion and substitution of section 8A**

5. In the principal Act, delete section 8A and substitute —

#### **“Use of electronic service**

**8A.—**(1) Any person who is —

(a) filing or submitting any return, estimate, statement or document — may; or

(b) giving a notice under section 45(1)(b) or 45D(2) or providing any information under section 105L(1) — must (unless otherwise permitted by the Comptroller),

5 do so through the electronic service.

(2) Subsection (1) does not affect any other provision of this Act that requires, or enables the Comptroller to require, anything to be done by means of the electronic service.

(3) The Minister may make regulations prescribing —

10 (a) the circumstances in which the Comptroller may serve any notice, direction or other document through the electronic service on a person assigned an account with the electronic service; and

15 (b) the manner in which a person who has been served through the electronic service with any notice, direction or other document is to be notified of the transmission of an electronic record of it to the person's account with the electronic service.

(4) Regulations made for the purpose of subsection (3) —

20 (a) may provide for service of any notice, direction or other document through the electronic service in circumstances where —

(i) the person consents to such service; or

25 (ii) the Comptroller gives the person notice of the Comptroller's intention of such service and the person does not refuse such service;

(b) may provide for the giving of any notice of the Comptroller's intention, or the person's consent or refusal, mentioned in paragraph (a), including —

30 (i) the matters that must be contained in the notice; and

- (ii) the time within which, and the form and manner in which, the consent or refusal must be received by the Comptroller;
- (c) may provide when the consent or refusal of the person takes effect and when the Comptroller must give effect to such consent or refusal; and
- (d) may provide for any other matter necessary or incidental to the purposes in paragraphs (a), (b) and (c) and subsection (3)(a).”.

### **Amendment of section 10**

6. In section 10 of the principal Act —

- (a) in subsection (4)(b), after “foreign ship” (wherever it appears), insert “or provisionally registered ship”; and
- (b) in subsection (5), delete the definition of “Singapore ship” and substitute —

““Singapore ship” and “provisionally registered ship” have the meanings given by section 13A(16).”.

### **Amendment of section 13**

7.—(1) In section 13 of the principal Act —

- (a) in subsections (1)(b)(i) and (ii), (2C)(a) and (b) and (2D)(a) and (b), delete “31 December 2022” and substitute “31 December 2025”;
- (b) in subsection (1)(r), (ra) and (rb), delete “31 March 2022” and substitute “31 March 2023”;
- (c) in subsection (1)(zj)(ii)(B), delete “and, if such contract is renewed or extended, the period for which the contract is renewed or extended commences before 1 January 2027; or” and substitute —

“and —

(BA) if such contract is renewed or extended, the period for which the

contract is renewed or extended commences before 1 January 2027; or

(BB) if such contract is varied, the effective date of the variation is before 1 January 2027; or”;

(d) in subsection (1)(zj)(iii)(B), delete “and, if such contract is renewed or extended, the period for which the contract is renewed or extended commences before 1 January 2027;” and substitute —

“and —

(BA) if such contract is renewed or extended, the period for which the contract is renewed or extended commences before 1 January 2027; or

(BB) if such contract is varied, the effective date of the variation is before 1 January 2027;”;

(e) in subsection (2D), delete paragraphs (e), (f) and (g) and substitute —

“(e) each person holding the securities is either —

(i) a company resident in Singapore; or

(ii) a trustee of a real estate investment trust (REIT), being a trustee that is resident in Singapore and that holds the securities for the benefit of the unitholders of the REIT;

(f) the company or REIT is listed on the Singapore Exchange either on the date of issue of the securities or within 6 months from that date; and

(g) the income from the securities received by the company or trustee is declared to be distributable to the shareholders of the company or unitholders of the REIT (as the case may be) within 6 months from the end of the basis period in which it is received.”; 5

(f) delete subsection (12A) and substitute —

“(12A) Every order made under subsection (12) still in force on 1 January 2026, that exempts from tax any of the following, applies on or after that date (and despite anything in the order) only to income described in subsection (12B): 10

(a) any income received in Singapore by the trustee of a real estate investment trust; 15

(b) any income received in Singapore by the trustee of a sub-trust of a real estate investment trust where all rights or interests in the property of the sub-trust are held for the benefit of the beneficiaries of the real estate investment trust; 20

(c) any income received in Singapore by a company incorporated in Singapore the share capital of which is 100% owned (whether directly or indirectly) by the trustee of a real estate investment trust.”; 25

(g) in subsection (12B)(b), delete “beneficially”; and

(h) in subsection (16), in the definition of “qualifying project debt securities”, in paragraph (a)(ii) and (iii), delete “31 December 2022” and substitute “31 December 2025”. 30

(2) Subsection (1)(e) is deemed to have effect for the year of assessment 2022 and every subsequent year of assessment and, for the purposes of the year of assessment 2022, the approval under section 13(2D) of the principal Act may be granted at any time on or after the date of publication of this Act. 35

### **Amendment of section 13E**

**8.** In section 13E of the principal Act —

(a) in subsection (1)(g)(iii), delete sub-paragraph (C) and substitute —

5 “(C) owns a Singapore ship or a provisionally registered ship within the meaning of section 13A(16); or”;

10 (b) in subsection (6), in the definition of “foreign ship”, after “a Singapore ship”, insert “, or (on or after the date on which the Income Tax (Amendment) Act 2022 is published in the *Gazette*) a provisionally registered ship,”; and

15 (c) in subsection (6), in the definition of “special purpose company”, in paragraph (b), after “a Singapore ship”, insert “, or (on or after the date on which the Income Tax (Amendment) Act 2022 is published in the *Gazette*) a provisionally registered ship,”.

### **Amendment of section 13F**

20 **9.** In section 13F(1) of the principal Act, after “as specified in those regulations”, insert “, or as approved by the Minister or authorised body,”.

### **Amendment of section 13U**

**10.** In section 13U(1) (or section 13X(1) in the 2014 Revised Edition) of the principal Act —

25 (a) in paragraph (c), delete “arising from funds of the master fund or any feeder fund of the structure that are managed in Singapore by a fund manager; or” and substitute —

“arising from funds of —

(viii) the master fund;

30 (ix) any feeder fund; or



- (x) any approved eligible SPV,  
of that structure, that are managed in Singapore  
by a fund manager; or”; and
- (b) in paragraph (d), delete “arising from funds of the master  
fund of the structure” and substitute “arising from funds of  
the master fund or of any approved eligible SPV of that  
structure.”. 5

### **Amendment of section 26**

11. In section 26(1) of the principal Act, delete “sections 34A and  
34AA” and substitute “sections 34A, 34AA and 34AAA”. 10

### **Amendment of section 26A**

12. In section 26A(5)(b) of the principal Act, after “that member”,  
insert “, or such extended time as the Comptroller may allow”.

### **Amendment of section 34A**

13. In section 34A of the principal Act — 15

(a) in subsection (2)(b), after “interest from debt securities”,  
insert “or loans,”; and

(b) after subsection (11), insert —

“(12) This section does not apply to any profit, loss  
or expense in respect of any financial instrument of an  
insurer as defined in section 34AAA(1), to be brought  
into account for the basis period for a year of  
assessment, being a basis period that begins on or  
after 1 January 2023, or such earlier basis period as  
may be approved by the Comptroller in a particular  
case.”. 20  
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### **Amendment of section 34AA**

14. In section 34AA of the principal Act —

(a) in subsection (3)(b), after “interest from debt securities”,  
insert “or loans,”; and 30

(b) after subsection (16), insert —

“(17) This section does not apply to any profit, loss or expense in respect of any financial instrument of an insurer as defined in section 34AAA(1), to be brought into account for the basis period for a year of assessment, being a basis period that begins on or after 1 January 2023, or such earlier basis period as may be approved by the Comptroller in a particular case.”.

### 10 **New section 34AAA**

15 **15.** After section 34AA of the principal Act, insert —

**“Change of basis for computing profits from financial instruments for insurers**

15 **34AAA.**—(1) Despite the provisions of this Act but subject to section 34G(3), (4) and (5), the amount of any profit, loss or expense in respect of any financial instrument of a company licensed under the Insurance Act 1966 to carry on insurance business in Singapore (called in this section an insurer), to be brought into account for the basis period for a year of assessment (being a basis period beginning on or after 1 January 2023, or such earlier basis period as may be approved by the Comptroller in a particular case) for the purposes of sections 10, 14 and 37, is that which —

25 (a) is recognised and valued in accordance with the Insurance Act regulations; and

(b) is reflected in the statement of profit and loss that is part of the insurer’s MAS return for that basis period.

30 (2) Subsection (1) does not apply to anything recognised and valued in accordance with the Insurance Act regulations that is capital in nature.

(3) Without limiting subsection (1), that subsection applies to any financial instrument of —

(a) the shareholders’ fund established in Singapore of an insurer; or

(b) the surplus account of a participating fund of an insurer that is a life insurer.

(4) Subsection (1) does not apply to any financial instrument of a participating fund (other than the surplus account of the participating fund) of an insurer that is a life insurer. 5

(5) Despite subsection (1), for the purposes of sections 10, 14 and 37, the profit, loss or expense of an insurer in respect of a financial instrument mentioned in each of the following paragraphs must be dealt with or computed (as the case may be) in accordance with that paragraph: 10

(a) where the insurer derives interest from debt securities or loans, the interest that is chargeable to tax under section 10(1)(d) is the amount computed at the contractual interest rate and not at the effective interest rate; 15

(b) any amount of profit or expense in respect of a loan for which no interest is payable must be disregarded;

(c) where the creditor and debtor of a loan did not deal with each other at arm's length, the interest income chargeable to tax, and the interest expense allowable as a deduction, are the amounts of such income and expense that are computed at the contractual interest rate and not at the effective interest rate; 20

(d) where the insurer incurs interest expense on loans or debt securities to which section 14(1)(a) would otherwise apply, only such part of the interest expense that is incurred in respect of the moneys borrowed and computed at the contractual interest rate is allowed as a deduction under that provision; 25

(e) any amount of profit or loss in respect of a hedging instrument acquired under a bona fide commercial arrangement for the sole purpose of hedging against any risk associated with the underlying asset or liability must be disregarded, if the underlying asset 30

or liability is employed or intended to be employed as capital;

- 5 (f) where a loan (whether on revenue or capital account) is not reflected as a credit-impaired financial asset in the insurer's audited financial statements for the accounting period the last day of which falls within the basis period concerned, any amount of impairment losses in respect of that loan, being losses that are recognised and valued in accordance with the Insurance Act regulations and reflected in the statement of profit and loss that is part of an MAS return, must be disregarded;
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- 15 (g) where a loan (being one on capital account) is reflected as a credit-impaired financial asset in the insurer's audited financial statements for the accounting period the last day of which falls within the basis period concerned, any amount of impairment losses in respect of that loan, being losses that are recognised and valued in accordance with the Insurance Act regulations and reflected in the statement of profit and loss that is part of an MAS return, must be disregarded;
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- 25 (h) where a loan (whether on revenue or capital account) and interest receivable on that loan are not reflected as a credit-impaired financial asset in the insurer's audited financial statements for the accounting period the last day of which falls within the basis period concerned, any amount of impairment losses in respect of the interest receivable on that loan, being losses that are recognised and valued in accordance with the Insurance Act regulations and reflected in the statement of profit and loss that is part of an MAS return, must be disregarded;
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- 35 (i) where a receivable (other than interest receivable on a loan) is not reflected as a credit-impaired financial asset in the insurer's audited financial statements for

the accounting period the last day of which falls within the basis period concerned, any amount of impairment losses in respect of that receivable, being losses that are recognised and valued in accordance with the Insurance Act regulations and reflected in the statement of profit and loss that is part of an MAS return, must be disregarded; 5

(j) a gain from discounts or premiums on debt securities, being a gain chargeable to tax under section 10(1)(d) — 10

(i) is treated as accruing only on the maturity or redemption of the debt securities; and

(ii) is treated as equal to the difference between the amount received on the maturity or redemption of the debt securities and the amount for which the debt securities were first issued; 15

(k) in a case where the insurer issues debt securities at a discount or redeems issued debt securities at a premium, and section 14(1)(a) applies in respect of the outgoing represented by such discount or premium, such outgoing is treated — 20

(i) to be incurred and deductible only when it is paid on the maturity or redemption of the debt securities; and

(ii) as equal to the difference between the amount paid on the maturity or redemption of the debt securities and the amount for which the debt securities were first issued; 25

(l) in a case where —

(i) the insurer issues debt securities at a discount or redeems issued debt securities at a premium; 30

(ii) the debt securities were issued with an embedded derivative to acquire shares or units in the insurer; and

(iii) the outgoing represented by such discount or premium is deductible under section 14(1),

such part of the outgoing that is attributable to the embedded derivative, must be disregarded.

5 (6) To avoid doubt, subsection (5)(c) does not affect the operation of section 34D.

(7) If —

10 (a) any gain, loss or expense in respect of a financial instrument of an insurer was (by reason of subsection (1)) that which was recognised and valued in accordance with the Insurance Act regulations and reflected in the statement of profit and loss that was part of an MAS return on a certain date;

15 (b) it was not possible to determine, on the date the Comptroller made an assessment of the amount of chargeable income of that insurer for the year of assessment of the basis period in which the date mentioned in paragraph (a) fell, whether that gain, loss or expense was capital or revenue in nature;

20 (c) because of this, the gain was not charged with tax or a deduction was allowed for that loss or expense, as the case may be; and

25 (d) the Comptroller later discovers (called in this subsection the discovery time) that the gain ought to have been charged with tax as it was revenue in nature, or a deduction ought not to have been allowed for the loss or expense as it was capital in nature, as the case may be,

30 then, and despite anything in this Act but subject to subsection (9), the amount of the gain, loss or expense, together with the additional amount mentioned in subsection (8), is treated as the insurer's income for the year of assessment within which the discovery time falls.

(8) The additional amount in subsection (7) is the amount of any other gain, loss or expense in respect of the same financial instrument —

(a) that was not charged with tax, or for which a deduction was allowed, for one or more past years of assessment, for the same reason as that in subsection (7)(b); and

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(b) that is ascertained in accordance with the regulations made under subsection (13).

(9) No assessment may be made in respect of the income mentioned in subsection (7) more than 4 years immediately after the end of the year of assessment of the basis period in which the financial instrument is disposed of by the insurer.

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(10) If —

(a) any gain, loss or expense in respect of a financial instrument of an insurer was (by reason of subsection (1)) that which was recognised and valued in accordance with the Insurance Act regulations and reflected in the statement of profit and loss that was part of an MAS return on a certain date;

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(b) it was not possible to determine, on the date the Comptroller made an assessment of the amount of chargeable income of that insurer for the year of assessment of the basis period in which the date mentioned in paragraph (a) fell, whether that gain, loss or expense was capital or revenue in nature;

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(c) because of this, the gain was charged with tax or a deduction was not allowed for that loss or expense, as the case may be; and

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(d) the Comptroller later discovers (called in this subsection the discovery time), with or without a claim made by the insurer, that the gain ought not to have been charged with tax as it was capital in nature, or a deduction ought to have been allowed for the loss or expense as it was revenue in nature, as the case may be,

then, and despite anything in this Act but subject to subsection (12), the amount of the gain, loss or expense, together with the additional amount mentioned in subsection (11), is to be allowed as a deduction against the insurer's income for the year of assessment within which the discovery time falls.

(11) The additional amount in subsection (10) is the amount of any other gain, loss or expense in respect of the same financial instrument —

(a) that was charged with tax, or for which a deduction was not made, for one or more past years of assessment, for the same reason as that in subsection (10)(b); and

(b) that is ascertained in accordance with the regulations made under subsection (13).

(12) No claim mentioned in subsection (10)(d) may be made more than 4 years immediately after the end of the year of assessment of the basis period in which the financial instrument is disposed of by the insurer.

(13) For the purposes of this section, the Minister may make regulations to give effect to this section, including —

(a) providing for the computation of the additional amounts mentioned in subsections (8) and (11); and

(b) providing for any transitional, supplementary or consequential matter, including —

(i) treating a specified amount of any profit in respect of a financial instrument of a specified



insurer, being an amount recognised and valued in accordance with the Insurance Act regulations and reflected in the statement of profit and loss that is part of an MAS return as such profit as of the day immediately before the first day of the basis period in relation to which this section first applies to the insurer, as the insurer's income for a specified year of assessment; and

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- (ii) allowing a specified amount of any loss or expense in respect of a financial instrument of a specified insurer, being an amount recognised and valued in accordance with the Insurance Act regulations and reflected in the statement of profit and loss that is part of an MAS return as such loss or expense as of the day immediately before the first day of the basis period in relation to which this section first applies to the insurer, as a deduction against the insurer's income for a specified year of assessment.

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(14) In this section —

“contractual interest rate”, in relation to any financial instrument, means the applicable interest rate specified in the financial instrument;

“credit-impaired financial asset” has the meaning given by FRS 109 or SFRS(I) 9, as the case may be;

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“debt securities” has the meaning given by section 43H(4);

“FRS 109” and “SFRS(I) 9” have the meanings given by section 34AA(15);

“Insurance Act regulations” means regulations made for the purposes of section 16(5) of the Insurance Act 1966;

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“MAS return”, in relation to an insurer, means the statements of account and other statements relating to the insurer's business prepared and lodged with the

Monetary Authority of Singapore under section 94(3) of the Insurance Act 1966;

“Monetary Authority of Singapore” means the Monetary Authority of Singapore established under section 3 of the Monetary Authority of Singapore Act 1970;

“participating fund” and “surplus account” have the meanings given by section 26(12).”.

### **Amendment of section 34AB**

**16.** In section 34AB(4) of the principal Act, delete “transaction to which section 34A or 34AA applies” and substitute “transaction relating to a financial instrument to which section 34A, 34AA or 34AAA applies”.

### **New section 34CA**

**17.** After section 34C of the principal Act, insert —

#### **“Transfer of businesses by insurer**

**34CA.—**(1) This section applies to a case where —

- (a) a licensed insurer that is a company incorporated in Singapore (called in this section the transferor) transfers the whole of its insurance business along with all businesses ancillary to it if any (collectively called in this section the insurance business), to another company incorporated in Singapore (called in this section the transferee) under Division 1 of Part 3AA of the Insurance Act 1966, and the scheme for the transfer under section 117 of that Act takes effect on a single date (called in this section date A) that is on or after 1 November 2021;
- (b) the conditions for the application of this section to the transfer in paragraph (a) as set out in subsection (3) are satisfied;
- (c) the transferor also transfers all of its other trades and businesses (each called in this section a non-insurance business), if any, to the transferee, and the transfer of

every non-insurance business takes effect on a single date (called in this section date B) that is no earlier than 12 months before date A and no later than 12 months after date A;

- (d) the transferee has obtained approval under subsection (4) to the application of this section to the transfer of every non-insurance business in paragraph (c); 5
- (e) the conditions of the approval in subsection (5) are satisfied; and 10
- (f) the transferee makes an election under subsection (6) for the application of this section to the transfer of those businesses.

### ***Interpretation***

- (2) In this section — 15

“effective date”, in relation to a transferred business, means —

- (a) where the transferred business is the insurance business — date A; and

- (b) where the transferred business is any non-insurance business — date B; 20

“first 2 years of assessment”, in relation to a transferor, means the year of assessment relating to the basis period during which the transferor is incorporated and the year of assessment immediately following that year of assessment; 25

“FRS 38”, “FRS 103”, “SFRS(I) 1-38” and “SFRS(I) 3” mean the financial reporting standards known respectively as —

- (a) Financial Reporting Standard 38 (Intangible Assets); 30

- (b) Financial Reporting Standard 103 (Business Combinations);

(c) Singapore Financial Reporting Standard (International) 1-38 (Intangible Assets); and

(d) Singapore Financial Reporting Standard (International) 3 (Business Combinations),

5 that are made by the Accounting Standards Council under Part 3 of the Accounting Standards Act 2007, as amended from time to time;

“licensed insurer” has the meaning given by section 2 of the Insurance Act 1966;

10 “transferred business” means the insurance business or any of the non-insurance businesses, as the case may be.

***Conditions for transfer of insurance business***

(3) In subsection (1)(b), the conditions are —

15 (a) all the properties, rights and privileges of the insurance business are transferred to and vest in the transferee on date A;

(b) all the liabilities and obligations of the insurance business are transferred to and become the liabilities and obligations of the transferee on date A;

20 (c) the transferor permanently ceases to carry on the insurance business on date A;

(d) the transferor is wound up or dissolved before the prescribed date; and

25 (e) such other conditions as may be prescribed by regulations under subsection (31).

***Approval for transfer of non-insurance business***

(4) The transferee must, within 90 days from date A or date B (whichever is earlier) or such further period as the Minister or such person as the Minister may appoint may allow, apply to the Minister or person for approval for this section to apply to the transfer of the non-insurance business or businesses in subsection (1)(c).

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(5) The Minister or appointed person may give his or her approval subject to such conditions (including conditions subsequent) as he or she considers appropriate.

***Election***

(6) The transferee must, within 90 days from date A or date B (whichever is later) or such further period as the Comptroller may allow, elect for this section to apply to the transfers of businesses in subsection (1). 5

(7) An election under subsection (6) must be made by the transferee by written notice to the Comptroller and is irrevocable. 10

(8) From (and including) the effective date, the transferred business is treated as carried on in Singapore by the transferee and —

(a) subject to subsection (14), any property on revenue account of the transferor relating to the transferred business is treated as property on revenue account of the transferee; and 15

(b) subject to subsection (16), any property on capital account of the transferor relating to the transferred business is treated as property on capital account of the transferee, 20

and the transferee is treated as having acquired the property on the date on which the transferor acquired it for the amount that was incurred by the transferor in respect of that property. 25

***Transfer of property***

(9) Where there is a transfer of property in respect of the transferred business from the transferor to the transferee on the effective date in respect of which allowances or writing-down allowances have been made to the transferor under sections 18C to 21 (other than section 19D), the transferor and the transferee are, subject to section 24(4), considered as having made an election under section 24(3), and section 24(3)(a) to (e) applies with the necessary modifications, whether or not — 30

(a) the transferee is a company over which the transferor has control;

(b) the transferor is a company over which the transferee has control; or

5 (c) both the transferor and transferee are companies under the control of a common person.

(10) In the application of section 24(3)(a) to (e) under subsection (9) —

10 (a) a reference in that provision to a buyer is to the transferee; and

(b) a reference in that provision to a seller is to the transferor.

15 (11) Where there is a transfer of a building or structure in respect of the transferred business from the transferor to the transferee on the effective date for which an allowance has been made to the transferor under section 18C, the annual allowances provided under that section continue to be available to the transferee as if the transferee had incurred the qualifying capital expenditure that was incurred in carrying out the approved construction or approved renovation (as the case may be) mentioned in that section.

20 (12) Subsection (11) does not apply unless the building or structure is used before the transfer by the transferor and after the transfer by the transferee, in the production of income chargeable under the provisions of this Act.

25 (13) Where —

30 (a) there is a transfer of property in respect of the transferred business (being intellectual property rights in respect of which writing-down allowances have been made to the transferor under section 19B) from that transferor to the transferee on the effective date; and

(b) before the transfer in the case of that transferor and from any time on or after the transfer in the case of that transferee, the property is used in the production of income chargeable under the provisions of this Act, the following provisions apply but subject to subsection (18): 5

(c) section 19B(4) and (5) does not apply to the transferor;

(d) the writing-down allowances under section 19B continue to be available to the transferee as if no transfer had taken place; 10

(e) the charge under section 19B(4) and (5) is to be made on the transferee on any event occurring on or after the effective date as would have fallen to be made on the transferor if the transferor had continued to own the intellectual property rights and had done all such things and been allowed all such allowances as were done by or allowed to the transferee. 15

(14) Where there is a transfer of property in respect of the transferred business from the transferor to the transferee, being property on revenue account of the transferor but not on revenue account of the transferee, the consideration for the transfer of the property by the transferor is taken as the amount which it would have realised if the property had been sold in the open market on the effective date. 20

(15) The amount of consideration mentioned in subsection (14) is to be used to compute the gains or profits of the transferred business of the transferor and such gains or profits are chargeable to tax for the year of assessment which relates to the basis period in which the effective date falls. 25

(16) Where there is a transfer of property in respect of the transferred business from the transferor to the transferee, being property not on revenue account of the transferor but on revenue account of the transferee, the consideration for the acquisition of the property by the transferee is taken as the amount which it would have incurred if the property had been purchased in the 30 35

open market on the effective date or the actual amount paid, whichever is lower.

5 (17) The amount of consideration mentioned in subsection (16) is to be deducted as an expense in computing the gains or profits of the transferred business of the transferee.

10 (18) Where the transferee ceases to carry on the transferred business in Singapore after the effective date but instead carries on that business outside Singapore, then in the case of intellectual property rights transferred pursuant to the transfer of that business and in respect of which subsection (13) applies, the charge under section 19B(4) or (5) (as the case may be) is to be made on the transferee as if the property has been sold on the date of cessation of the transferred business in Singapore; and for the purpose of computing the charge under section 19B(5),  
15 the value thereof is the amount which it would have realised if the property had been sold in the open market on the date of cessation of the transferred business in Singapore.

20 (19) Any question arising under subsections (14), (16) and (18) regarding the open market value attributable to property is to be determined by the Comptroller.

25 (20) No deduction under section 19B is allowed to the transferee for any intellectual property rights in respect of the transferred business that are recognised in accordance with FRS 38 and FRS 103, or with SFRS(I) 1-38 and SFRS(I) 3, as a result of the transfer of the business but which were not in existence prior to the transfer of the business.

(21) Where the transferee continues to carry on the transferred business and at any time —

30 (a) writes off as bad the amount of a debt in respect of the transferred business, or provides impairment loss in respect of such debt, that the transferee acquires from the transferor on the effective date;

35 (b) incurs an expenditure in respect of the transferred business, other than the expenditure to which prescribed sections of this Act apply; or



(c) incurs a loss in respect of the transferred business,  
the transferee —

(d) is allowed a deduction for the amount of the debt,  
expenditure or loss (as the case may be) if —

(i) the transferor would have been allowed the 5  
deduction but for the transfer of the business;  
and

(ii) the transferee is not otherwise allowed the  
deduction; and

(e) is chargeable to tax on the amount of the debt 10  
recovered or impairment loss that is reversed if —

(i) the transferor would have been chargeable to  
tax on such amount but for the transfer of the  
business; and

(ii) the transferee is not otherwise chargeable to tax 15  
on such amount.

(22) Where —

(a) the transferor has been allowed a deduction in respect  
of any debt written off as bad, or any impairment loss,  
in respect of the transferred business; and 20

(b) the transferee continues to carry on the transferred  
business,

the transferee is chargeable to tax on the amount of the debt  
recovered or impairment loss that is reversed if —

(c) the transferor would have been chargeable to tax on 25  
such amount but for the transfer of the business; and

(d) the transferee is not otherwise chargeable to tax on  
such amount.

(23) Where the transferor has any capital allowance, donation  
or loss attributable or apportioned to the transferred business 30  
remaining unabsorbed on the effective date, then sections 23 and  
37 apply, with the necessary modifications, as if the transferee is

the transferor for the purposes of deducting the unabsorbed capital allowance, donation or loss against the income or the statutory income (as the case may be) of the transferee, subject to the conditions in subsection (24).

5 (24) The conditions in subsection (23) are —

(a) the transferor was carrying on the transferred business until the effective date; and

(b) the transferee continues to carry on the transferred business on the effective date.

10 (25) Any deduction mentioned in subsection (23) may only be made against the income of the transferee from the transferred business.

15 (26) For the purpose of bringing into account the profit, loss or expense for the basis period for a year of assessment beginning before 1 January 2023 in respect of any financial instrument that has been transferred by the transferor to the transferee as part of the transfer of a business —

20 (a) where the transferor was a qualifying person to which section 34AA applies (called in this subsection a section 34AA qualifying person) for the year of assessment of the basis period in which the effective date falls — the transferee is (unless the transferee was already one) deemed to be a section 34AA qualifying person for that year of assessment, and section 34AA has effect on the transferee from (and including) the effective date;

25 (b) where the transferor was not a section 34AA qualifying person for the year of assessment of the basis period in which the effective date falls, but the transferee was a section 34AA qualifying person for that year of assessment — the regulations under section 34AA that provide for the transition of a person to the tax treatment under section 34AA have effect on the transferor for that year of assessment as  
30 if the transferor and transferee were a single  
35

section 34AA qualifying person, and any positive or negative adjustment which is not of a capital nature as a result of the application of such regulations is to be assessed on or allowed to the transferee;

- (c) where the transferor was a qualifying person to which section 34A applies (called in this subsection a section 34A qualifying person) for the year of assessment of the basis period in which the effective date falls — the transferee is (unless the transferee was already a section 34A qualifying person, or a section 34AA qualifying person, for that year of assessment) deemed to be a section 34A qualifying person for that year of assessment, and section 34A has effect on the transferee from (and including) the effective date; or
- (d) where the transferor was neither a section 34A qualifying person, nor a section 34AA qualifying person, for the year of assessment of the basis period in which the effective date falls, but the transferee was a section 34A qualifying person for that year of assessment — the regulations under section 34A that provide for the transition of a person to the tax treatment under section 34A have effect on the transferor for that year of assessment as if the transferor and the transferee were a single section 34A qualifying person, and any positive or negative adjustment which is not of a capital nature as a result of the application of such regulations is to be assessed on or allowed to the transferee.

***Transferee as qualifying company under section 43(6C)***

(27) Where the transferee is a qualifying company for the purpose of section 43(6C) in any year of assessment, then, for that year of assessment —

- (a) in a case where the earlier of date A and date B does not fall within either of the basis periods of the first 2 years of assessment of the transferor, section 43(6)

rather than section 43(6C) applies to the transferee;  
and

5 (b) in a case where the earlier of date A and date B falls  
within either of the basis periods of the first 2 years of  
assessment of the transferor, section 43(6C) applies to  
the transferee if, and only if, the firstmentioned year  
of assessment falls within such period as may be  
prescribed by the Minister, and if it does not, then  
section 43(6) applies to the transferee.

10 (28) The Minister may, for different descriptions of transfers  
of businesses or companies, prescribe different periods for the  
purposes of subsection (27)(b).

15 (29) Starting on the effective date for the transferred business,  
the transferee must comply with all obligations, meet all  
liabilities, and is entitled to all rights, powers and privileges,  
of the transferor under this Act in respect of the business with  
respect to the year of assessment relating to the basis period in  
which the effective date falls, and all preceding years of  
assessment as if the transferee is the transferor.

20 ***Application of section 26(5) and (13)***

(30) To avoid doubt, section 26(5) and (13) (if applicable)  
applies in relation to the transfer of the insurance business in  
subsection (1)(a).

***Regulations***

25 (31) The Minister may make regulations to —

(a) provide for the deduction of expenses, allowances,  
losses, donations and any other deductions otherwise  
than in accordance with this Act;

30 (b) provide for the manner and extent to which expenses,  
allowances, losses, donations and any other  
deductions may be allowed under this Act;

- (c) provide for the manner and extent to which any qualifying deduction may be allowed under section 37B or 37D;
- (d) provide for the rate of exchange to be used for the purpose of section 62B; 5
- (e) provide for the modification and exception to any prescribed section of this Act or the Economic Expansion Incentives (Relief from Income Tax) Act 1967 as it applies to a transferee and a transferor;
- (f) provide for the allowing of any deduction or the making of any allowance under this section before a requirement in subsection (1) is satisfied, and the recovery of the amount of any deduction wrongfully allowed or allowance wrongfully made under this section because that requirement is not satisfied, including the deeming of a specified amount as income on a specified date; and 10 15
- (g) prescribe any matter required or permitted to be prescribed under this section.

(32) Regulations made under subsection (31) may be made to take effect from (and including) a date no earlier than 1 November 2021.” 20

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

**18.** In section 34G(3) and (4) of the principal Act, delete “and 34AA(1)” and substitute “, 34AA(1) and 34AAA(1)”. 25

### **Amendment of section 37A**

**19.** In section 37A of the principal Act —

- (a) in subsection (1)(a), delete “or” at the end;
- (b) in subsection (1)(b), delete the full-stop at the end and substitute a semi-colon; 30
- (c) in subsection (1), after paragraph (b), insert —

“(c) a body of persons has income subject to tax at different rates of tax for the year of assessment concerned (being the year of assessment 2023 or a subsequent year of assessment), and there are UALD in respect of income that is subject to tax at one of those rates of tax; or

(d) a body of persons has income subject to tax at one rate of tax for the year of assessment concerned (being the year of assessment 2023 or a subsequent year of assessment) and income subject to tax at a different rate of tax for an earlier year of assessment, and there are UALD in respect of the second-mentioned income.”;

(d) in subsection (3), after “Subsection (1)(b)”, insert “and (d)”;

(e) in subsection (5), after “income of the company” (wherever it appears), insert “or body of persons”;

(f) in subsection (8), after “the company” (wherever it appears), insert “or body of persons”;

(g) in subsection (11), in the definition of “rate of tax”, in paragraph (a), delete “or” at the end;

(h) in subsection (11), in the definition of “rate of tax”, in paragraph (b), before “the concessionary rate of tax”, insert “in the case of a company,”;

(i) in subsection (11), in the definition of “rate of tax”, in paragraph (b)(ii), insert “or” at the end;

(j) in subsection (11), in the definition of “rate of tax”, after paragraph (b), insert —

“(c) in the case of a body of persons, the concessionary rate of tax in accordance with regulations made under section 43H;”;  
and

- (k) in subsection (11), in the definition of “UALD” or “unabsorbed allowances, losses or donations”, after “income of a company”, insert “or body of persons”.

### **Amendment of section 37D**

**20.** In section 37D of the principal Act —

5

(a) after subsection (4), insert —

“(4AA) Subject to the provisions of this section, section 37A (as it applies in a case mentioned in section 37A(1)(d)) applies, with the necessary modifications, to the deduction of any qualifying deduction by a body of persons for the year of assessment 2023 or a subsequent year of assessment, against its assessable income for the immediate preceding year of assessment, as if —

10

(a) the qualifying deduction for the year of assessment were a qualifying deduction for an earlier year of assessment;

15

(b) the income for the immediate preceding year of assessment were income for the year of assessment concerned; and

20

(c) in section 37A(5) —

(i) a reference to UALD were a reference to the qualifying deduction;

(ii) a reference to corresponding allowances, losses or donations were a reference to allowances or losses; and

25

(iii) a reference to chargeable income of the body of persons were a reference to assessable income for the immediate preceding year of assessment of the body of persons.”;

30

(b) in subsection (4A), after “subsection (4)”, insert “or (4AA)”;

(c) in subsection (4A)(b), after “by a company”, insert “or body of persons”;

5 (d) in subsection (5), after “a company”, insert “or body of persons”;

(e) in subsection (17), in the definition of “concessionary rate of tax”, before “means”, insert “, in relation to a company,”; and

10 (f) in subsection (17), before the definition of “concessionary rate of tax” as amended by paragraph (e), insert —

15 ““concessionary rate of tax”, in relation to a body of persons, means any rate of tax lower than the rate specified in section 43(1)(a) in accordance with regulations made under section 43H;”.

### **Amendment of section 37O**

**21.—**(1) In section 37O(25) of the principal Act —

(a) after the definition of “capital expenditure”, insert —

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

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

30

(b) delete the definition of “local employee” and substitute —



““local employee” means an individual who —

- (a) is a citizen of Singapore or a Singapore permanent resident;
- (b) makes contributions in respect of the income derived from his or her employment with the acquiring company to the Central Provident Fund which are obligatory under the Central Provident Fund Act 1953; and
- (c) is any of the following:
  - (i) an employee of the acquiring company;
  - (ii) for the year of assessment 2020 or a subsequent year of assessment — an individual who is engaged by the central hirer of a central hiring arrangement for a group of related parties which includes the acquiring company —
    - (A) who is deployed to work solely for the acquiring company; and
    - (B) whose salary and other remuneration is borne, directly or indirectly, by the acquiring company and not claimed by the central hirer as a deduction against the central hirer’s own income;
  - (iii) for the year of assessment 2020 or a subsequent year of

assessment — an employee of another person (called *B*) —

(A) who is seconded to the acquiring company under a bona fide commercial arrangement to work solely for the acquiring company; and

(B) whose salary and other remuneration is borne, directly or indirectly, by the acquiring company and not claimed by *B* as a deduction against *B*'s own income,

but excludes a director as defined in section 4 of the Companies Act 1967;”.

(2) Subsection (1) is deemed to have effect for the year of assessment 2020 and every subsequent year of assessment.

### **Amendment of section 43**

**22.** In section 43 of the principal Act —

(a) in subsection (1), delete paragraph (b) and substitute —

“(b) every individual not resident in Singapore —

(i) for the year of assessment 2023 or a preceding year of assessment, tax at the rate of 22% on every dollar of the chargeable income thereof; and

(ii) for the year of assessment 2024 and subsequent years of assessment, tax at the rate of 24% on every dollar of the chargeable income thereof; and”;

(b) in subsection (4), delete “subsection (5)” and substitute “subsections (4A) and (5)”;

(c) after subsection (4), insert —

“(4A) Despite anything in this Act but subject to subsection (5), tax at the rate of 10% is to be levied and paid on the gross amount of any income derived from Singapore during the period from 1 April 2023 to 31 December 2027 (both dates inclusive) —

(a) by an individual not resident in Singapore, from acting as an arbitrator;

(b) by a qualifying mediator who is not resident in Singapore, for providing the services of a mediator for a mediation —

(i) that takes place in Singapore; or

(ii) that would have taken place in Singapore but for the settlement of the dispute or withdrawal of the claim in question; or

(c) by an individual not resident in Singapore, for providing the services of a mediator for a qualifying mediation —

(i) that takes place in Singapore; or

(ii) that would have taken place in Singapore but for the settlement of the dispute or withdrawal of the claim in question.”;

(d) in subsection (5), after “subsection (4)”, insert “or (4A)”;

(e) in subsection (10), after the definition of “approved sub-trust”, insert —

““arbitrator” means an individual appointed for any arbitration which is governed by the Arbitration Act 2001 or the International Arbitration Act 1994, or would have been

governed by either of those Acts had the place of arbitration been Singapore;”;

(f) in subsection (10), after the definition of “qualifying company”, insert —

““qualifying mediation” means a mediation that is administered by a body or an organisation that provides services for the conduct of mediation (called in this section a mediation service provider), and that is prescribed under section 7;

“qualifying mediator” means an individual who is certified or accredited under a mediator certification or accreditation scheme prescribed under section 7;” and

(g) after subsection (13), insert —

“(14) For the purposes of the definitions of “qualifying mediation” and “qualifying mediator” in subsection (10), the Minister may prescribe a description of mediation service providers and a description of mediator certification or accreditation schemes that are set out on a specified website of the Ministry of Law, as amended from time to time.”.

### **Amendment of section 43N**

**23.** In section 43N(4) of the principal Act, delete “31 December 2022” and substitute “31 December 2027”.

### **Amendment of section 43O**

**24.** In section 43O(4) of the principal Act, delete “31 December 2022” and substitute “31 December 2027”.

### **Amendment of section 45**

**25.** In section 45(9)(b) of the principal Act, delete “31 December 2022” and substitute “31 December 2025”.

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

**26.** In section 45A(2B)(b) of the principal Act, delete “31 December 2022” and substitute “31 December 2025”.

### **Amendment of section 45F**

**27.** In section 45F of the principal Act —

5

(a) in subsection (1), delete “subsection (2)” and substitute “subsections (1A) and (2)”;

(b) after subsection (1), insert —

“(1A) Subject to subsection (2), section 45 applies in relation to the payment of any income derived from Singapore during the period from 1 April 2023 to 31 December 2027 (both dates inclusive) by any person —

10

(a) to an individual not known to the person to be resident in Singapore, for acting as an arbitrator;

15

(b) to a qualifying mediator not known to the person to be resident in Singapore, for providing services of a mediator for a mediation —

20

(i) that takes place in Singapore; or

(ii) that would have taken place in Singapore but for the settlement of the dispute or withdrawal of the claim in question; or

25

(c) to an individual not known to the person to be resident in Singapore, for providing the services of a mediator for a qualifying mediation —

(i) that takes place in Singapore; or

30

(ii) that would have taken place in Singapore but for the settlement of the dispute or withdrawal of the claim in question,

5 as section 45 applies to any interest paid by a person (*X*) to another person (*Y*) not known to *X* to be resident in Singapore and, for the purpose of such application, any reference in that section to interest is a reference to such payment.”; and

10 (c) delete subsection (2) and substitute —

“(2) The deduction of tax under section 45 is at the rate of —

(a) 15% for the purpose of subsection (1); and

(b) 10% for the purpose of subsection (1A).

15 (3) In this section, “arbitrator”, “qualifying mediation” and “qualifying mediator” have the meanings given by section 43(10).”.

### **Amendment of section 45I**

**28.** In section 45I of the principal Act —

20 (a) in subsection (1)(c)(ii), delete “or” at the end;

(b) in subsection (1), after paragraph (c), insert —

“(ca) under a contract which was varied where —

25 (i) the variation takes effect on a date which falls within the period from the date on which the Income Tax (Amendment) Act 2022 is published in the *Gazette*, to 31 December 2026 (both dates inclusive); and

30 (ii) the payment is made on or after the date the variation takes effect; or”;

(c) in subsection (3), after paragraph (d), insert —

“(da) at any time during the period from the date on which the Income Tax (Amendment) Act 2022 is published in the *Gazette* to 31 December 2026 (both dates inclusive) under a contract which was varied, where the variation takes effect on or after the date on which the Income Tax (Amendment) Act 2022 is published in the *Gazette* and before the approval date;”;

5

(d) in subsection (3)(f)(ii), delete “or” at the end; and

10

(e) in subsection (3), after paragraph (f), insert —

“(fa) under a contract which was varied where —

(i) the variation takes effect on a date which falls within the period from the date on which the Income Tax (Amendment) Act 2022 is published in the *Gazette* or the approval date (whichever is later) to 31 December 2026 (both dates inclusive); and

15

20

(ii) the payment is made on or after the date the variation takes effect; or”.

## **Amendment of section 62**

**29.** In section 62 of the principal Act, after subsection (5), insert —

“(6) A company licensed under the Insurance Act 1966 to carry on insurance business in Singapore that is required under subsection (1) to furnish a tax computation with its return of income, must furnish to the Comptroller a tax computation that is prepared in accordance with its MAS return along with such additional information as the Comptroller may reasonably require for making an assessment.

25

30

(7) Subsection (6) has effect for any year of assessment for a basis period beginning on or after 1 January 2023, or such earlier

basis period as may be approved by the Comptroller in a particular case.

(8) The Minister may make regulations to provide for any transitional, supplementary and consequential matters relating to subsections (6) and (7).

(9) In this section, “MAS return” has the meaning given by section 34AAA(14).”.

### **Amendment of section 62B**

**30.** In section 62B of the principal Act, after subsection (10), insert —

“(10A) This section does not apply to any company licensed under the Insurance Act 1966 to carry on insurance business in Singapore, in respect of an accounting period beginning on or after 1 January 2023, or such earlier accounting period as may be approved by the Comptroller in a particular case.”.

### **Amendment of section 63**

**31.** In section 63 of the principal Act —

- (a) in subsection (1), delete “Unless” and substitute “Subject to subsection (1AAA), and unless”;
- (b) in subsections (1) and (1A), after “that year of assessment,”, insert “or such extended time as the Comptroller may allow,”;
- (c) after subsection (1), insert —

“(1AAA) Unless exempted by rules mentioned in subsection (3), every insurer (other than a captive insurer or a marine mutual insurer) who has not made a return under section 62 for the year of assessment for an accounting period beginning on or after 1 January 2023 must, within 3 months after the end of the calendar year preceding the year of assessment or such extended time as the Comptroller may allow, furnish to the Comptroller an estimate of the insurer’s chargeable income.”;



(d) in subsection (1AA), after “subsection (1)”, insert “or (1AAA)”;

(e) in subsection (2), after “subsection (1),”, insert “(1AAA),”;

(f) in subsection (3)(a), after “subsection (1)”, insert “or (1AAA)”;

5

(g) in subsection (3)(b), after “subsection (1)”, insert “, (1AAA)”;

(h) after subsection (3), insert —

“(4) In this section —

“captive insurer” and “marine mutual insurer”  
have the meanings given by section 2 of the  
Insurance Act 1966;

10

“insurer” means any company licensed under the  
Insurance Act 1966 to carry on insurance  
business in Singapore.”.

15

### **Amendment of section 68**

**32.** In section 68(2) of the principal Act, after “within the time for compliance limited thereby”, insert “, or such extended time as the Comptroller may allow”.

### **Amendment of section 71**

20

**33.** In section 71(3) of the principal Act, after “that year of assessment,”, insert “or such extended time as the Comptroller may allow,”.

### **Amendment of section 78**

**34.** In section 78 of the principal Act —

25

(a) delete subsection (7) and substitute —

“(7) The Minister may appoint any Deputy Chairperson of the Board as a temporary Chairperson of the Board during the temporary incapacity (from illness or otherwise) or absence of the Chairperson of the Board.”;

30

(b) in subsection (9), after “3 members of the Board”, insert “appointed by the Chairperson of the Board”;

(c) delete subsections (10) to (13) and substitute —

5 “(10) However, the Chairperson of the Board may, having regard to the facts and circumstances of a particular case, appoint a single member of the Board, being the Chairperson or a Deputy Chairperson of the Board, to exercise, discharge and perform the powers, functions and duties of the Board for that case.

10 (11) Any act, finding or decision of any such committee or member is deemed to be the act, finding or decision of the Board, and (unless the context otherwise requires) any reference to the Board in this Act is to such committee or member.

15 (12) The secretary must inform each member appointed under subsection (9) or (10) of his or her appointment, and it is the duty of the member to attend any proceedings specified by the secretary.”;

20 (d) in subsection (15), delete “remuneration and such travelling and subsistence allowances” and substitute “fees and allowances”; and

(e) delete subsection (16) and substitute —

“(16) The Minister may make regulations —

25 (a) prescribing any matter required or permitted to be prescribed under this Part;

(b) providing for the form and manner in which appeals are to be made to the Board;

30 (c) providing for when an objection to the appointment of a member under subsection (9) or (10) to hear an appeal may be made, and how such objection is to be dealt with;

(d) providing for the procedure to be adopted by the Board for the Board’s meetings and

- for proceedings before the Board, and the records to be kept by the Board;
- (e) prescribing the fees to be paid in respect of any appeal under this Part;
  - (f) prescribing the costs in respect of appeals to the Board; 5
  - (g) providing for any matter which the Minister considers incidental or expedient for the proper and efficient conduct of proceedings before the Board; 10
  - (h) providing that the Chairperson or a Deputy Chairperson of the Board may issue directions for carrying out any regulations; and
  - (i) providing for any other matter that is necessary or convenient for carrying out or giving effect to the provisions of this Part.”. 15

### **Amendment of section 79**

**35.** In section 79 of the principal Act, delete subsections (1) to (10) and substitute — 20

“(1) Any person who, being aggrieved by an assessment made upon the person, has failed to agree with the Comptroller in the manner provided in section 76(6) may appeal to the Board by lodging with the secretary — 25

- (a) within 30 days after the date of the Comptroller’s refusal to amend the assessment, a notice of appeal; and
- (b) within 30 days after the date on which the notice of appeal was lodged, a petition of appeal containing a statement of the grounds of appeal. 30

(2) The notice of appeal and petition of appeal must be made in the form and manner prescribed in the regulations under section 78(16).

5 (3) The notice of appeal is deemed to be withdrawn if no petition of appeal containing a statement of the grounds of appeal is lodged with the secretary in accordance with subsection (1)(b).”.

### **Amendment of section 80**

**36.** In section 80 of the principal Act —

10 (a) delete subsections (1), (2) and (3) and substitute —

“(1) On receipt of a petition of appeal, the secretary must immediately forward one copy of it to the Comptroller, and must —

15 (a) as soon as possible thereafter fix the hearing; and

(b) within 14 days before the hearing (or such shorter period as the appellant and the Comptroller may agree), give notice of the hearing of the appeal to both the appellant and the Comptroller.

20

(2) The appellant and the Comptroller may be represented by an advocate and solicitor or an accountant (but by no one else) at a hearing of an appeal before the Board.

25 (3) The Board may for any reasonable cause postpone the hearing of an appeal for such reasonable time as the Board thinks necessary.”;

(b) after subsection (5), insert —

30 “(5A) Pursuant to subsection (5)(c), the Board may issue to a Superintendent of Prisons appointed under section 20 of the Prisons Act 1933, an order to the same effect as an order under section 38 of that Act,

for the purpose of producing a prisoner for examination before the Board.”;

(c) in subsection (7), delete “taxed by the Registrar or an Assistant Registrar of the Supreme Court in accordance with the scale prescribed by regulations” and substitute “assessed by the Registrar, the Deputy Registrar or an Assistant Registrar of the Supreme Court, in accordance with regulations”;

(d) delete subsection (11); and

(e) after subsection (14), insert —

“(15) Regulations made under section 78(16) may provide for the conduct of proceedings before the Board through electronic communication, video conferencing, tele-conferencing or other electronic means, under specified circumstances.

(16) A member of the Board before whom proceedings are conducted in the manner described in subsection (15) in those specified circumstances is deemed to be present and sitting at those proceedings.”.

### **Amendment of section 80A**

**37.** In section 80A of the principal Act —

(a) in the section heading, delete “in absence of member of Board” and substitute “by committee where member becomes unavailable”;

(b) delete subsection (1) and substitute —

“(1) This section applies to an appeal before a committee of the Board, and a reference in this section to a member of the Board is to a member of the Board that is part of the committee.

(1A) Despite anything in this Part, if —

(a) in the course of an appeal or in the case of a reserved judgment in any appeal; or

(b) after an appeal has been determined but before the making of any ancillary order,

any member of the Board hearing the appeal resigns or is unable because of illness or any other cause, to continue to hear or determine the appeal or to make the ancillary order, the remaining members of the Board (if 2 or more) must hear or determine the appeal or make the ancillary order, unless the parties object.”;

(c) in subsections (2), (3) and (4)(a), delete “subsection (1)” and substitute “subsection (1A)”;

(d) in subsection (3)(a) and (b), after “the appeal is to be decided”, insert “or the ancillary order is to be made”;

(e) in subsection (4), delete “The” and substitute “In the case in subsection (1A)(a), the”;

(f) in subsection (4)(a), delete “do not consent” and substitute “object”; and

(g) after subsection (4), insert —

“(5) In the case in subsection (1A)(b), another committee of the Board (which may include the remaining members of the Board) is to be constituted under section 78(9) to make the ancillary order if —

(a) the parties object to the remaining members of the Board making the ancillary order; or

(b) the order is to be made by only 2 remaining members of the Board and they are unable to reach a unanimous decision.”.

### **New section 80B**

**38.** After section 80A of the principal Act, insert —

**“Hearing of appeal by single member where member becomes unavailable**

**80B.—**(1) Despite anything in this Part, if an appeal is before a single member of the Board, and — 5

(a) in the course of an appeal or in the case of a reserved judgment in any appeal; or

(b) after an appeal has been determined but before the making of any ancillary order, 10

the member of the Board hearing the appeal resigns or is unable because of illness or any other cause, to continue to hear or determine the appeal or to make the ancillary order, the Chairperson of the Board is to appoint another member of the Board in accordance with section 78(10) to hear and determine the appeal or to make the ancillary order. 15

(2) In the case in subsection (1)(a), the member of the Board appointed under subsection (1) must rehear the appeal if —

(a) any party objects to the proceedings continuing before the member; or 20

(b) the member determines that it would be in the interests of justice to do so.”.

### **Amendment of section 86**

**39.** In section 86(3) of the principal Act, delete “by personal service or registered post”. 25

### **Amendment of section 105M**

**40.** In section 105M(2) of the principal Act, delete “subsection (1)” and substitute “subsections (1) and (1B)”.

### **Amendment of section 106**

**41.** In section 106(3) of the principal Act, delete “and Tenth” and substitute “, Tenth and Eleventh”. 30

## Amendment of Second Schedule

42.—(1) In the Second Schedule to the principal Act, in Part A —

- (a) delete Table 1;
- (b) renumber Table 2 as Table 1;
- 5 (c) renumber Table 3 as Table 2;
- (d) in Table 2 (as renumbered by paragraph (c)), in the table heading, delete “YEAR OF ASSESSMENT 2017 AND SUBSEQUENT YEARS OF ASSESSMENT” and substitute “YEARS OF ASSESSMENT 2017, 2018, 10 2019, 2020, 2021, 2022 AND 2023”; and
- (e) after Table 2 (as renumbered by paragraph (c)), insert —

“TABLE 3

RATES OF TAX ON CHARGEABLE INCOME OF  
AN INDIVIDUAL FOR YEAR OF ASSESSMENT 2024  
AND SUBSEQUENT YEARS OF ASSESSMENT

	<i>Chargeable Income</i>	<i>Rate of Tax</i>
	For every dollar of the first	\$20,000 Nil
	For every dollar of the next	\$10,000 2%
	For every dollar of the next	\$10,000 3.5%
20	For every dollar of the next	\$40,000 7%
	For every dollar of the next	\$40,000 11.5%
	For every dollar of the next	\$40,000 15%
	For every dollar of the next	\$40,000 18%
	For every dollar of the next	\$40,000 19%
25	For every dollar of the next	\$40,000 19.5%
	For every dollar of the next	\$40,000 20%
	For every dollar of the next	\$180,000 22%
	For every dollar of the next	\$500,000 23%
	For every dollar exceeding	\$1,000,000 24%.”.



(2) Subsection (1)(e) has effect for the year of assessment 2024 and subsequent years of assessment.

## **New Eleventh Schedule**

**43.** After the Tenth Schedule to the principal Act, insert —

### “ELEVENTH SCHEDULE

5

Sections 6(12B) and 106(3)

#### PRESCRIBED INFORMATION

1. The name of a company
2. The tax reference number of a company
3. The revenue of a company in the basis period for any year of assessment that is derived from any trade or business carried on by that company, presented in ranges determined by the Comptroller 10
4. Whether a company has any net profit or loss before tax in the basis period for any year of assessment
5. Whether a company carried on any trade or business in the basis period for any year of assessment 15
6. Whether a company claimed the deduction of any expense under any of the following provisions in the basis period for any year of assessment:
  - (a) section 14A
  - (b) section 14B 20
  - (c) section 14C
  - (d) section 14D(1)
  - (e) section 14E
  - (f) section 14H
  - (g) section 14U 25
7. Whether a company received any income in Singapore from outside Singapore (excluding income exempt from tax under section 13(8)) in the basis period for any year of assessment”.

## **Miscellaneous amendments**

**44.—**(1) In the principal Act —

30

- (a) in section 2(1), after the definition of “Hindu joint family”, insert —

““holding company” has the meaning given by section 5 of the Companies Act 1967;”;

(b) in section 2(1), after the definition of “SRS operator”, insert —

5 ““subsidiary” has the meaning given by section 5 of the Companies Act 1967;”;

(c) in the following provisions, delete the definition of “holding company”:

Section 13H(10)

10 Section 13I(5);

(d) in section 14L(8), delete “subsidiary company” (wherever it appears) and substitute “subsidiary”;

(e) in section 14L(9), delete the definitions of “holding company” and “subsidiary company”;

15 (f) in the following provisions, delete the definitions of “holding company” and “subsidiary”:

Section 14M(13)

Section 37O(25);

(g) in section 15, delete subsection (3); and

20 (h) in section 37O(16A)(d) and (17)(e), delete “within the meaning of section 5 of the Companies Act 1967”.

(2) In the principal Act —

(a) in section 2(1), after the definition of “professional visit pass”, insert —

25 ““related party”, in relation to a person (*A*), means any person —

(a) who directly or indirectly controls *A*;

(b) who is being controlled directly or indirectly by *A*; or

- (c) who, together with *A*, is directly or indirectly under the control of a common person;”;
- (b) in the following provisions, delete the definition of “related party”:
- 5
- Section 13(16)
- Section 14B(11)
- Section 14T(8)
- Section 14Z(12)
- Section 19B(11);
- 10
- (c) in section 13X(2), in the *Example*, delete “(as defined in section 14O(6))”;
- (d) in section 14B(11), in the definition of “master intellectual property licence”, delete the semi-colon at the end and substitute a full-stop;
- 15
- (e) in the following provisions, delete the definition of “related parties”:
- Section 14O(6)
- Section 37G(21);
- (f) in section 14O(6), in the definition of “qualifying training expenditure”, delete the semi-colon at the end and substitute a full-stop;
- 20
- (g) in section 14T(8), in the definition of “qualifying intellectual property rights”, delete the semi-colon at the end and substitute a full-stop;
- 25
- (h) in section 14U, delete subsection (6) and substitute —
- “(6) In this section, “qualifying intellectual property rights” has the meaning given by section 14T(8).”;
- (i) in section 19B(11), in the definition of “media and digital entertainment company”, delete the semi-colon at the end and substitute a full-stop;
- 30
- (j) in section 34D, delete subsection (3);

(k) in section 34F, delete subsection (10) and substitute —

“(10) In this section, “firm” includes a partnership.”;

(l) in the following provisions, delete “(within the meaning of section 13(16))”:

Section 35(14B)(a)

Section 93A(1A);

(m) in section 37G(21), in the definition of “quarter”, delete the semi-colon at the end and substitute a full-stop;

(n) in section 37O(13), delete “unrelated to” and substitute “not a related party of any of”;

(o) in section 37O, delete subsection (27) and substitute —

“(27) For the purposes of subsection (16A), a company is connected with another if —

(a) at least 75% of the total number of ordinary shares in one company are beneficially held, directly or indirectly, by the other; or

(b) at least 75% of the total number of ordinary shares in each of the 2 companies are beneficially held, directly or indirectly, by a third company.”;

(p) in section 43H(4), delete the definitions of “break cost”, “financial institution”, “prepayment fee”, “qualifying debt securities”, “redemption premium” and “related party” and substitute —

““break cost”, “financial institution”, “prepayment fee”, “qualifying debt securities” and “redemption premium” have the meanings given by section 13(16);”;

(q) in section 74, delete subsection (6) and substitute —

“(6) In this section, “avoidance of double taxation agreement” means an arrangement having effect under section 49.”.

(3) In the following provisions of the principal Act, delete “22%” (wherever it appears) and substitute “24%”:

Section 45(1)(a)(i)

Section 45B(2)

Section 45E(3)(a) and (5)

5

Section 45EA(3) and (5).

### **Repeal of obsolete provisions and consequential amendments**

**45.** In the principal Act —

(a) in section 10B(12), in the definition of “specified amount”, delete paragraph (b);

10

(b) in section 37E, delete subsections (1A), (1B), (1C), (3A), (4A) and (9A);

(c) in section 37E, delete subsection (5) and substitute —

“(5) No transfer is allowed under subsection (1) in any year of assessment if the transferor has assessable income for the immediate preceding year of assessment but no claim for relief has been made under section 37D.”;

15

(d) in section 37E(6), delete “or (1A)”;

(e) in section 37E(12), delete “or any one of the 3 immediate preceding years of assessment, as the case may be”;

20

(f) in section 39(2)(e)(v) and (vi), delete “2009, 2010, 2011,”;

(g) in section 39(2)(h), delete “35% (for the year of assessment 2011),”;

(h) in section 39(2)(h), delete “\$26,775 (for the year of assessment 2011),” (wherever it appears);

25

(i) in the Fifth Schedule, in paragraph 1, delete “2009” and substitute “2012”;

(j) in the Fifth Schedule, delete paragraph 3 and substitute —

“3. No deduction is allowed in respect of any child who was engaged in any employment, other than under articles or indentures, or carried on or exercised a trade, business, profession or vocation, during the year immediately preceding the year of assessment.”;

(*k*) in the Fifth Schedule, in paragraph 3A, delete “2010” and substitute “2012”;

(*l*) in the Fifth Schedule, in paragraph 5, delete sub-paragraph (1);

(*m*) in the Fifth Schedule, in paragraph 5(2) and (3), delete “(1) or”; and

(*n*) in the Fifth Schedule, in paragraph 6(2), delete “5(1) or 5(1A) (as the case may be)” and substitute “5(1A)”.

### **Related amendments to Goods and Services Tax Act 1993**

**46.** In the Goods and Services Tax Act 1993 —

(*a*) in section 2(1), delete the definition of “authentication code”;

(*b*) in section 2(1), delete the definition of “electronic service” and substitute —

““electronic service” means the system established under section 29 of the Inland Revenue Authority of Singapore Act 1992;”;

(*c*) in section 6, after subsection (9), insert —

“(9A) Despite subsections (1) and (2) and without affecting subsections (4) to (9) and (9C), the Comptroller may disclose information relating to the business, the value of the supply of any goods and services, or the income of any taxable person, to any of the following with the express consent of the taxable person:

(*a*) any public officer or officer of a statutory board for the performance of his or her official duties;

(b) any other person (called *A* in this subsection and subsection (9B)) who is engaged by the Government or a statutory board to assist any public officer or officer of a statutory board in performing any of the officer’s official duties if a public officer or officer of the statutory board (as the case may be), duly authorised by the Comptroller for this purpose, has obtained a declaration of secrecy from *A* in accordance with subsection (1). 5 10

(9B) *A* shall be guilty of an offence if *A* —

(a) discloses to any person, or allows any person access to, any information disclosed to *A* under subsection (9A); or 15

(b) uses or makes any copy of any record or document containing the information,

other than for the purpose of rendering the assistance mentioned in subsection (9A)(b).

(9C) Despite subsections (1) and (2) and without affecting subsections (4) to (9A), the Comptroller may disclose any information prescribed in the Tenth Schedule to any public officer or officer of a statutory board that is required for the performance of the public officer’s or officer’s official duties. 20 25

(9D) The Minister may, by order in the *Gazette*, amend the Tenth Schedule.”;

(d) delete section 42 and substitute —

**“Use of electronic service**

**42.—**(1) Any person may — 30

(a) register himself, herself or itself or request to cancel the person’s registration, as a taxable person; or

- (b) file or submit any return, declaration, document, application or information, if the person is required to do so,

through the electronic service.

5

(2) The Minister may make regulations prescribing —

10

- (a) the circumstances in which the Comptroller may serve any notice, direction, order, permit, receipt or other document through the electronic service on a person assigned an account with the electronic service; and

15

- (b) the manner in which a person who has been served through the electronic service with any notice, direction, order, permit, receipt or other document is to be notified of the transmission of an electronic record of it to the person's account with the electronic service.

20

(3) Regulations made for the purpose of subsection (2) —

25

- (a) may provide for service of any notice, direction, order, permit, receipt or other document through the electronic service in circumstances where —

30

- (i) the person consents to such service; or
  - (ii) the Comptroller gives the person notice of the Comptroller's intention of such service and the person does not refuse such service;
- (b) may provide for the giving of any notice of the Comptroller's intention, or the person's consent or refusal, mentioned in paragraph (a), including —



- (i) the matters that must be contained in the notice; and
- (ii) the time within which, and the form and manner in which, the consent or refusal must be received by the Comptroller; 5
- (c) may provide when the consent or refusal of the person takes effect and when the Comptroller must give effect to such consent or refusal; and 10
- (d) may provide for any other matter necessary or incidental to the purposes in paragraphs (a), (b) and (c) and subsection (2)(a).”; 10
- (e) in section 50, delete subsection (4B) and substitute — 15
  - “(4B) The Minister may appoint any Deputy Chairperson of the Board as a temporary Chairperson of the Board during the temporary incapacity (from illness or otherwise) or absence of the Chairperson of the Board.”; 20
- (f) in section 50(6), after “not less than 3 members of the Board”, insert “appointed by the Chairperson of the Board”;
- (g) in section 50, delete subsections (6A) and (7) and substitute — 25
  - “(6A) However, the Chairperson of the Board may, having regard to the facts and circumstances of a particular case, appoint a single member of the Board, being the Chairperson or a Deputy Chairperson of the Board, to exercise, discharge and perform the powers, functions and duties of the Board for that case. 30
  - (7) Any act, finding or decision of any such committee or member is deemed to be the act, finding or decision of the Board, and (unless the

context otherwise requires) any reference to the Board in this Act is to such committee or member.

(7A) The secretary must inform each member appointed under subsection (6) or (6A) of his or her appointment, and it is the duty of the member to attend any proceedings specified by the secretary.”;

(h) in section 50, delete subsections (8A) and (8B);

(i) in section 50(9), delete “remuneration and such travelling and subsistence allowances” and substitute “fees and allowances”;

(j) in section 50, delete subsection (10) and substitute —

“(10) The Minister may make regulations —

(a) prescribing any matter required or permitted to be prescribed under this Part;

(b) providing for the form and manner in which appeals are to be made to the Board;

(c) providing for when an objection to the appointment of a member under subsection (6) or (6A) to hear an appeal may be made, and how such objection is to be dealt with;

(d) providing for the procedure to be adopted by the Board for the Board’s meetings and for proceedings before the Board, and the records to be kept by the Board;

(e) prescribing the fees to be paid in respect of any appeal under this Part;

(f) prescribing the costs in respect of appeals to the Board;

(g) providing for any matter which the Minister considers incidental or expedient for the proper and efficient conduct of proceedings before the Board;

- (h) providing that the Chairperson or a Deputy Chairperson of the Board may issue directions for carrying out any regulations; and
- (i) providing for any other matter that is necessary or convenient for carrying out or giving effect to the provisions of this Part.”; 5
- (k) in section 51(1)(a), delete “a written notice of appeal in such form as the Board may determine” and substitute “a notice of appeal”; 10
- (l) in section 51, delete subsections (2) to (4D) and substitute —
- “(2) The notice of appeal and petition of appeal must be made in the form and manner prescribed in the regulations under section 50(10). 15
- (3) The notice of appeal is deemed to be withdrawn if no petition of appeal containing a statement of the grounds of appeal is lodged with the secretary in accordance with subsection (1)(b).”;
- (m) in section 52, delete subsections (1), (2) and (2A) and substitute — 20
- “(1) On receipt of a petition of appeal, the secretary must immediately forward one copy of it to the Comptroller, and must — 25
- (a) as soon as possible thereafter fix the hearing; and
- (b) within 14 days before the hearing (or such shorter period as the appellant and the Comptroller may agree), give notice of the hearing of the appeal to both the appellant and the Comptroller. 30
- (2) The appellant and the Comptroller may be represented by an advocate and solicitor or an

accountant (but by no one else) at a hearing of an appeal before the Board.

(2A) The Board may for any reasonable cause postpone the hearing of an appeal for such reasonable time as the Board thinks necessary.”;

(n) in section 52, after subsection (4), insert —

“(4A) Pursuant to subsection (4)(c), the Board may issue to a Superintendent of Prisons appointed under section 20 of the Prisons Act 1933, an order to the same effect as an order under section 38 of that Act, for the purpose of producing a prisoner for examination before the Board.”;

(o) in section 52(6), delete “taxed by the Registrar, Deputy Registrar or an Assistant Registrar of the Supreme Court or the State Courts in accordance with regulations” and substitute “assessed by the Registrar, the Deputy Registrar or an Assistant Registrar of the Supreme Court, or the registrar or a deputy registrar of the State Courts, in accordance with regulations”;

(p) in section 52, delete subsection (9);

(q) in section 52, after subsection (12), insert —

“(13) Regulations made under section 50(10) may provide for the conduct of proceedings before the Board through electronic communication, video conferencing, tele-conferencing or other electronic means, under specified circumstances.

(14) A member of the Board before whom proceedings are conducted in the manner described in subsection (13) in those specified circumstances is deemed to be present and sitting at those proceedings.”;

(r) delete section 53 and substitute —

**“Hearing of appeal by committee where member becomes unavailable**

**53.—**(1) This section applies to an appeal before a committee of the Board, and a reference in this section to a member of the Board is to a member of the Board that is part of the committee. 5

(2) Despite anything in this Part, if —

(a) in the course of any appeal, or, in the case of a reserved judgment in any appeal; or 10

(b) after an appeal has been determined but before the making of any ancillary order,

any member of the Board hearing the appeal resigns or is unable because of illness or any other cause, to continue to hear or to determine the appeal or to make the ancillary order, the remaining members of the Board (if 2 or more), must hear or determine the appeal or make the ancillary order, unless the parties object. 15

(3) In subsection (2), the Board is deemed to be duly constituted for the purposes of the appeal despite the member’s resignation or inability to act. 20

(4) Despite section 50(8), in a case in subsection (2) —

(a) where there are more than 2 members of the Board remaining, the appeal is to be decided or the ancillary order is to be made in accordance with the decision of the majority of the remaining members of the Board and, if there is an equality of votes, the Chairperson of the Board or, in the Chairperson’s absence, the member presiding has a second or casting vote; or 25 30

(b) where there are only 2 members of the Board remaining, the appeal is to be decided or the ancillary order is to be made in accordance with the unanimous decision of both members.

5

(5) In the case in subsection (2)(a), the appeal must be reheard —

(a) if the parties object to the proceedings continuing before the remaining members of the Board under subsection (2); or

10

(b) if the appeal is heard or determined by only 2 remaining members of the Board and they are unable to reach a unanimous decision.

15

(6) In the case in subsection (2)(b), another committee of the Board (which may include the remaining members of the Board) is to be constituted under section 50(6) to make the ancillary order if —

(a) the parties object to the remaining members of the Board making the ancillary order; or

20

(b) the order is to be made by only 2 remaining members of the Board and they are unable to reach a unanimous decision.

25

**Hearing of appeal by single member where member becomes unavailable**

**53A.**—(1) Despite anything in this Part, if an appeal is before a single member of the Board, and —

(a) in the course of an appeal or in the case of a reserved judgment in any appeal; or

30

(b) after an appeal has been determined but before the making of any ancillary order,

the member of the Board hearing the appeal resigns or is unable because of illness or any other cause, to continue to hear or determine the appeal or to make the ancillary order, the Chairperson of the Board is to appoint another member of the Board in accordance with section 50(6A) to hear and determine the appeal or to make the ancillary order.

5

(2) In the case in subsection (1)(a), the member of the Board appointed under subsection (1) must rehear the appeal if —

10

(a) any party objects to the proceedings continuing before the member; or

(b) the member determines that it would be in the interests of justice to do so.”;

15

(s) in section 82(3), delete “by personal service or registered post”;

(t) in section 87(1)(d), delete “section 42(13) and (13A)” and substitute “section 42(2)”;

20

(u) after the Ninth Schedule, insert —

#### “TENTH SCHEDULE

Section 6(9C) and (9D)

#### PRESCRIBED INFORMATION

1. The business registration number of a company
2. The name of a company
3. The prescribed accounting period of a company
4. The revenue of a company in any period, presented in ranges determined by the Comptroller
5. The total value of supplies made by a company in any period, presented in ranges determined by the Comptroller

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6. The total value of zero-rated supplies made by a company in any period, presented in ranges determined by the Comptroller”.

**Consequential and related amendments to Inland Revenue Authority of Singapore Act 1992**

47. In the Inland Revenue Authority of Singapore Act 1992, in section 29 —

(a) delete subsection (1) and substitute —

“(1) The Authority may establish a system providing for —

(a) the electronic service —

(i) by a person (or an electronic service agent on behalf of such a person) on the Authority or an officer of the Authority administering any relevant tax legislation; or

(ii) by the Authority, or an officer of the Authority administering any relevant tax legislation, on a person or an electronic service agent on behalf of such a person,

of a document or any information, which is permitted or required by or under any relevant tax legislation to be served or given; and

(b) the electronic registration of a person, transaction or matter that is permitted or required by or under a relevant tax legislation to be registered, and the cancellation of the same.

(1A) The Authority may establish and publish on its website the procedure for —

(a) the proper use of the system, including the procedure in circumstances where there is a



breakdown of the system or an interruption in any electronic service using the system; and

- (b) the correction or amendment of any document or information that is electronically served or given using the system.”; 5
- (b) in subsection (2)(d), delete “an application, a return, notice or other document;” and substitute “a document or any information; and”; 10
- (c) in subsection (2)(e), delete the semi-colon at the end and substitute a full-stop;
- (d) in subsection (2), delete paragraphs (f), (g) and (h);
- (e) in subsection (3), delete “an application, a return, notice or other document which is permitted or required by or under any relevant tax legislation is served” and substitute “a document or any information which is permitted or required by or under any relevant tax legislation to be served or given, is served or given”; 15
- (f) in subsection (3)(a) and (c)(i) and (ii), delete “application, return, notice or document” (wherever it appears) and substitute “document or information”; 20
- (g) in subsection (3), delete paragraph (b) and substitute —
- “(b) where the electronic service is done by an electronic service agent on behalf of any person (called in this subsection the principal) — 25
- (i) the document or information is deemed to be served or given with the authority of that person; and 30

(ii) the principal is to be treated to be cognizant of all matters in the document or record containing the information,

5 unless that principal has, before the electronic service is done, informed the Authority in the prescribed manner that the principal has revoked the authority of the electronic service agent for the serving or giving of the document or information in question;”;

10 (h) in subsection (3)(c), delete “where the electronic service of an application, a return, notice or other document which is permitted or required by or under any relevant tax legislation, is done” and substitute “where the document or information is served or given”;

15 (i) in subsection (4), delete “an application, a return, notice or document which is permitted or required by or under any relevant tax legislation that was electronically served” and substitute “a document or any information which is permitted or required by or under any relevant tax legislation to be served or given, that was served or given”;

20 (j) in subsection (5), after “document” (wherever it appears), insert “or information”;

25 (k) in subsection (6), delete paragraph (a) and substitute —

“(a) giving the particulars of —

30 (i) any person whose authentication code was used to serve or give the document or information using the system; or

(ii) any person or device involved in the production or transmission of the electronic record of the document or information, or the copy or print-out;”;

(l) in subsection (7), after the definition of “authentication code”, insert —

““document” means an application, return, notice, direction, order, permit, receipt, declaration, estimate, statement or other document;”;

5

(m) in subsection (7), delete the definition of “relevant tax legislation” and substitute —

““relevant tax legislation”, for any document or information permitted or required by or under such legislation to be served or given, means —

10

(a) this section and any regulations made under section 31 for the purposes of this section;

(b) in the case of subsection (1)(a)(i) — a provision of any Act specified in the Third Schedule, or any subsidiary legislation made under any of those Acts, which permits, requires, or enables an officer administering that Act to require the document or information to be served or given by means of the system; or

15

20

(c) in the case of subsection (1)(a)(ii) — a provision of any Act specified in the Third Schedule, or any subsidiary legislation made under any of those Acts, which provides for a method for the service or giving of any document or information of that kind if the recipient consents (expressly or impliedly) to the service or giving of any document or information of that kind in that way;

25

30

“relevant tax legislation”, for the registration of any person, transaction or matter, means a provision of any Act specified in the Third Schedule, or any subsidiary legislation made under any of those Acts, which provides for the registration of any person, transaction or matter.”.

### **Related amendments to Property Tax Act 1960**

**48.** In the Property Tax Act 1960 —

(a) in section 2(1), delete the definition of “authentication code”;

(b) in section 2(1), delete the definition of “electronic service” and substitute —

““electronic service” means the system established under section 29 of the Inland Revenue Authority of Singapore Act 1992;”;

(c) in section 2(1), in the definition of “Minister”, in paragraph (a), delete “66(13)” and substitute “66(2)”;

(d) in section 18(1), after “that period,”, insert “or such extended time as the Chief Assessor may allow,”;

(e) in section 19(1), after “the sale or transfer,”, insert “or such extended time as the Chief Assessor may allow,”;

(f) in section 65(3), delete “section 66(7)” and substitute “the regulations made under section 66(2)”;

(g) delete section 66 and substitute —

#### **“Use of electronic service**

**66.—**(1) Any person who is required to file or submit any return or document may do so through the electronic service.

(2) The Minister may make regulations for the purposes of this section and section 67(1)(d), prescribing —

- (a) the circumstances in which the Comptroller or the Chief Assessor may serve any notice, order or other document through the electronic service on a person assigned an account with the electronic service; and 5
  - (b) the manner in which a person who has been served through the electronic service with any notice, order or other document is to be notified of the transmission of an electronic record of it to the person's account with the electronic service. 10
- (3) Regulations made for the purpose of subsection (2) —
- (a) may provide for service of any notice, order or document through the electronic service in circumstances where — 15
    - (i) the person consents to such service; or
    - (ii) the Comptroller or the Chief Assessor (as the case may be) gives the person notice of the Comptroller's or the Chief Assessor's intention of such service and the person does not refuse such service; 20 25
  - (b) may provide for the giving of any notice of the Comptroller's or the Chief Assessor's intention, or the person's consent or refusal, mentioned in paragraph (a), including — 30
    - (i) the matters that must be contained in the notice; and
    - (ii) the time within which, and the form and manner in which, the consent or

refusal must be received by the  
Comptroller or the Chief Assessor;

(c) may provide when the consent or refusal of  
the person takes effect and when the  
Comptroller or the Chief Assessor must  
give effect to such consent or refusal; and

(d) may provide for any other matter necessary  
or incidental to the purposes in  
paragraphs (a), (b) and (c) and  
subsection (2)(a).

(4) The Comptroller may, for the purposes of the  
electronic service, approve the use of any symbol,  
code, abbreviation or notation to represent any  
particulars or information required under this Act.”;  
and

(h) in section 67(1)(d), delete “section 66(13) and (14)” and  
substitute “section 66(2)”.

### **Saving and transitional provisions**

**49.**—(1) Despite section 3, section 6(12) of the principal Act as in  
force immediately before the date of commencement of section 3  
(called in this subsection the old law) continues to apply to any  
disclosure of information described in the old law made on or after  
that date if a consent described in the old law was obtained before that  
date and remained in force as at the date of the disclosure.

(2) Section 78(10) of the principal Act as inserted by section 34(c)  
also applies in relation to a notice of appeal lodged under  
section 79(1) of the principal Act before the date of  
commencement of section 34(c), except that the Chairperson of the  
Board of Review may not exercise the power under section 78(10) of  
the principal Act without the consent of the appellant and the  
Comptroller of Income Tax.

(3) Section 50(6A) of the Goods and Services Tax Act 1993 as  
inserted by section 46(g) also applies in relation to a notice of appeal  
lodged under section 51(1) of that Act before the date of

commencement of section 46(g), except that the Chairperson of the Goods and Services Tax Board of Review may not exercise the power under section 50(6A) of that Act without the consent of the appellant and the Comptroller of Goods and Services Tax.

(4) For a period of 2 years after the date of publication in the *Gazette* of the Income Tax (Amendment) Act 2022, the Minister may, by regulations, prescribe such additional provisions of a saving or transitional nature consequent on the enactment of that provision as the Minister may consider necessary or expedient.

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## EXPLANATORY STATEMENT

This Bill seeks to implement the tax changes in the Government’s 2022 Budget Statement in the Income Tax Act 1947 (the Act) and to make certain other amendments to the Act.

The Bill also makes consequential and related amendments to the Goods and Services Tax Act 1993, the Inland Revenue Authority of Singapore Act 1992 and the Property Tax Act 1960.

Clause 1 relates to the short title and commencement.

Clause 2 amends section 2 (Interpretation) to delete the definition of “authentication code” and replace the definition of “electronic service” to refer to the system mentioned in section 29 of the Inland Revenue Authority of Singapore Act 1992. Provisions relating to the provision and use of the electronic service (other than those applicable only to the Act) will be deleted as these provisions are now found in section 29 of the Inland Revenue Authority of Singapore Act 1992.

Clause 3 amends section 6 (Official secrecy) for 2 purposes.

First, section 6(12) is replaced by a new subsection (12) that allows the Comptroller of Income Tax (the Comptroller) to disclose income information of any person with the person’s express consent, to —

- (a) any public officer or officer of a statutory board for the performance of any official duties (and not only for administering a written law or a public scheme); or
- (b) any other person engaged to facilitate the carrying out of such official duties, if that person makes a declaration of secrecy.

Second, section 6 is amended by inserting a new subsection (12B) to enable the Comptroller to disclose certain information prescribed in the Eleventh Schedule to any public officer or officer of a statutory board for the performance of his or her official duties, without the consent of the person to whom the information relates.

Clause 4 makes an amendment to section 8 (Service and signature of notices, etc.) that is consequential on the deletion and substitution of section 8A.

Clause 5 deletes and substitutes section 8A (Electronic service). Most of the provisions in the existing section 8A are now found in the amended section 29 of the Inland Revenue Authority of Singapore Act 1992. The new section 8A retains certain provisions applicable only to the Income Tax Act 1947.

Clause 6 makes an amendment to section 10 (Charge of income tax) that is consequential on the amendment to section 13E.

Clause 7 amends section 13 (Exempt income) —

- (a) to extend the last day of issue of qualifying project debt securities to qualify for exemption of tax under that section from 31 December 2022 to 31 December 2025;
- (b) to extend until 31 March 2023 the period during which income derived by the following individuals is exempt from tax:
  - (i) a non-resident arbitrator;
  - (ii) a non-resident qualifying mediator for mediation services for a mediation which takes place in Singapore or which would have taken place in Singapore if the claim had not been settled or withdrawn;
  - (iii) a non-resident individual for mediation services for a qualifying mediation which takes place in Singapore or which would have taken place in Singapore if the claim had not been settled or withdrawn;
- (c) to limit the tax exemption under subsection (1)(zj) for income from a structured product derived from Singapore by a non-resident person who is not an individual where the contract for the product is varied. The exemption continues to apply only if the variation takes effect before 1 January 2027; and
- (d) to enable the Minister or a person appointed by the Minister to waive the requirement under subsection (2D) that qualifying project debt securities must be held by 4 or more persons for certain income derived from them to be exempt from tax under that section, if (among other conditions) each holder of the securities is either a company resident in Singapore, or a trustee of a real estate investment trust (REIT) who is



resident in Singapore and holds the securities for the benefit of the unitholders of the REIT.

The clause also amends section 13(12A) and (12B). Subsections (12A) and (12B) of section 13 provide that orders made under subsection (12) (which exempt from tax income received by the trustee of a Singapore-listed REIT or its wholly-owned company that is incorporated in Singapore) continue to have effect on or after 1 January 2026 only in relation to income received in Singapore that is paid out of income or gains relating to immovable property outside Singapore and acquired before that date, and derived at a time when the trustee or company owns (directly or indirectly) the property, or from the disposal of the property. The amendment extends subsection (12A) to the following:

- (a) a subsection (12) order exempting income received by the trustee of a sub-trust of a REIT, all rights or interests in the property of which are held for the benefit of the beneficiaries of the REIT;
- (b) a subsection (12) order exempting income received by a company incorporated in Singapore, the share capital of which is wholly-owned whether directly or indirectly by the trustee of a REIT at the date of receipt of the income.

Finally, the clause makes a technical amendment to section 13(12B)(b) by deleting the word “beneficially”.

Clause 8 amends section 13E (Exemption of international shipping profits) to exclude, from the scope of the term “foreign ship”, a ship that is provisionally registered under the Merchant Shipping Act 1995 and which registry is not closed, deemed to be closed or suspended. The purpose of this amendment is to remove an overlap in the scope of tax exemption between section 13A (Exemption of shipping profits) and section 13E.

Clause 9 amends section 13F (Exemption of income of foreign trust) to allow the Minister to make regulations to exempt income of a foreign trust that is approved by the Minister or an authorised body, in addition to a foreign trust that is prescribed by regulations.

Clause 10 amends section 13U (Exemption of income arising from funds managed by fund manager in Singapore) to extend the tax exemption in that section to income that is prescribed by regulations and that arises from funds of any approved eligible special purpose vehicle (SPV) of an approved master-feeder fund-SPV structure, or of an approved master fund-SPV structure, subject to conditions in that section.

Clause 11 makes an amendment to section 26 (Profits of insurers) that is consequential on the new section 34AAA.

Clause 12 amends section 26A (Ascertainment of income of member of Lloyd’s syndicate) to allow the Comptroller to extend the deadline for filing an estimate of

the aggregate amount of chargeable income of a non-resident member of Lloyd's, beyond the current 3 months after the end of the accounting period relating to the year of assessment of that member.

Clause 13 amends section 34A (Adjustment on change of basis of computing profits of financial instruments resulting from FRS 39 or SFRS for Small Entities) to extend the tax treatment of interest from debt securities in that section to interest from a loan, i.e. interest from a loan that is chargeable to tax under section 10(1)(d) is to be computed at the contractual interest rate and not effective interest rate. The clause also makes an amendment consequential on the new section 34AAA.

Clause 14 amends section 34AA (Adjustment on change of basis of computing profits of financial instruments resulting from FRS 109 or SFRS(I) 9) to extend the tax treatment of interest from debt securities in that section to interest from a loan, i.e. interest from a loan that is chargeable to tax under section 10(1)(d) is to be computed at the contractual interest rate and not effective interest rate. The clause also makes an amendment consequential on the new section 34AAA.

Clause 15 inserts a new section 34AAA to provide for a new basis for computing the profits, losses and expenses in respect of financial instruments of licensed insurers for a basis period that begins on or after 1 January 2023 or an earlier basis period approved by the Comptroller for a particular case. The new section provides that (with certain exceptions) the profits, losses and expenses to be brought into account are those that are recognised and valued in accordance with certain regulations made under the Insurance Act 1966, and reflected in returns submitted to the Monetary Authority of Singapore under that Act (called the MAS returns). The reason for this is that financial statements prepared in accordance with the accounting standard applicable for annual reporting periods beginning on or after 1 January 2023 (FRS 117 or SFRS(I) 17) are less suitable for tax computation purposes compared to the MAS returns.

The new section 34AAA provides for a case where a gain relating to a financial instrument was not taxed because it was treated as capital in nature, or a loss or expense relating to a financial instrument was allowed as a deduction because it was treated as revenue in nature. If the gain is later discovered to be revenue in nature or the loss or expense discovered to be capital in nature, then the gain, loss or expense, together with any previous gain, loss or expense in respect of the instrument that was similarly mischaracterised, is treated as income for the year of assessment that is the year in which the discovery takes place. However, no assessment for that income may be made after the period of 4 years after the end of the year of assessment of the basis period in which the instrument is disposed of.

Conversely, where a gain relating to a financial instrument was taxed because it was treated as revenue in nature, or a loss or expense relating to a financial instrument was not allowed as a deduction because it was treated as capital in nature, and the gain was later discovered to be capital in nature or the loss or expense discovered to be revenue in nature, then a deduction is to be allowed for

the gain, loss or expense, as well as any previous gain, loss or expense in respect of the instrument that was similarly mischaracterised, for the year of assessment that is the year in which the discovery takes place. However, no claim for such deduction may be made after the period of 4 years after the end of the year of assessment of the basis period in which the instrument is disposed of.

The provisions in the last 2 paragraphs are necessary because unrealised gains, losses or expenses may be recognised under the regulations made under the Insurance Act 1966, before their true nature becomes known.

Finally, the section enables regulations to be made for various transitional matters, including regulations —

- (a) to treat as the income of a specified insurer for a specified year of assessment, a specified amount of any profit relating to a financial instrument, being an amount recognised under the regulations made under the Insurance Act 1966 as the insurer's profit before the start of the basis period to which the new section 34AAA first applies to the insurer; and
- (b) to allow as a deduction to a specified insurer for a specified year of assessment, a specified amount of any loss or expense relating to a financial instrument, being an amount recognised under those regulations as the insurer's loss or expense before the start of that basis period.

Such regulations may be needed to make transitional adjustments for previously recognised gains, losses or expenses relating to financial instruments of insurers that were subject to a different tax treatment.

Clause 16 makes an amendment to section 34AB (Chargeability of profit or loss from foreign exchange differences) that is consequential on the new section 34AAA.

Clause 17 inserts a new section 34CA which applies, with modification, the tax treatments accorded to a qualifying amalgamation of companies in section 34C to a transfer of businesses of a company incorporated in Singapore and licensed to carry out insurance business, to another company incorporated in Singapore.

Parties to the transfer of an insurance business currently cannot avail themselves of section 34C due to the requirements under the Insurance Act 1966 for such transfer.

The new section 34CA(1) sets out the scope of application of the new section. It applies only if —

- (a) a licensed insurer that is a company incorporated in Singapore (the transferor) transfers on a single date (date A) its insurance business to

another company (the transferee) under a voluntary transfer scheme that has been confirmed by a court under the Insurance Act 1966;

- (b) the conditions in section 34CA(3) are satisfied;
- (c) the transferor also transfers all of its non-insurance businesses (if any) to the same transferee on a single date (date B) that is neither earlier than 12 months before, nor later than 12 months after, date A;
- (d) the transfer in paragraph (c) has been approved under the new section 34CA(4) and the conditions for the approval under the new section 34CA(5) (which may include conditions subsequent) are satisfied; and
- (e) the transferee elects under the new section 34CA(6) for the application of the new section to the transfers.

The new section 34CA(2) defines various terms used in the new section. In particular, it defines the term “effective date” as either date A or date B, depending on whether the transferred business in question is the insurance business or any of the non-insurance businesses.

The new section 34CA(3) sets out conditions that have to be satisfied in relation to the transfer of the insurance business. Essentially all property, rights and liabilities in relation to the insurance business must be transferred to the transferee on the effective date, and the transferor must permanently cease to carry on that business on that date and must be wound up before the date it has to furnish a return for the year of assessment for the basis period in which the transfer occurs.

The new section 34CA(8) provides that property for a transferred business on revenue or capital account of the transferor is treated as property on revenue or capital account (as the case may be) of the transferee. Such property will be treated as having been acquired by the transferee on the date the property was acquired by the transferor at the original cost incurred by the transferor.

The new section 34CA(9) and (10) deems an election under section 24 (Special provisions to certain sales) as having been made in relation to any transfer of property from the transferor to the transferee, where allowances or writing-down allowances in respect of the property have been made to the transferor under certain sections.

The new section 34CA(11) and (12) enables annual allowances under section 18C to be made to the transferee in respect of a building transferred to the transferee for which an allowance under that section has been made to the transferor.

The new section 34CA(13) provides that where there is a transfer of intellectual property rights (in respect of which writing-down allowances have been made to the transferor under section 19B) from the transferor to the transferee, the

allowances under section 19B are to be made to the transferee as if no transfer had taken place.

The new section 34CA(14) and (15) provides for the tax treatment when assets on revenue account of the transferor become assets on capital account of the transferee on the effective date. The consideration for the transfer is taken to be the open market value of the property on the effective date.

The new section 34CA(16) and (17) provides for the tax treatment when assets on capital account of the transferor become assets on revenue account of the transferee on the effective date. The consideration for the transfer is taken to be the lower of the actual amount paid and the open market value of the property on the effective date.

The new section 34CA(18) provides for the tax treatment of intellectual property rights mentioned in the new section 34CA(13) when the transferee ceases to carry on the transferred business in Singapore after the effective date. A charge is to be made on the transferee as if the rights had been sold on the date of cessation.

The new section 34CA(19) provides that any question on the open market value attributable to property for the purposes of the new section 34CA(14), (16) and (18) is to be determined by the Comptroller.

The new section 34CA(20) provides that no writing-down allowances under section 19B is allowed to the transferee for intellectual property rights of a transferred business, which are recognised under certain financial reporting standards but were not in existence prior to the effective date.

The new section 34CA(21) provides for a deduction to be allowed to the transferee that continues to carry on a transferred business, for impairment loss, expenditure or loss arising from the activities of the transferor before the effective date, if a deduction would have been allowed to the transferor but for the transfer of business. Any reversal of the impairment loss or recovery of the bad debt will be taxable in the hands of the transferee.

The new section 34CA(22) provides that any reversal of impairment loss or recovery of bad debt is taxable in the hands of the transferee if such impairment loss or bad debt was allowed as a deduction to the transferor and the transferor would have been chargeable to tax on it but for the transfer of business.

The new section 34CA(23), (24) and (25) provides for a deduction of any unabsorbed capital allowance, loss or donation of the transferor against the income of the transferee, subject to conditions.

The new section 34CA(26) provides that if the transferor was subject to the section 34AA tax treatment in the year of assessment of the basis period in which the effective date falls but not the transferee for that year of assessment, then the transferee is subject to that tax treatment for that year of assessment. If the

transferor was not subject to the section 34AA tax treatment for that year of assessment but the transferee was so subject for that year of assessment, then any gains or losses that are not capital in nature arising from the adjustment made to the financial assets or liabilities of the transferor by regulations made under section 34AA are to be taxed as income of the transferee or allowed as a deduction against its income.

If the transferor was subject to the section 34A tax treatment in the year of assessment of the basis period in which the effective date falls and the transferee was not subject to the section 34A or section 34AA tax treatment for that year of assessment, then the transferee is subject to the section 34A tax treatment for that year of assessment. If the transferor was not subject to the section 34A or section 34AA tax treatment for that year of assessment but the transferee was subject to the section 34A tax treatment for that year of assessment, then any gains or losses that are not capital in nature arising from the adjustment made to the financial assets or liabilities of the transferor by regulations made under section 34A are to be taxed as income of the transferee or allowed as a deduction against its income.

The new section 34CA(27) provides that section 43(6C) (which provides a partial tax exemption to eligible start-up companies) does not apply to the transferee even if it were a qualifying company, if the earlier of date A and date B does not fall within the basis periods of the first 2 years of assessment of the transferor. If that earlier date falls within the basis periods of the first 2 years of assessment of the transferor, then section 43(6C) applies to the transferee but only if the year of assessment in question falls within the period prescribed by regulations.

The new section 34CA(28) allows different periods to be prescribed for the purposes of subsection (27)(b) for different descriptions of transfers of businesses or companies.

The new section 34CA(29) provides that the transferee must comply with all obligations and meet all liabilities of the transferor in respect of a transferred business, and is entitled to all rights, powers and privileges of the transferor in respect of that business, as if it were the transferor.

The new section 34CA(30) clarifies that section 26(5) and (13) (which provides for how gains or profits of an insurer are to be determined when an insurance business is transferred to or by it) applies in relation to the transfer of an insurance business.

The new section 34CA(31) empowers the Minister to make regulations to provide for other tax treatments in a transfer of businesses under the new section, and to enable deductions to be allowed and allowances to be made in anticipation of the satisfaction of the requirements for the application of the new section, and the recovery of such deductions and allowances in the event any such requirement

is not met. The new section 34CA(32) allows the regulations to be backdated to the date of commencement of the new section 34CA.

Clause 18 makes amendments to section 34G (Modification of provisions for companies redomiciled in Singapore) that are consequential on the new section 34AAA.

Clause 19 amends section 37A (Adjustment of capital allowances, losses or donations between income subject to tax at different rates) to provide that the adjustment factor that applies for the purpose of a deduction of any unabsorbed allowances, losses or donations in respect of any income subject to tax at one rate against any income that is subject to tax at a different rate, applies to a body of persons that derives income subject to a concessionary rate of tax under section 43H regulations.

Clause 20 amends section 37D (Carry-back of capital allowances and losses) to make amendments consequential on the amendments made to section 37A.

Clause 21 amends section 37O (Deduction for acquisition of shares of companies) to expand the definition of “local employee”, in relation to a company that claims a deduction for a qualifying acquisition of shares, to the following persons:

- (a) an individual who is seconded to the acquiring company;
- (b) an individual who is hired centrally and deployed to the acquiring company.

A condition for the deduction is that the company must have at least 3 local employees in the 12 months before the date of the acquisition of shares.

Clause 22 amends section 43 (Rate of tax upon companies and others) to increase the rate of tax for a non-resident individual from 22% to 24% for the year of assessment 2024 onwards.

The clause also amends section 43 to provide that a tax rate of 10% is to be levied and paid on the gross income derived during the period from 1 April 2023 to 31 December 2027 (both dates inclusive) by the following individuals:

- (a) a non-resident arbitrator;
- (b) a non-resident qualifying mediator for mediation services for a mediation that takes place in Singapore or that would have taken place in Singapore if the claim had not been settled or withdrawn;
- (c) a non-resident individual for mediation services for a qualifying mediation that takes place in Singapore or that would have taken place in Singapore if the claim had not been settled or withdrawn.

Clause 23 amends section 43N (Concessionary rate of tax for leasing of aircraft and aircraft engines) to extend the last day of the period during which an aircraft

leasing company may be approved for its income from the leasing of aircraft or aircraft engines and qualifying ancillary activities to be subject to a concessionary rate of tax, from 31 December 2022 to 31 December 2027.

Clause 24 amends section 43O (Concessionary rate of tax for aircraft investment manager) to extend the last day of the period during which an aircraft investment manager may be approved for its income from the managing of an approved aircraft leasing company and other qualifying activities to be subject to a concessionary rate of tax, from 31 December 2022 to 31 December 2027.

Clauses 25 and 26 amend sections 45 (Withholding of tax in respect of non-resident persons) and 45A (Application of section 45 to royalties, management fees, etc.) respectively, to make amendments that are consequential on the amendments to section 13(1)(b).

Clause 27 amends section 45F (Application of section 45 to income from profession or vocation carried on by non-resident individual, etc.) to provide for the application of section 45 (Withholding of tax in respect of interest paid to non-resident persons) to payments of income derived during the period from 1 April 2023 to 31 December 2027 (both dates inclusive) to an individual not resident in Singapore who is —

- (a) an arbitrator;
- (b) a qualifying mediator for mediation services for a mediation that takes place in Singapore or that would have taken place in Singapore if the claim had not been settled or withdrawn; and
- (c) a provider of mediation services for a qualifying mediation that takes place in Singapore or that would have taken place in Singapore if the claim had not been settled or withdrawn.

Tax is to be deducted from the payments at the rate of 10%.

Clause 28 amends section 45I (Sections 45 and 45A not applicable to certain payments) so that the withholding tax requirements in sections 45 and 45A do not apply to the following:

- (a) a payment liable to be made by a bank, finance company or qualifying holder of a capital markets services licence under a contract which was varied where —
  - (i) the variation takes effect on a date which falls within the period from the date of *Gazette* of the Income Tax (Amendment) Act 2022 (the *Gazette* date) to 31 December 2026 (both dates inclusive); and
  - (ii) the payment is made on or after the date the variation takes effect;



- (b) a payment liable to be made by a person approved for the purposes of section 45I —
- (i) at any time during the period from the *Gazette* date to 31 December 2026 (both dates inclusive) under a contract which was varied, where the variation takes effect on or after the *Gazette* date and before the date on which the person is approved for the purposes of section 45I (the approval date); or
  - (ii) under a contract which was varied where —
    - (A) the variation takes effect on a date which falls within the period from the *Gazette* date or the approval date (whichever is later) to 31 December 2026 (both dates inclusive); and
    - (B) the payment is made on or after the date the variation takes effect.

Clause 29 amends section 62 (Notice of chargeability and returns) to provide that a licensed insurer that is required to file a tax computation with its income return, must file the tax computation that is prepared in accordance with the return of its income that it submits to the Monetary Authority of Singapore in accordance with the Insurance Act 1966, and provide any other information that the Comptroller may reasonably require for assessment.

Clause 30 amends section 62B (Currency other than Singapore dollar to be used in certain circumstances) to disapply the section to a licensed insurer, in respect of an accounting period beginning on or after 1 January 2023 or an earlier accounting period approved by the Comptroller for a particular case. This is because the return that the insurer is required to use to prepare its tax computation under the amended section 62 is prepared using the Singapore dollar.

Clause 31 amends section 63 (Furnishing of estimate of chargeable income if no return is made under section 62) —

- (a) to allow the Comptroller to extend the deadline for filing an estimate of the chargeable income of a person beyond the current 3 months after the end of the accounting period relating to the year of assessment; and
- (b) to provide, in the case of a licensed insurer (not being a captive or marine mutual insurer), a different period from that set out in subsection (1) within which it is to provide an estimate of its chargeable income if no income return had been made earlier. The insurer must, within 3 months after the end of the calendar year before the year of assessment or such extended deadline as the Comptroller may allow, provide to the Comptroller an estimate of its chargeable income.

Clause 32 amends section 68 (Official information and secrecy, and returns by employer) to allow the Comptroller to extend the deadline for an employer to furnish employee income information, beyond the time for compliance stipulated in the notice.

Clause 33 amends section 71 (Return to be made by partnership) to allow the Comptroller to extend the deadline under subsection (3) for furnishing an estimate of the income from all sources of a partnership and the identities and shares of income of the partners, beyond the current 3 months after the end of the accounting period relating to the year of assessment.

Clause 34 amends section 78 (Board of Review), principally to —

- (a) enable a temporary Chairperson to be appointed during the temporary incapacity or absence of the Chairperson of the Board;
- (b) provide for certain matters relating to appeals to and proceedings before the Board of Review of a procedural nature to be prescribed by regulations rather than the Act;
- (c) provide that the Chairperson of the Board may appoint a single member to hear appeals in a particular case. For example, the Chairperson may appoint a single member if an appeal does not involve any complex issue; and
- (d) expand the scope of the regulation-making power to include, among other things, a power to make regulations to deal with objections to the appointment of a member hearing an appeal (currently dealt with by section 79), and to enable directions to be issued for the carrying out of the regulations.

Clause 35 amends section 79 (Right of appeal) to delete provisions relating to the form of a notice of appeal to the Board and objections to the composition of members of the Board hearing an appeal. These matters will be effected by regulations. The section is also amended to provide that a notice of appeal is deemed to be withdrawn if a petition of appeal is not lodged within 30 days after the lodgment of the notice of appeal.

Clause 36 amends section 80 (Hearing and disposal of appeals) for the following purposes:

- (a) to delete certain provisions which relate to procedure, which will be set out in regulations;
- (b) to clarify that an order to the same effect as an order under section 38 of the Prisons Act 1933 may be issued to bring up a prisoner for examination as a witness in a hearing before the Board;

- (c) to update the terminology in subsection (7) (which relates to the costs of an appeal before the Board of Review) by replacing “taxed” with “assessed” in accordance with the Rules of Court 2021;
- (d) to delete subsection (11) (Board may order additional costs if appeal was frivolous or vexatious) as the Board already has the discretion to order indemnity costs;
- (e) to enable regulations to be made for proceedings before the Board to be conducted electronically in specified circumstances.

Clause 37 amends section 80A (Hearing of appeal in absence of member of Board) —

- (a) to provide that it only applies in the case of a hearing before a committee, as an appeal may be heard by a single member (dealt with under the new section 80B); and
- (b) to provide that, where a member of the Board resigns or is otherwise unable to make any ancillary order (such as an order on costs), the remaining members of the Board may make such order unless the parties object.

Clause 38 inserts a new section 80B.

The new section 80B deals with a case where an appeal is before a single member and the member becomes unavailable. The Chairperson of the Board is to appoint a new member who may continue to hear and determine the appeal or to make an ancillary order, unless the parties object or the member decides that it is in the interests of justice for the appeal to be reheard.

Clause 39 amends section 86 (Recovery of tax from persons leaving Singapore) by removing the requirement for a notification to a person that a certificate has been issued that he or she is to be prevented from leaving Singapore without paying tax, to be served by personal service or registered post.

Clause 40 amends section 105M (Offences) to enable the Comptroller to compound offences under subsection (1B). Subsection (1B) criminalises a non-compliance with a regulation under section 105P other than one requiring a person to apply for registration or report any information to the Comptroller.

Clause 41 amends section 106 (Powers to amend Schedules) to include the new Eleventh Schedule in the list of Schedules which may be amended by the Minister by order in the *Gazette*.

Clause 42 amends Part A of the Second Schedule (Rates of tax). The clause inserts a new table for the rates of tax on chargeable income of an individual resident in Singapore for the year of assessment 2024 and subsequent years of assessment. In particular, it provides for a tax rate of 23% for every dollar of the

individual's chargeable income from \$500,001 to \$1,000,000, and a rate of tax of 24% for every dollar of the individual's chargeable income exceeding \$1,000,000.

Clause 43 inserts a new Eleventh Schedule to prescribe information that the Comptroller may disclose to any public officer or officer of a statutory board for the performance of his or her official duties, without the consent of the person to whom the information relates.

Clause 44 —

- (a) sets out the definitions of “holding company”, “subsidiary” and “related party” in section 2 (Interpretation);
- (b) deletes the definitions of those terms in various sections of the Act consequential on those terms being defined in section 2; and
- (c) makes other amendments to various sections of the Act that are consequential on the insertion of the definitions of those terms in section 2.

The insertion of the definitions in paragraph (a) in section 2 does not imply that those terms took different meanings previously.

Clause 44 also amends the following sections to increase the rate of withholding tax from 22% to 24% from 1 January 2023 and other amendments consequential on this:

- (a) section 45 (Withholding of tax in respect of interest paid to non-resident persons);
- (b) section 45B (Application of section 45 to non-resident director's remuneration);
- (c) section 45E (Application of section 45 to withdrawals by non-citizen SRS members, etc.);
- (d) section 45EA (Approval of deduction of investment from SRS of non-citizen).

Clause 45 repeals provisions of the Act that are obsolete and makes certain other consequential amendments.

Clause 46 makes related amendments to the Goods and Services Tax Act 1993 (GSTA).

First, clause 46 amends section 2 (Interpretation) of the GSTA to delete the definition of “authentication code” and replace the definition of “electronic service” to refer to the system in section 29 of the Inland Revenue Authority of Singapore Act 1992. Provisions relating to the provision and use of the electronic service (other than those applicable only to the GSTA) will be deleted as these provisions are now found in section 29 of that Act.

Second, amendments are made to section 6 (Official secrecy) of the GSTA that are related to those made to section 6 of the Income Tax Act 1947 as well as the new Eleventh Schedule to that Act.

Third, clause 46 also deletes and substitutes section 42 (Electronic service) of the GSTA. Most of the provisions in the existing section 42 are now found in the amended section 29 of the Inland Revenue Authority of Singapore Act 1992. The new section 42 retains certain provisions applicable only to the GSTA.

Fourth, amendments are made to the provisions in the GSTA relating to the Goods and Services Tax Board of Review to align them with the provisions in the Income Tax Act 1947 relating to the Income Tax Board of Review, as amended by the Bill.

Finally, an amendment is made to section 82 of the GSTA that is related to the amendment made to section 86 of the Income Tax Act 1947.

Clause 47 makes amendments to section 29 (Electronic service system) of the Inland Revenue Authority of Singapore Act 1992 that are consequential on the amendments to section 8A of the Income Tax Act 1947, section 42 of the GSTA and section 66 of the Property Tax Act 1960. The amendments enable —

- (a) information required or permitted to be given under the various Acts to be given using the electronic service system;
- (b) persons and other matters required or permitted to be registered under the various Acts (such as the registration of a person as a taxable person under the GSTA) to be done using that system; and
- (c) various procedures for the use of that system to be specified by the Authority instead of by regulations.

Clause 48 makes amendments to the Property Tax Act 1960 that are related to those made to the provisions in the Income Tax Act 1947 permitting the Comptroller of Income Tax to extend prescribed deadlines.

The clause also amends section 2 (Interpretation) of the Property Tax Act 1960 to delete the definition of “authentication code” and replace the definition of “electronic service” to refer to the system in section 29 of the Inland Revenue Authority of Singapore Act 1992. Provisions relating to the provision and use of the electronic service (other than those applicable only to the Property Tax Act 1960) will be deleted as these provisions are now found in section 29 of the Inland Revenue Authority of Singapore Act 1992.

The clause also deletes and substitutes section 66 of the Property Tax Act 1960 (Electronic service). Most of the provisions in the existing section 66 are now found in the amended section 29 of the Inland Revenue Authority of Singapore Act 1992. The new section 66 retains certain provisions applicable only to the

Property Tax Act 1960. The clause further makes an amendment to section 65 of that Act that is consequential on the deletion and substitution of section 66.

Clause 49 makes saving and transitional provisions arising from the amendment to section 6 of the Income Tax Act 1947, and the insertion of section 78(10) and section 50(6A) in the Income Tax Act 1947 and the GSTA respectively. The clause also enables the Minister to make other saving and transitional provisions by regulations.

## EXPENDITURE OF PUBLIC MONEY

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

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