

Income Tax (Amendment) Bill

Bill No. /2024.

Read the first time on 2024.

A BILL

i n t i t u l e d

An Act to amend the Income Tax Act 1947.

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 2024.

(2) *<operative date of each amendment is indicated against it in brackets and in italics>*

5 **Amendment of section 10**

2. In the Income Tax Act 1947 (called in this Act the principal Act), in section 10 —

(a) after subsection (14), insert —

“(14A) Subsection (14) applies —

10 (a) for income derived in the basis period for the year of assessment of 2027, with the modification that the reference to 10% is to 40%; and

15 (b) for income derived in the basis period for the year of assessment of 2028, with the modification that the reference to 10% is to 70%.

20 (14B) Subsection (14) does not apply to any income mentioned in that subsection that is derived in the basis period for the year of assessment 2029 or any subsequent year of assessment.”; and

(b) in subsection (15), replace “Subsection (14) does not” with “Subsections (14) and (14A) do not”.

[Gazette date]

Amendment of section 10H

25 3. In the principal Act, in section 10H —

(a) in subsection (5), delete “of dividend or interest”;

(b) in subsection (8), replace paragraph (a) with —

“(a) any distribution, the transferor is to be assessed at the tax rate that would have applied to the

distribution had it been made directly to the transferor; or”;

(c) in subsection (9)(b)(i), delete “or” at the end;

(d) in subsection (9)(b)(iii), after “any”, insert “distribution of”;

5 (e) in subsection (9)(b)(iii), replace the comma at the end with “; or”;

(f) in subsection (9)(b), after sub-paragraph (iii), insert —

“(iv) any distribution of any other income that is not exempt from tax,”;

10 (g) in subsection (9), replace “distribution of interest or compensatory payment” with “distribution or compensatory payment”;

(h) after subsection (9), insert —

15 “(9A) Section 45 applies in the manner set out in section 45G (other than section 45G(5)) in relation to —

(a) any distribution in respect of transferred securities that are units of a Singapore real estate investment trust or an approved Singapore REIT exchange-traded fund; and

20 (b) any compensatory payment in place of any distribution mentioned in paragraph (a),

made under a securities lending or repurchase arrangement by a Singapore-based transferee to a transferor who is not known to the trustee to be resident in Singapore, as section 45 applies in relation to a distribution by a trustee of a real estate investment trust or by a trustee of an approved REIT exchange-traded fund to another person in accordance with section 45G(1), and for this purpose —

30 (c) any reference in section 45G to a distribution is to the distribution or compensatory payment mentioned in paragraph (a) or (b);

(d) section 45G(4) does not apply in relation to a compensatory payment mentioned in paragraph (b); and

(e) section 45G(5) is omitted.”;

5 (i) in subsection (12), in the definition of “compensatory payment”, delete “of interest, dividend”;

(j) in subsection (12), after the definition of “compensatory payment”, insert —

10 ““distribution”, in relation to any transferred securities, includes the distribution of any income paid under the transferred securities to the holder of the transferred securities;”;

(k) in subsection (12), in the definition of “foreign debt securities”, replace “securities, other than stocks and shares,” with “debt securities”;

15

(l) in subsection (12), replace the definition of “securities” with —

““securities” includes —

20 (a) units in a collective investment scheme, exchange-traded fund, business trust or depository receipts; and

(b) any securities (including units mentioned in paragraph (a)) provided as a collateral;”;

(m) in subsection (12), replace the definition of “Singapore-based transferee” with —

25

““Singapore-based transferee” means a transferee —

30 (a) who is resident in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore); or

(b) who is not resident in Singapore but enters into the securities lending or repurchase

arrangement through a permanent establishment in Singapore or for the purpose of a business carried on through a permanent establishment in Singapore;”;

5 (n) in subsection (12), in the definitions of “Singapore Government securities” and “debt securities”, replace the full-stop at the end with a semi-colon; and

(o) in subsection (12), after the definitions of “Singapore Government securities” and “debt securities”, insert —

10 ““Singapore real estate investment trust” and “approved Singapore REIT exchange-traded fund” have the meanings given by section 43(10).”.

[Gazette date]

Amendment of section 10I

4. In the principal Act, in section 10I —

15 (a) replace subsection (1) with —

“(1) Any distribution by —

(a) a bank incorporated in Singapore with a full banking licence; or

20 (b) a financial holding company designated under section 4 of the Financial Holding Companies Act 2013, that has a subsidiary that is a bank described in paragraph (a),

25 that is liable to be made in respect of an AT1 instrument in the basis period for the year of assessment 2015 or a subsequent year of assessment is deemed for the purposes of this Act, and for that year of assessment, as interest derived from a debt security.

(1A) Any distribution by —

(a) a local licensed insurer; or

30 (b) a designated financial holding company that has a subsidiary that is a local licensed insurer,

that is liable to be made in respect of an AT1 instrument issued on or after 1 January 2025, is deemed for the purposes of this Act, as interest derived from a debt security.”;

5 (b) in subsection (2), in the definition of “AT1 instrument”, in paragraph (b)(iii), replace “MAS Notice FHC-N637” with “MAS Notices FHC-N637 and FHC-N133”;

(c) in subsection (2), in the definition of “AT1 instrument”, after paragraph (b)(iii), insert —

10 “(iv) according to MAS Notice 133, may be used to satisfy the capital adequacy requirement of a local licensed insurer, under section 17 of the Insurance Act 1966;”;

15 (d) in subsection (2), after the definition of “full banking licence”, insert —

““local licensed insurer” means an insurer licensed under section 11 of the Insurance Act 1966, that is incorporated, formed or established in Singapore;

20 “MAS Notice FHC-N133” means the notice commonly known as MAS Notice FHC-N133 that is issued by the Monetary Authority of Singapore under section 36(1) of the Financial Holding Companies Act 2013, and includes any notice that replaces it;”;

25 and

(e) in subsection (2), after the definition of “MAS Notice FHC-N637”, insert —

30 ““MAS Notice 133” means the notice commonly known as MAS Notice 133 that is issued by the Monetary Authority of Singapore under sections 17 and 154(4) of the Insurance Act 1966, and includes any notice that replaces it;”.

[Gazette date]

Amendment of section 13D

5. In the principal Act, in section 13D —

(a) in subsection (1), replace “in Singapore by any fund manager.” with —

“in Singapore by —

(a) for income derived on or before 31 December 2024 — any fund manager; or

(b) for income derived on or after 1 January 2025 — a fund manager that satisfies prescribed requirements.”;

[Gazette date]

5 (b) in subsection (8), after paragraph (b), insert —

“(ba) prescribe the requirements to be satisfied by a fund manager under subsection (1)(b);”;

[Gazette date]

(c) in subsection (10)(a) and (b)(i), replace “2025” with “2030”.

[Gazette date]

Amendment of section 13F

10 6. In the principal Act, in section 13F —

(a) in subsections (6)(a), (b), (c)(i) and (d)(i) and (7), replace “2025” with “2028”; and

(b) in subsection (6)(c)(ii) and (d)(ii), replace “2024” with “2027”.

[Gazette date]

15 **Amendment of section 13L**

7. In the principal Act, in section 13L —

(a) in subsections (5)(a), (b), (c)(i) and (d)(i), (6) and (8), replace “2025” with “2028”; and

20 (b) in subsection (5)(c)(ii) and (d)(ii), replace “2024” with “2027”.

[Gazette date]

Amendment of section 13N

8. In the principal Act, in section 13N —

- 5 (a) in subsection (3), in the definition of “relevant income”, in paragraph (b), delete “excluding, in respect of a prescribed locally-administered trust, any dividend received by the trust from a prescribed holding company not resident in Singapore, if the dividend is paid out of income that is not the relevant income of the holding company”;
- 10 (b) in subsections (4)(a), (b), (c)(i) and (d)(i), (5) and (7), replace “2025” with “2028”; and
- (c) in subsection (4)(c)(ii) and (d)(ii), replace “2024” with “2027”.

[Gazette date]

Amendment of section 13O

9. In the principal Act, in section 13O —

- 15 (a) in subsection (1), replace “or specified in the letter of approval of the company” with “, specified in the letter of approval of the company, or specified from time to time by the Minister or an authorised body and either notified to the company or published in a manner that the Minister or
- 20 authorised body reasonably believes will bring the conditions to the notice of the company”;

[17 Feb 2024]

(b) after subsection (1A), insert —

- 25 “(1B) The Minister or an authorised body may at any time add, vary or delete a condition of an approval under subsection (1A), including (to avoid doubt) an approval given before the date of commencement of section 9 of the Income Tax (Amendment) Act 2024.

- 30 (1C) Any addition, variation or deletion of a condition under subsection (1B) must be given to the approved company or published in a manner that the Minister or authorised body reasonably believes will bring the

addition, variation or deletion to the attention of the approved company.”;

[Gazette date]

(c) in subsection (2), replace “2024” with “2029”;

[Gazette date]

(d) in subsection (7)(c), delete “and” at the end;

5 (e) in subsection (7), after paragraph (c), insert —

“(ca) provide for the revocation, or the suspension for a period specified by the Minister or an authorised body, of an approval granted under subsection (1) (including one that is granted before the operative date of the regulations) for non-compliance with a condition of the approval, and for any revocation to take effect from any date, including (if it is just and reasonable to do so) —

10 (i) a date before the date of the non-compliance with the condition; or

(ii) if the condition is to be complied with over a period of time, before the date of commencement of that period; and”;

[Gazette date]

15 (f) after subsection (7), insert —

“(7A) To avoid doubt, where —

(a) exemption had been allowed under this section on the income of an approved company;

20 (b) the exemption would not have been allowed had the company not been approved under subsection (1) on the date the income accrued to or was derived or received by the company; and

25 (c) the approval is revoked under regulations made under subsection (7)(ca) with effect from or before that date,

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the Comptroller may make an assessment or additional assessment under section 74 on the company.

(7B) Where the approval of a company under subsection (1) is suspended pursuant to regulations made under subsection (7)(ca), the company is treated as not an approved company during the period of suspension.”.

[Gazette date]

New section 130A

10. In the principal Act, after section 130, insert —

“Exemption of income of partners of limited partnership arising from funds managed by fund manager in Singapore

130A.—(1) Subject to such conditions as may be —

(a) prescribed by regulations;

(b) specified in the letter of approval of the limited partnership; or

(c) specified from time to time by the Minister or an authorised body and either notified to the limited partnership or published in a manner that the Minister or authorised body reasonably believes will bring the conditions to the notice of the limited partnership,

there is exempt from tax such income as the Minister may by regulations prescribe of a partner of a limited partnership registered under the Limited Partnerships Act 2008, and approved by the Minister or an authorised body (called in this section an approved limited partnership) arising from funds managed —

(d) in Singapore by a fund manager; or

(e) by a person approved by the Minister or authorised body.

(2) The approval of a limited partnership under subsection (1) is subject to such conditions as the Minister may impose.

(3) The Minister or an authorised body may at any time add, vary or delete a condition of an approval under subsection (2), including (to avoid doubt) an approval given before the date of commencement of section 10 of the Income Tax (Amendment) Act 2024.

(4) Any addition, variation or deletion of a condition under subsection (3) must be given to the approved limited partnership or published in a manner that the Minister or authorised body reasonably believes will bring the addition, variation or deletion to the attention of the approved limited partnership.

(5) No approval may be granted under subsection (1) after 31 December 2029.

(6) Where —

(a) income of a partner (*X*) of an approved limited partnership (*Y*) has been exempt from tax under subsection (1) in any year of assessment; and

(b) *X*, either alone or together with *X*'s associates, beneficially owns on the relevant day equity interests in *Y* the value of which is more than the prescribed percentage of the total value of all equity interests in *Y* on the relevant day,

then *X* is liable to pay to the Comptroller, in such manner and within such reasonable time as may be determined by the Comptroller, a penalty to be computed in accordance with the formula

$$A \times B \times C,$$

where **A** is the percentage which the value of the equity interests in *Y* beneficially owned on the relevant day by *X* bears to the total value of all equity interests in *Y* on the relevant day;

B is the amount of *Y*'s income as reflected in its certified statement of accounts for the basis period relating to that year of assessment; and

C is the tax rate specified in section 43(1)(a) applicable to that year of assessment.

(7) Subsection (6) does not apply to *X* if —

(a) the Comptroller permits *X* to take steps to reduce the beneficial ownership of *X* and *X*'s associates of equity interests in *Y* within such period as the Comptroller may specify, being a period of no more than 3 months from the relevant day; and

(b) by the end of the specified period, the value of the equity interests beneficially owned by *X* and *X*'s associates is no more than the prescribed percentage of the total value of all equity interests in *Y* on the relevant day.

(8) Despite subsection (6), where —

(a) income of a partner (*X*) of an approved limited partnership (*Y*) has been exempt from tax under subsection (1) in any year of assessment;

(b) *X*, either alone or together with *X*'s associates, beneficially owns on the relevant day any equity interests in *Y*; and

(c) *X* is a non-bona fide entity,

then *X* is not liable to pay the penalty mentioned in subsection (6); but a person (*XI*) who —

(d) beneficially owns on the relevant day equity interests in *X*; and

(e) is not himself, herself or itself a non-bona fide entity,

is liable to pay to the Comptroller, in such manner and within such reasonable time as may be determined by the Comptroller, a penalty to be computed in accordance with the formula specified in subsection (9), if, and only if, the total of —

(f) the value of the equity interests in *Y* beneficially owned by *XI* on the relevant day; and

(g) the value of the equity interests in *Y* beneficially owned by the associates of *XI* on the relevant day, exceeds the prescribed percentage of the total value of all the equity interests in *Y*, on that day.

5 (9) The formula for the penalty in subsection (8) is as follows:

$$A \times B \times C,$$

where *A* is the percentage which the value of the equity interests in *Y* beneficially owned on the relevant day by *XI* bears to the total value of all equity interests in *Y* on the relevant day;

B is the amount of *Y*'s income as reflected in its certified statement of accounts for the basis period relating to that year of assessment; and

C is the tax rate applicable to that year of assessment as specified in section 43(1)(a).

(10) Subsection (7) applies, with the necessary modifications, to *XI* as it applies to *X* as if the reference to subsection (6) were to subsection (8).

10 (11) For the purposes of subsections (8)(d), (f) and (g) and (9), if —

15 (a) an entity beneficially owns (including by virtue of one or more applications of this subsection) equity interests of an entity (called in this subsection a first level entity); and

(b) the first level entity beneficially owns equity interests of another entity (called in this subsection a second level entity),

20 then the firstmentioned entity is taken to beneficially own equity interests of the second level entity; and the percentage which the value of those equity interests bears to the total value of all equity

interests of the second level entity is computed in accordance with the formula

$$A \times B,$$

- where A is the percentage which the value of equity interests of the first level entity beneficially owned by the first mentioned entity bears to the total value of all equity interests of the first level entity; and
- B is the percentage which the value of equity interests of the second level entity beneficially owned by the first level entity bears to the total value of all equity interests of the second level entity.

5 (12) The Minister or an authorised body may at any time, in the discretion of the Minister or authorised body and subject to such conditions as the Minister or authorised body may impose, remit or refund, wholly or in part, the penalty that is payable or paid by a person under subsection (6) or (8); and section 92(2B) to (2E) applies, with the necessary modifications, to any
10 non-compliance with any such condition as it applies to the non-compliance with a condition imposed under section 92(2).

(13) Regulations made under this section may —

- 15 (a) provide for the determination of the amount of income of a partner of any approved limited partnership to be exempt from tax;
- (b) provide for the circumstances under which a person would be considered to be an associate for the purposes of this section;
- 20 (c) exempt any person or class of persons from subsection (6) or (8);
- (d) provide for the revocation, or the suspension for a period specified by the Minister or an authorised body, of an approval granted under subsection (1) (including one that is granted before the operative date of the

regulations) for non-compliance with a condition of the approval, and for any revocation to take effect from any date, including (if it is just and reasonable to do so) —

- 5 (i) a date before the date of the non-compliance with the condition; or
- (ii) if the condition is to be complied with over a period of time, before the date of commencement of that period; and
- 10 (e) make provision generally for giving full effect to or for carrying out the purposes of this section.

(14) To avoid doubt, where —

- (a) exemption had been allowed under this section on the income of partner of a limited partnership;
- 15 (b) the exemption would not have been allowed had the limited partnership not been approved under subsection (1) on the date the income accrued to or was derived or received by the partner; and
- (c) the approval is revoked under regulations made under subsection (13)(d) with effect from or before that date,

20 the Comptroller may make an assessment or additional assessment under section 74 on the partner.

(15) Where the approval of a limited partnership under subsection (1) is suspended pursuant to regulations made under subsection (13)(d), the limited partnership is treated as not an
25 approved limited partnership during the period of suspension.

(16) In this section —

“certified statement of accounts”, in relation to a limited partnership, means its profit and loss account and balance sheet that are certified as true and correct by its precedent
30 partner;

“equity interest” —

- (a) in relation to a company — means any issued security of that company;

(b) in relation to a partnership or a limited partnership — means a share in the profits of the partnership; or

(c) in relation to any other person — such right or interest as may be prescribed;

“issued securities” and “non-bona fide entity” have the meanings given by section 13O(8);

“relevant day” means —

(a) the last day of the basis period of the approved limited partnership for the year of assessment mentioned in subsection (6) or (8), as the case may be; or

(b) if within that basis period the approved limited partnership ceases to be so approved, the last day it was so approved;

“value”, in relation to equity interests of *X* that is a company, means the net asset value of the equity interests in *X* as at the relevant day.”.

[1 Jan 2025]

Amendment of section 13U

11. In the principal Act, in section 13U —

(a) in subsection (1), replace “by regulations” with “by regulations,”;

(b) in subsection (1), after “or master fund-SPV structure,”, insert “or specified from time to time by the Minister or an authorised body and either notified to the holder of the letter of approval or published in a manner that the Minister or authorised body reasonably believes will bring the conditions to the notice of the holder of the letter of approval,”;

[17 Feb 2024]

(c) in subsections (2), (2A), (2B), (2C) and (2E), replace “2024” with “2029”;

[Gazette date]

(d) after subsection (2E), insert —

“(2F) An approval under subsection (1) is subject to such conditions as the Minister or an authorised body may impose.

5 (2G) The Minister or an authorised body may at any time add, vary or delete a condition of an approval under subsection (2F), including (to avoid doubt) an approval given before the date of commencement of section 11 of the Income Tax (Amendment) Act 2024.

10 (2H) Any addition, variation or deletion of a condition under subsection (2G) must be given to the holder of the letter of approval or published in a manner that the Minister or authorised body reasonably believes will bring the addition, variation or deletion to the attention of the holder of the approval.”;

[Gazette date]

15 (e) in subsection (3), replace “and 13O” with “, 13O and 13OA”;
[1 Jan 2025]

(f) in subsection (4)(cb), delete “and” at the end;

(g) in subsection (4), after paragraph (cb), insert —

20 “(cc) provide for the revocation, or the suspension for a period specified by the Minister or an authorised body, of an approval granted under subsection (1) (including one that is granted before the operative date of the regulations) for non-compliance with a condition of the approval, and for any revocation to take effect from any date, including (if it is just and reasonable to do so) —

25 (i) a date before the date of the non-compliance with the condition; or

30 (ii) if the condition is to be complied with over a period of time, before the date of commencement of that period; and”;

(h) after subsection (4), insert —

“(4A) To avoid doubt, where —

(a) exemption had been allowed under this section on the income of any approved person or person (including a company), trustee, partner, taxable entity, 1st tier SPV, 2nd tier SPV or eligible SPV (each called X);

(b) the exemption would not have been allowed had a person, fund or structure not been approved under subsection (1) on the date the income accrued to or was derived or received by X; and

(c) the approval is revoked under regulations made under subsection (4)(cc) with effect from or before that date,

the Comptroller may make an assessment or additional assessment under section 74 on X.

(4B) Where the approval of a person, fund or structure under subsection (1) is suspended pursuant to regulations made under subsection (4)(cc), the person, fund or structure is treated as not approved under subsection (1) during the period of the suspension.”; and

[Gazette date]

(i) in subsection (5), in the definition of “eligible SPV”, after paragraph (b), insert —

“(ba) an approved limited partnership under section 130A;”.

[1 Jan 2025]

Amendment of section 13V

12. In the principal Act, in section 13V —

(a) in the section heading, replace “**and approved foreign government-owned entity**” with “**, approved foreign government-owned entity, and prescribed or approved international organisation**”;

(b) in subsection (1)(a), delete “and” at the end;

(c) in subsection (1)(b), replace the full-stop at the end with a semi-colon;

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

5 “(c) a prescribed sovereign fund entity or a prescribed international organisation arising on or after 7 February 2024 from its funds that are managed in Singapore by an approved foreign government-owned entity or an approved international organisation; and

10 (d) an approved foreign government-owned entity or an approved international organisation arising on or after 7 February 2024 from its funds that are managed in Singapore, and from managing in Singapore on or after that date the funds of, or providing in Singapore on or after that date any investment advisory service to, a
15 prescribed sovereign fund entity or a prescribed international organisation.”;

(e) in subsection (2), replace “2024” with “2029”;

20 (f) in subsection (2), after “foreign government-owned entity”, insert “or an international organisation”;

(g) in subsection (3)(a), after “foreign government-owned entity”, insert “or international organisation”;

25 (h) in subsection (3)(b) and (c), replace “or an approved foreign government-owned entity” with “, an approved foreign government-owned entity, a prescribed international organisation or an approved international organisation”;

(i) replace subsection (4) with —

“(4) In this section —

30 (a) “foreign government-owned entity”, in relation to income derived before 7 February 2024, means —

- (i) an entity wholly and beneficially owned (whether directly or indirectly) by the government or other public authority of a foreign country;
- 5 (ii) an entity that is incorporated, formed or established by the government or other public authority of a foreign country either directly or indirectly through one or more intermediate entities;
- 10 (iii) an entity that is incorporated, formed or established by the law of a foreign country and that is not a public authority of that foreign country; or
- 15 (iv) an entity that is incorporated, formed or established by an entity mentioned in sub-paragraph (iii) either directly or indirectly through one or more intermediate entities,

20 and whose principal activity is to manage the entity's own funds or the funds of a prescribed sovereign fund entity as defined in subsection (5)(a).

25 (b) "foreign government-owned entity", in relation to income derived on or after 7 February 2024, means —

- (i) an entity wholly and beneficially owned (whether directly or indirectly) by the government or other public authority of one or more foreign countries;
- 30 (ii) an entity that is incorporated, formed or established by the government or other public authority of one or more foreign countries, either directly or indirectly through one or more intermediate entities;

- (iii) an entity that is incorporated, formed or established by the law of a foreign country and that is not a public authority of that foreign country;
- 5 (iv) an entity that is incorporated, formed or established by an entity mentioned in sub-paragraph (iii) either directly or indirectly through one or more intermediate entities; or
- 10 (v) an entity in which the government or other public authority of one or more foreign countries beneficially own (directly or indirectly) a percentage of the issued securities of the entity,

15 and whose principal activity is to manage the entity's own funds or the funds of a prescribed sovereign fund entity (as defined in subsection (5)(b)) or a prescribed international organisation.

20 (5) In this section —

- (a) “sovereign fund entity”, in relation to income derived before 7 February 2024, means —
 - (i) the government or other public authority of a foreign country;
 - 25 (ii) an entity wholly and beneficially owned by the government or other public authority of a foreign country;
 - (iii) an entity that is incorporated, formed or established by the government or other public authority of a foreign country either directly or indirectly through one or more intermediate entities;
 - 30 (iv) an entity that is incorporated, formed or established by the law of a foreign

country and that is not a public authority of that foreign country; or

- 5 (v) an entity that is incorporated, formed or established by an entity mentioned in sub-paragraph (iv) either directly or indirectly through one or more intermediate entities,

10 and whose funds (which may include the reserves of the government and any pension or provident fund of that country) are managed by an approved foreign government-owned entity as defined by subsection (4)(a);

(b) “sovereign fund entity”, in relation to income derived on or after 7 February 2024, means —

- 15 (i) the government or other public authority of a foreign country;

- 20 (ii) an entity wholly and beneficially owned by the government or other public authority of one or more foreign countries;

- 25 (iii) an entity that is incorporated, formed or established by the government or other public authority of one or more foreign countries either directly or indirectly through one or more intermediate entities;

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

- 30 (v) an entity that is incorporated, formed or established by an entity mentioned in sub-paragraph (iv) either directly or indirectly through one or more intermediate entities,

and whose funds (which may include the reserves of the government and any pension or provident fund of that country or those countries) are managed by an approved foreign government-owned entity as defined in subsection (4)(b) or an approved international organisation;

(c) “prescribed sovereign fund entity” means a sovereign fund entity that satisfies such conditions as may be prescribed.

(6) In this section —

(a) “international organisation” means an organisation —

(i) of which 2 or more countries, or the governments of 2 or more countries, are members; or

(ii) that is constituted by persons representing 2 or more countries, or the governments of 2 or more countries;

and includes —

(iii) an entity that is incorporated, formed or established by an international organisation (as defined in sub-paragraph (i) or (ii)), either directly or indirectly through one or more intermediate entities; and

(iv) an entity in which an international organisation (as defined in sub-paragraph (i) or (ii)) beneficially owns (directly or indirectly) a percentage of the issued securities of the entity;

(b) “prescribed international organisation” means an international organisation that satisfies such conditions as may be prescribed.”.

[7 February 2024]

Amendment of section 14N

13.—(1) In the principal Act, in section 14N —

(a) in subsection (3A), replace “or 2024” with “, 2024, or any subsequent year of assessment”;

5 (b) replace subsection (8) with —

“(8) In subsection (7)(f), “specified period” means —

(a) a period that is —

10 (i) a period of 3 consecutive basis periods beginning with the basis period for the year of assessment in which a deduction is first allowed to the person under this section; or

(ii) any successive period of 3 consecutive basis periods,

15 except that —

(iii) if any of the basis periods in the period in sub-paragraph (i) or (ii) is the basis period for the year of assessment 2024, then that period (called period X) ends at the end of that basis period; and

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(iv) sub-paragraph (ii) excludes any period that succeeds period X; and

25 (b) a period of 3 consecutive basis periods beginning with the basis period for the year of assessment 2025, or any successive period of 3 consecutive basis periods.”;

(c) in subsection (8A), replace paragraph (b) with —

“(b) references in those provisions to a specified period were references to —

30 (i) a period that is —

(A) a period of 3 consecutive basis periods beginning with the basis

period for the year of assessment in which a deduction is first allowed to any partner of the partnership under this section for the renovation or refurbishment expenditure incurred by the partnership; or

(B) any successive period of 3 consecutive basis periods,

except that —

(C) if any of the basis periods in the period in sub-paragraph (A) or (B) is the basis period for the year of assessment 2024, then that period (called period X) ends at the end of that basis period; and

(D) sub-paragraph (B) excludes any period that succeeds period X; and

(ii) a period of 3 consecutive basis periods, beginning with the basis period for the year of assessment 2025, or any successive period of 3 consecutive basis periods.”; and

(d) in subsection (9)(b), after “professional fees”, insert “related to the works mentioned in paragraph (a)”.

(2) Subsection (1) has effect for the year of assessment 2025 and each subsequent year of assessment.

[Gazette date]

New section 14ZI

14. In the principal Act, after section 14ZH —

“Deduction for real estate investment trust units held by managers of real estate investment trusts

5 **14ZI.**—(1) This section applies for the purpose of ascertaining, for the basis period for the year of assessment 2026 or a subsequent year of assessment, the income of a REIT manager.

10 (2) Despite any other provision in this Part, where a REIT manager transfers any REIT units to an employee as remuneration, the amount deductible under section 14(1) for the REIT manager in respect of such remuneration is to be computed in accordance with subsections (3) to (6).

 (3) Subject to subsection (4), the amount deductible is the value at receipt of the REIT units transferred to the employee, less any amount payable by the employee for the REIT units.

15 (4) Where any amount of profit, loss or expense of the REIT manager (as a qualifying person under section 34AA) in respect of the REIT units transferred to the employee had been previously brought into account for the purposes of sections 10, 14 and 37 in accordance with section 34AA, the amount deductible is to be adjusted by —

 (a) adding the total amount of profit in respect of those REIT units which had been brought to tax under this Act by virtue of section 34AA; and

25 (b) subtracting the total amount of loss in respect of those REIT units which had been allowed as a deduction under this Act by virtue of section 34AA.

 (5) For the purpose of subsection (3), the value at receipt of the REIT units transferred to the employee is to be determined in accordance with one of the following methods:

30 (a) on the basis that the REIT units acquired by the REIT manager at an earlier point in time are deemed to be transferred first;

 (b) on the basis of the formula

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

where A is the number of REIT units transferred;

B is the total number of REIT units held by the REIT manager immediately before the transfer; and

C is the aggregate of the value at receipt of each of the REIT units in B;

(c) on the basis that the aggregate value at receipt of all REIT units transferred to employees within a regular interval in a basis period is ascertained by the formula

$$\frac{D}{(E+F)} \times (G + H),$$

where D is the number of REIT units so transferred within that interval;

E is the total number of REIT units held by the REIT manager at the end of the period equal in length to the regular interval immediately preceding that interval;

F is the total number of REIT units acquired by the REIT manager within that interval;

G is the aggregate of the value at receipt of each of the REIT units in E; and

H is the aggregate of the value at receipt of each of the REIT units in F;

5 (6) Where a method in subsection (5) has been applied for the basis period of any year of assessment, the same method must be applied for the basis period of any subsequent year of assessment unless the Comptroller agrees otherwise.

(7) In this section —

10 “market value”, in relation to a REIT unit, means the amount that would be realised if the REIT unit had been sold on

the open market or such other value as appears to the Comptroller to be reasonable in the circumstances;

“regular interval”, in relation to a basis period, means one of a number of equal periods within the basis period —

- 5 (a) where the aggregate of all of those equal periods is equal to the basis period; and
- (b) where the duration of each equal period —
- (i) in a case where the REIT manager has previously been allowed a deduction under this section, is the one previously adopted by the REIT manager for the purpose of this section; or
- 10 (ii) in any other case, is any duration adopted by the REIT manager for the purpose of this section;
- 15

“REIT” or “real estate investment trust” has the meaning given by section 43(10);

20 “REIT manager”, in relation a real estate investment trust, means an entity which has been appointed to manage the property of, or operate, a real estate investment trust;

“REIT units” means units in a REIT that a REIT manager has received from the trustee of that REIT as consideration for the services performed by the REIT manager in respect of that REIT; and

25 “value at receipt”, in relation to a REIT unit, means the market value of the REIT unit when it was received by the REIT manager from the trustee of the REIT.”.

[Gazette date]

New section 34K

15. In the principal Act, after section 34J, insert —

“Net Tonnage Basis of Taxation

34K.—(1) Despite any other provision of this Act, an MSI recipient may elect for its qualifying income for the year of assessment 2024 or any subsequent year of assessment to be taxed in accordance with this section.

(2) Where an election is made by an MSI recipient for a year of assessment —

(a) its qualifying income for that year of assessment is not exempt from tax under section 13A, 13E or 13P (as the case may be) and is also not included in its statutory income for that year of assessment; and

(b) instead, an amount based on the net tonnage of qualifying ships used by the MSI recipient to derive qualifying income in the basis period, as determined by the Twelfth Schedule (called in this section the deemed income), is added to and treated as part of the assessable income of the MSI recipient for that year of assessment.

(3) Despite section 43(6), (6B), (6C) and (6D), tax is levied at the rate prescribed in section 43(1)(a) on every dollar of the deemed income, and (accordingly) the deemed income does not form part of the chargeable income of the MSI recipient in section 43(6B) and (6D).

(4) Despite anything in Part 14, no credit may be allowed under that Part to any tax payable for the deemed income.

(5) Despite subsection (2)(a), expenses mentioned in section 13A(2A) of an MSI recipient that is a shipping enterprise that would otherwise be allocated in accordance with section 13A(2A) in ascertaining its qualifying income, are treated as having been so allocated; and the balance of those expenses is to be applied towards ascertaining any other income of the MSI recipient for the purposes of the Act.

(6) An MSI recipient may make an election to adopt the tax treatment under this section by providing a written notice to one or more authorities prescribed by rules under section 7 (each

called an authority), in the form and manner specified by the authority —

(a) at or before the time it is required to lodge its return of income for any year of assessment (called in this section YA1); or

(b) within such further time as the authority may allow.

(7) An election, once made, is for all of the MSI recipient's qualifying income derived in its incentive period starting with the basis period for YA1, and is irrevocable.

(8) In subsection (7), "incentive period" means —

(a) if the MSI recipient is a shipping enterprise — the continuous period from the date it makes the election during which it owns or operates a qualifying ship;

(b) if the MSI recipient is an approved international shipping enterprise — the period of its exemption mentioned in section 13E(2) (not including any period of extension) or, if the period of approval is extended under that provision, the period of extension; or

(c) if the MSI recipient is an approved shipping investment enterprise —

(i) the period of its approval mentioned in section 13P(3), not including any period of extension, but including any period after the period of approval where section 13P(1) continues to apply to its income as described in section 13P(1A) or (1B) after it ceases to be so approved; or

(ii) if the period of approval is extended under section 13P(3), the period of extension, including any period after the period of extension where section 13P(1) continues to apply to its income as described in section 13P(1A) or (1B) after it ceases to be so approved.

(9) Where the incentive period of an MSI recipient lapses during a basis period for a year of assessment (called in this section the last YA), the capital allowances that are to be taken into account in determining its income that is exempt from tax under section 13A, 13E or 13P (as the case may be) for the last YA, or that is available as a deduction against any of its income for the last YA, are —

(a) to be computed on the residue of the capital expenditure or reducing value of the asset concerned (as the case may be) after deducting all such allowances (including initial and annual allowances) that have or would (but for subsection (2)(a)) have been taken into account in determining its exempt income under section 13A, 13E or 13P (as the case may be); and

(b) reduced by an amount computed by the formula:

$$\frac{A}{365} \times B,$$

where A is the number of days between the first day of the basis period and the day the incentive period ends; and

B is the amount of capital allowances computed in paragraph (a).

(10) For each year of assessment after the last YA, the capital allowances that are to be taken into account in determining the income of the MSI recipient that is exempt from tax under section 13A, 13E or 13P (as the case may be), or that is available as a deduction against any of its income, are to be computed on the residue of the capital expenditure or reducing value of the asset concerned, after deducting —

(a) all such allowances (including initial and annual allowances) that have or would (but for subsection (2)(a)) have been taken into account in determining its exempt income under section 13A, 13E or 13P (as the case may be); and

(b) the total amount of such allowances that would have been taken into account in determining its exempt income under section 13A, 13E or 13P (as the case may be), or that would have been available as a deduction against any of its income, for the last YA, but without the reduction in subsection (9)(b).

(11) In this section —

“approved international shipping enterprise” means an international shipping enterprise as defined in section 13E and approved under that section;

“approved shipping investment enterprise” means a shipping investment enterprise as defined in section 13P and approved under that section;

“Maritime Sector Incentive recipient” or “MSI recipient” means —

(a) a shipping enterprise, but only if it owns or operates a qualifying ship;

(b) an approved international shipping enterprise; or

(c) an approved shipping investment enterprise, including one the approval of which has expired or been withdrawn but to which section 13P(1) continues to apply by virtue of section 13P(1A) or (1B),

but excludes an entity that only operates one or more ships where only a part of each ship was chartered to it;

“net tonnage”, in relation to a qualifying ship, means the measure of the useful capacity of the ship stated in a valid certificate of registry, Singapore Tonnage Certificate or International Tonnage Certificate (1969);

“qualifying ship”, in relation to an MSI recipient for any year of assessment, means —

(a) in the case of an MSI recipient that is a shipping enterprise, any Singapore ship or provisionally registered ship;

(b) in the case of an MSI recipient that is an approved international shipping enterprise or an approved shipping investment enterprise, any ship,

owned or operated by the MSI recipient at any time in the basis period for that year of assessment;

“qualifying income”, in relation to an MSI recipient for any year of assessment, means —

(a) in the case of an MSI recipient that is a shipping enterprise, its income that would have been exempt from tax under section 13A but for this section;

(b) in the case of an MSI recipient that is an approved international shipping enterprise, its income that would have been exempt from tax under section 13E but for this section; or

(c) in the case of an MSI recipient that is an approved shipping investment enterprise, its income that would have been exempt from tax under section 13P but for this section;

“ship” has the meaning given by section 2(1) of the Merchant Shipping Act 1995;

“shipping enterprise” has the meaning given by section 13A(16);

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

[Gazette date]

Amendment of section 36B

16. In the principal Act, in section 36B(1) —

(a) in paragraph (c)(iii), delete “and” at the end;

(b) in paragraph (d), replace the full-stop at the end with a semi-colon; and

(c) after paragraph (d), insert —

5 “(e) for the purposes of section 92J, the definitions of “employee” and “local employee” in section 92J(7) are replaced by the following definition:

“local employee”, in relation to a registered business trust, means an individual —

- (a) who is a Singapore citizen or a Singapore permanent resident;
- (b) who is an employee of the trustee-manager of the business trust for any period in the calendar year 2023 and is on the payroll of the trustee-manager for that period; and
- (c) whose sole duty is assisting in managing or operating the business trust,

but excludes an individual who is also a unitholder of the business trust.”.

[16 Feb 2024]

Amendment of section 37

10 **17.** In the principal Act, in section 37(7), after “sections 37AA”, insert “, 37AB”.

[Gazette date]

Amendment of section 37A

18. In the principal Act, in section 37A —

- (a) in subsection (9), replace “or 37” with “, 37, 37AA or 37AB”;
- and

(b) in subsection (11), in the definition of “donations”, after “section 37”, insert “, 37AA or 37AB”.

[Gazette date]

Amendment of section 37AA

19. In the principal Act, in section 37AA —

5 (a) in the section heading, after “**section 130**”, insert “, **limited partnership approved under section 130A**”;

[1 Jan 2025]

(b) in subsection (2), after paragraph (a), insert —

10 “(aa) a limited partnership registered under the Limited Partnerships Act 2008 and approved under section 130A (called in this section a section 130A limited partnership);”;

[1 Jan 2025]

(c) in subsections (8), (9) and (13)(a), after “section 130 company”, insert “, section 130A limited partnership”; and

[1 Jan 2025]

15 (d) in subsection (12), replace “Section 37(3C)” with “Section 37(2), (3C)”.

[Gazette date]

New section 37AB

20. In the principal Act, after section 37AA, insert —

“Deduction for donation of money for overseas emergency humanitarian assistance

20 **37AB.**—(1) For the purpose of ascertaining the assessable income for any year of assessment of a person (called in this section the donor), there is to be deducted an amount computed in accordance with subsection (4) of all qualifying overseas cash donations made by the donor in the year immediately preceding
25 the year of assessment.

(2) Subsection (1) only applies to qualifying overseas cash donations made during the period from 1 January 2025 to 31 December 2028 (both dates inclusive).

(3) Any deduction under subsection (1) is made only after the deduction (if any) under sections 37(3)(a) and 37AA.

(4) The amount of deduction under subsection (1) in any year of assessment must not exceed the lower of the following:

- 5 (a) the total amount of all qualifying overseas cash donations made by the donor in the year immediately preceding the year of assessment;
- (b) 40% of the statutory income of the donor, after subtracting the amount of any deduction made by the donor under section 37AA, for that year of assessment.
- 10

(5) Any balance of the amount that is not deducted is not available as a deduction against the donor's income for any subsequent year of assessment and is disregarded.

15 (6) Section 37(2), (3C), (3E) (but not the definition of "recipient"), (3F), (3G), (3H), (3I), (3J) and (10A) applies in relation to a qualifying overseas cash donation as those provisions apply in relation to a donation mentioned in section 37(3)(b), (c), (d), (e) or (f), subject to the necessary modifications and the following other modifications:

- 20 (a) a reference in section 37(3C) to a recipient under section 37(3)(b)(i) or (ii), (c), (d), (e) or (f) is to the designated charity to which the qualifying overseas cash donation is made;
- (b) a reference in section 37(10A) to a person making the donation is to the donor.
- 25

(7) The Minister may make rules with respect to the following matters:

- (a) the matters in section 37(3H) as applied by subsection (6);
- 30 (b) any other matter for giving full effect to or for carrying out the purposes of this provision.

(8) In this section —

“designated charity” means a charity (as defined by section 2(1) of the Charities Act 1994) which has been designated by the Minister or an authorised body for the purpose of this section;

5 “qualifying overseas cash donation” means a donation made —

(a) to a designated charity;

(b) in response to a fund-raising appeal for which a permit has been granted by the Commissioner of Charities in accordance with regulations made under the Charities Act 1994; and

(c) to provide humanitarian assistance connected with an emergency or event in a country outside Singapore, approved by the Minister or an authorised body for the purpose of this section.”.

[Gazette date]

Amendment of section 39

21. In the principal Act, in section 39 —

(a) in subsection (2)(a) and (i)(iv), after “\$4,000 in that year”, insert “(where the year of assessment is between the years of assessment 2010 and 2024 (both years inclusive)) or not more than \$8,000 in that year (where the year of assessment is 2025 or any subsequent year of assessment)”;

(b) in subsection (2)(p)(iii), replace “either —” with “satisfies any of the following conditions:”;

(c) in subsection (2)(p)(iii)(A), delete “or” at the end;

(d) in subsection (2)(p)(iii)(B), delete “or any subsequent year of assessment”;

(e) in subsection (2)(p)(iii)(B), replace the comma at the end with a semi-colon;

(f) in subsection (2)(p)(iii), after sub-paragraph (B), insert —

5 “(C) where the year of assessment is the
 year of assessment 2025 or any
 subsequent year of assessment —
 did not derive income that exceeds
 an aggregate of \$8,000 from any
 trade, business, profession,
 vocation or employment or a
 combination thereof in the year
 preceding the year of
 10 assessment.”;

(g) in subsection (3)(c)(i), after “such payments”, insert “(after
 deducting the prescribed amount of any MRSS grant, or the
 total of the prescribed amounts of any MRSS grants, given or
 to be given in connection with that payment or those
 15 payments if the payment or payments was or were made on
 or after 1 January 2025)”;

(h) in subsection (3AA), replace paragraph (b) with —

“(b) either —

20 (i) where the year of assessment is between
 the years of assessment 2011 and 2024
 (both years inclusive) — that spouse’s or
 sibling’s income exceeds \$4,000 in the
 year preceding the year in which the
 payment or medisave contribution was
 25 made; or

(ii) where the year of assessment is 2025 or
 any subsequent year of assessment — that
 spouse’s or sibling’s income exceeds
 \$8,000 in the year preceding the year in
 which the payment or medisave
 30 contribution was made.”;

(i) in subsection (3A)(c)(i), after “such payments”, insert “(after
 deducting the prescribed amount of any MRSS grant, or the
 total of the prescribed amounts of any MRSS grants, given or
 to be given in connection with that payment or those
 35

payments if the payment or payments was or were made on or after 1 January 2025”;

(j) after subsection (3B), insert —

“(3C) In subsections (3) and (3A), “prescribed amount of any MRSS grant” means —

(a) the full amount of a grant under the public scheme known as the Matched Retirement Savings Scheme, as described on the website <https://cpf.gov.sg>; or

(b) if an amount of such grant is prescribed by rules made under section 7 for the purposes of this subsection — that amount.”; and

(k) after subsection (12B), insert —

“(12C) Subsections (2)(k), (12) and (12A) cease to have effect from the year of assessment 2026.”.

[Gazette date]

Amendment of section 43E

22. In the principal Act, in section 43E —

(a) in subsection (1A)(a), delete “or” at the end;

[1 Jan 2024]

(b) in subsection (1A), replace paragraph (b) with —

“(b) in the case of a Finance and Treasury Centre approved as such after 24 March 2016 and on or before 16 February 2024, 8%;

(c) in the case of a Finance and Treasury Centre approved as such on or after 17 February 2024, 8% or 10%, as specified by the Minister or an authorised body to the company; or

(d) in a case to which subsection (1B) applies, the substituted concessionary rate mentioned in that subsection but only for income derived from (and including) the date specified by the Minister or authorised body to the company for

the application of that rate, which may be a date earlier than the notice mentioned in that subsection but not earlier than 1 January 2024.”; and

[1 Jan 2024]

5 (c) after subsection (1A), insert —

“(1B) The Minister or an authorised body may, on or after 17 February 2024, on the Minister or authorised body’s own initiative or on the application of the company, by notice to the company substitute the
10 concessionary rate of tax applicable to its approved Finance and Treasury Centre under subsection (1A)(b) or (c) with 8% or 10%, as the case may be.”.

[1 Jan 2024]

Amendment of section 43I

23. In the principal Act, in section 43I —

15 (a) in subsection (1), replace “or 10%” with “, 10% or 15%”;

[1 Jan 2024]

(b) in subsection (1AA)(a), delete “or” at the end;

[1 Jan 2024]

(c) in subsection (1AA)(b), replace the full-stop at the end with a semi-colon;

[1 Jan 2024]

(d) in subsection (1AA), after paragraph (b), insert —

20 “(c) is chargeable with tax at the rate of 15% if the company (being a global trading company approved on or after 17 February 2024) has been approved for that rate; or

25 (d) in the case of an approved global trading company to which subsection (1AC) applies, is chargeable with tax at the substituted rate mentioned in that subsection but only for income derived from (and including) the date specified by the Minister or an authorised body
30 to the company for the application of that rate,

which may be a date earlier than the notice mentioned in that subsection but not earlier than 1 January 2024.”; and

[1 Jan 2024]

(e) after subsection (1AB), insert —

5 “(1AC) The Minister or an authorised body may, on or after 17 February 2024, on the Minister or authorised body’s own initiative or on the application of the approved global trading company, by notice to the company substitute the rate of tax applicable to the company under
10 subsection (1AA)(a), (b) or (c) with 5%, 10% or 15%, as the case may be.”.

[1 Jan 2024]

Amendment of section 43N

24. In the principal Act, in section 43N —

15 (a) in subsection (1)(b), replace “, 8%.” with “and before 17 February 2024, 8%;”;

[1 Jan 2024]

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

“(c) where the company is approved on or after 17 February 2024, 8% or 10%, as specified by the Minister or authorised body to the company;

20 (d) where subsection (1D) applies, the substituted concessionary rate mentioned in that subsection but only for income derived from (and including) the date specified by the Minister or authorised body to the company for the
25 application of that rate, which may be a date earlier than the notice mentioned in that subsection but not earlier than 1 January 2024.”; and

[1 Jan 2024]

(c) after subsection (1C), insert —

30 “(1D) The Minister or an authorised body may, on or after 17 February 2024, on the Minister or authorised

body's own initiative or on the application of the approved aircraft leasing company, by notice to the company substitute the concessionary rate of tax applicable to the company under subsection (1)(b) or (c) or (1A) with 8% or 10% (as the case may be), for the remaining part of the period in subsection (3).”.

[1 Jan 2024]

Amendment of section 43X

25. In the principal Act, in section 43X —

(a) in subsection (5), replace paragraphs (a) and (b) with —

10 “(a) if the company is approved before 17 February 2024 — A is a base rate of 5% or 10%, as specified by the Minister or authorised body to the approved company;

15 (b) if the company is approved on or after 17 February 2024 — A is a base rate of 5%, 10% or 15%, as specified by the Minister or authorised body to the approved company;

20 (c) if subsection (6A) applies — A is the substituted base rate mentioned in that subsection but only for income derived from (and including) the date specified by the Minister or authorised body to the approved company for the application of that rate, which may be a date earlier than the notice mentioned in that subsection but not earlier than 1 January 2024; and

25 (d) B is the sum of every rate increase specified by the Minister or authorised body to the approved company in accordance with subsection (6).”; and

30

[1 Jan 2024]

(b) replace subsection (6) with —

“(6) For the purposes of subsection (5)(d) —

5 (a) if A in subsection (5)(a), (b) or (c) is 5% or 10%,
the Minister or authorised body must specify to
an approved company, for the 3rd, 4th, 5th and
7th 5-year period of its tax relief period, a rate
increase of at least 0.5% that applies to the years
of assessment of all the basis periods within
each of those 5-year periods; and

10 (b) if A in subsection (5)(b) or (c) is 15%, the
Minister or authorised body must specify to an
approved company, for the 5th and 7th 5-year
period of its tax relief period, a rate increase of
at least 0.5% that applies to the years of
assessment of all the basis periods within that
5-year period.

15 (6A) The Minister or an authorised body may, on or
after 17 February 2024, on the Minister or authorised
body’s own initiative or on the application of the approved
company, by notice to the company substitute the base rate
applicable to the approved company under
20 subsection (5)(a) or (b) with 5%, 10% or 15% (as the case
may be) for the remaining part of the period in
subsection (3).”

[1 Jan 2024]

Amendment of section 63

25 **26.** In the principal Act, in section 63, after subsection (1A),
insert —

“(1B) Subsection (1A) does not apply for a year of assessment
between the years of assessment 2026 and 2030 (both years
inclusive).”.

[Gazette date]

Amendment of section 71

30 **27.** In the principal Act, in section 71, after subsection (3A),
insert —

“(3B) Subsection (3) does not apply for a year of assessment between the years of assessment 2026 and 2030 (both years inclusive).”.

[Gazette date]

New section 92J

5 **28.** In the principal Act, after section 92I, insert —

“Remission of tax for companies for year of assessment 2024 and cash grant for companies

10 **92J.**—(1) Where the Comptroller is satisfied that the remission of tax would be beneficial to a company, then there is to be remitted the tax payable for the year of assessment 2024 by the company of an amount equal to the lower of the following:

15 (a) 50% of the tax payable for that year of assessment (excluding any tax levied under section 43(3), (3A), (3B) and (3C)), less the cash grant of \$2,000 made to the company under subsection (3) (where applicable);

 (b) \$40,000, less the cash grant of \$2,000 made to the company under subsection (3) (where applicable).

20 (2) However, where 50% of the tax payable under subsection (1)(a) is less than the cash grant of \$2,000, the amount in subsection (1)(a) is nil.

25 (3) Where a company has made a CPF contribution in respect of at least one local employee in the calendar year 2023 in accordance with regulation 2(1) of the Central Provident Fund Regulations (Rg 15) (called in this section the time requirement), there is to be made to the company a cash grant of \$2,000.

 (4) The Comptroller may waive the time requirement under subsection (3) if the Comptroller is satisfied that it is just and equitable to do so.

30 (5) The cash grant under subsection (3) is exempt from tax in the hands of the company.

 (6) Section 92B(4) to (8) applies, with the necessary modifications, to a cash grant made under this section.

(7) For the purpose of subsection (3) —

“central hirer” and “central hiring arrangement” have the meanings given by section 14ZG(5);

5 “CPF contribution” means a contribution to the Central Provident Fund that is obligatory under section 7(1) of the Central Provident Fund Act 1953;

“employee”, in relation to a company, means —

10 (a) an individual who is an employee of the company for any period in the calendar year 2023 and is on the payroll of the company for that period;

(b) an individual —

(i) who is engaged by the central hirer of a central hiring arrangement for a group of related parties that includes the company;

15 (ii) who is deployed to work solely for the company for any period in the calendar year 2023;

(iii) who is on the payroll of the central hirer or the company for that period; and

20 (iv) whose salary and other remuneration for that period (including any CPF contribution in respect of the individual) is borne (directly or indirectly) by the company; or

(c) an individual —

25 (i) who, being an employee of another person that is a related party of the company (called in this subsection and subsection (8) the employer), is seconded to a position in the company under a bona fide commercial arrangement to work solely for the company for any period in the calendar year 2023;

30 (ii) who is on the payroll of the employer or the company for that period; and

(iii) whose salary and other remuneration for that period (including any CPF contribution in respect of the individual) is borne (directly or indirectly) by the company,

5 but excludes any individual who is a shareholder and also a director of the company;

“local employee” means a Singapore citizen or Singapore permanent resident who is an employee of the company.

10 (8) For the purpose of determining whether the individual mentioned in paragraph (b) or (c) of the definition of “employee” in subsection (7) is also an employee of the central hirer or the employer by virtue of paragraph (a) of that definition, the period mentioned in paragraph (b) or (c) (as the case may be) is to be disregarded for the purpose of paragraph (a) of that definition.”.

[16 Feb 2024]

15 **New section 93B**

29. In the principal Act, after section 93A, insert —

“Refundable investment credits

20 **93B.**—(1) This section provides for tax credits to be given for qualifying expenditure by companies to be offset against any tax, DTT or MTT levied on and other amounts due from companies, and for unutilised tax credits to be paid to the companies.

Definitions

(2) In this section —

25 “awardee company” means a company given a letter of award under subsection (4);

“claim date”, in relation to a company given a letter of award, means a date mentioned in subsection (5)(h) that is specified in the letter of award;

30 “date of amalgamation” means the date shown on the notice of amalgamation under section 215F of the Companies Act 1967;

“DTT” and “MTT” have the meanings given by section 2 of the MMT Act, and includes any penalty, surcharge or interest payable to the Comptroller under that Act;

5 “letter of award” means a letter of award given under subsection (4);

“letter of confirmation” means a letter of confirmation given under subsection (15);

“MMT Act” means the Multinational Enterprise (Minimum Tax) Act 2024;

10 “payout date”, in relation to a company given a letter of confirmation, means the date mentioned in subsection (18) that is specified in the letter;

15 “qualifying activity” means any activity prescribed as a qualifying activity by regulations made under subsection (48);

“qualifying expenditure” means any expenditure specified in the letter of award concerned, incurred in carrying out the qualifying activity specified in the letter;

20 “qualifying period”, in relation to a company given a letter of award, means the period mentioned in subsection (5)(c) that is specified in the letter;

25 “RIC” or “refundable investment credit” means a tax credit given to an awardee company under this section for qualifying expenditure incurred in carrying out a qualifying activity;

“RIC account” means an account kept by that name under subsection (20) or (43);

30 “tax” includes any penalty, surcharge or interest payable to the Comptroller under this Act, other than an amount payable to the Comptroller as withholding tax;

“unutilised RICs” means RICs given to an awardee company that have not been —

- (a) used to offset tax, DTT or MTT that is levied on or due from the awardee company; or
- (b) paid to the awardee company.

Application for approval to be given RICs

5 (3) A company engaged in, or which desires to engage in, a qualifying activity may apply to the Minister or an authorised body (called in this section “the approving authority”), in the form and manner determined by the approving authority, for approval to be given RICs for qualifying expenditure incurred in
10 carrying out that activity.

(4) The approving authority may, if the approving authority considers it expedient in the public interest to do so, approve the application and issue to the company a letter of award.

(5) Each letter of award must state —

- 15 (a) the qualifying activity for which the approval is given;
- (b) the type or types of qualifying expenditure in carrying out the qualifying activity for which RICs may be given;
- (c) the period in which the qualifying expenditure is to be
20 incurred;
- (d) the maximum amounts of RICs to be given for all the qualifying expenditure and for each type of qualifying expenditure, as determined by the approving authority;
- (e) the rate or rates used in computing the amount of RICs;
- 25 (f) the conditions precedent to be satisfied before the company may be given the RICs;
- (g) the conditions subsequent to be satisfied for the company to be entitled to the benefits of the RICs;
- 30 (h) the date or dates by which it is to claim for an amount of RICs; and

(i) the last day by which unutilised RICs are to be paid to the company, which must not be later than 4 years after the date the RICs are given to the company.

5 (6) For the purposes of subsection (5)(b), (c), (f) and (g), the approving authority may specify different qualifying expenditures, different qualifying periods, and different conditions for different types of qualifying activities.

10 (7) For the purpose of subsection (5)(c), the approving authority may specify a period that begins from a date before the date of commencement of section 29 of the Income Tax (Amendment) Act 2024, but no earlier than 1 July 2024.

(8) For the purpose of subsection (5)(e), the regulations may specify different rates for computing the amount of RICs —

- 15 (a) for different types of qualifying expenditure; and
(b) for qualifying expenditure incurred for different types of qualifying activities.

20 (9) Where the approving authority approves an application by a company for 2 or more qualifying activities, the approving authority may issue a single letter of award for those activities if the approving authority is satisfied that the company is engaged in or desires to engage in all those activities as part of the same project.

(10) No approval may be given after 31 December 2029.

Amendment of approval

25 (11) The approving authority may, on the application of an awardee company, amend any of the following matters in the letter of award:

- 30 (a) the qualifying activity;
(b) the type or types of qualifying expenditure for carrying out the qualifying activity for which RICs may be given;
(c) the commencement or end date of the qualifying period;

(d) the maximum amount of RICs to be given for all the qualifying expenditure or for each type of qualifying expenditure;

(e) any rate used in computing the amount of RICs;

5 (f) any condition precedent or subsequent;

(g) any claim date;

(h) the last day by which any unutilised RICs must be paid to the company, which must not be later than 4 years after the date the RICs are given to the company.

10 (12) If the approving authority approves an application to amend a matter in subsection (11), a reference in this section to that matter in relation to the company is to that matter as so amended.

Giving of RICs

15 (13) After an awardee company has incurred in its qualifying period and before each claim date an amount of qualifying expenditure specified in its letter of award in carrying out the qualifying activity specified in the letter, the awardee company may apply to the approving authority for an amount of RICs
20 stated in the letter that corresponds to that amount and type of the expenditure.

(14) The application must be made within a period before the claim date as specified in the letter of award, and must be accompanied by such information and documents as the
25 approving authority may require.

(15) If the approving authority is satisfied that the awardee company —

(a) has incurred any qualifying expenditure; and

(b) has satisfied all other relevant conditions precedent,

30 the approving authority must, by a letter of confirmation to the awardee company, give to the company an amount of RICs for the type or types of qualifying expenditure to which the

qualifying expenditure in paragraph (a) belongs, as determined by subsections (16) and (17).

(16) Subject to subsection (17), the amount of RICs for each type of qualifying expenditure is the lesser of —

- 5 (a) the maximum amount of RICs specified in the letter of award less any RICs already given for that type of qualifying expenditure in previous letters of confirmation pursuant to the same letter of award; and
- 10 (b) an amount determined by the formula
- $$A \times B,$$

where A is the amount of the qualifying expenditure incurred and not claimed in previous letters of confirmation pursuant to the same letter of award; and

B is the rate specified in the letter of award that applies to that type of qualifying expenditure.

15 (17) The amount of RICs given by a letter of confirmation must not exceed the maximum amount of RICs that may be given for all qualifying expenditure as specified in the letter of award, less any RICs given in previous letters of confirmation pursuant to the same letter of award.

(18) The letter of confirmation must state the payout date for unutilised RICs, which must not be later than the last day specified in the letter of award under subsection (5)(i) as amended (if applicable) under subsection (11).

20 (19) To avoid doubt, the approving authority may issue one or more letters of confirmation to the awardee company in respect of each letter of award issued to the company.

25 (20) The RICs given to the awardee company must be credited to an account called the “RIC account” for the purposes of this section.

Election for RICs to be paid

(21) The approving authority may, at the time of approving an application under subsection (4), and subject to such conditions as the approving authority may impose, allow the awardee company to make an election for the full or part of the amount of RICs to be given to the awardee company to be paid to it on a date (called in this section the payment date) specified in the letter of award that is no later than 4 years after the date of the letter of confirmation by which the RICs are given to the company.

(22) An election, or a revocation of an election, is to be made in writing to the approving authority no later than 90 days before the payment date.

Use of RICs to offset due taxes

(23) Subsections (24) to (28) apply where —

(a) there are RICs in an RIC account of an awardee company;

(b) either —

(i) an amount of tax is levied on or due from the company under this Act; or

(ii) an amount of DTT or MTT is levied on or due from the company under the MMT Act,

(each called in this section due tax); and

(c) the company has not made an election under subsection (21) for those RICs to be paid to the company.

(24) The Comptroller must —

(a) offset an amount of the due tax against the credit in the RIC account that is the lower of the due tax and the credit in the RIC account; and

(b) debit the company's RIC account with such amount.

(25) When the Comptroller offsets an amount of due tax against the RIC account of an awardee company under subsection (23), that amount of due tax is treated as paid, and the Comptroller must give notice of such payment to the awardee company.

(26) If —

- (a) an awardee company has more than one due tax; and
- (b) the credit in its RIC account is less than the sum of the amounts of those due taxes,

the Comptroller may determine in a manner he or she considers reasonable —

- (c) the due tax or due taxes to be offset under subsection (24); and
- (d) if the credit is sufficient to offset more than one due tax, the order and amount by which the due taxes are to be offset under that subsection.

(27) RICs in an RIC account that are given on an earlier date are to be fully applied to offset due taxes under subsection (24) before RICs in the same account that are given on a later date.

(28) RICs remaining in an RIC account may not be applied to offset due taxes under subsection (24) after 90 days before the payout date.

Payment of RICs

(29) Subsections (30) and (31) apply where —

- (a) 90 days before the payout date, there are RICs remaining in an RIC account of an awardee company; or
- (b) an awardee company has made an election under subsection (21) for any RICs given to it to be paid to it by the payment date, and a date that is 90 days before the payment date has arrived.

(30) The Comptroller is to make a payment equivalent to the amount of those RICs to the awardee company on or before the payout date or payment date.

5 (31) Upon the making of the cash payment, those RICs are to be debited from the RIC account of the awardee company.

Where awardee company has contravened Act or condition subsequent

10 (32) Subsections (33) to (40) apply where the approving authority is satisfied that an awardee company has contravened —

(a) a provision of this Act; or

(b) a condition subsequent in its letter of award.

15 (33) The approving authority may, by written notice to the company, require the company within 30 days after the date of service of the notice to show cause why —

(a) a specified matter in its letter of award should not be amended in the manner specified in the notice; or

(b) its letter of award should not be revoked.

20 (34) If the approving authority is satisfied that, having regard to any representation of the company and all the circumstances of the case, it is just and reasonable to do so, the approving authority may—

25 (a) amend a matter in the letter of award in a manner considered just and reasonable by the approving authority; or

(b) revoke the letter of award with effect from a date specified by the approving authority.

(35) The approving authority must give a written notice to the company of its decision under subsection (34).

30 (36) For the purposes of subsection (34)(b), the approving authority may specify any date for the revocation to take effect, including (if it is just and reasonable to do so) —

(a) a date before the contravention mentioned in subsection (32); or

(b) if the provision or condition is to be complied with over a period of time, before the date of commencement of that period.

(37) If a matter in an awardee company's letter of award is amended under subsection (34)(a), then, from the date of the notice in subsection (35), a reference in this section to that matter in relation to the company is to that matter as so amended.

(38) If a letter of award is revoked under subsection (34)(b), an amount (called in this section the recoverable amount) equivalent to all RICs that were given to the company pursuant to that letter for qualifying expenditure incurred after the date of revocation, is recoverable from the company.

(39) The recoverable amount may be recovered from the company in the following manner:

(a) by debiting an amount of RICs that are in the RIC account up to the recoverable amount; and

(b) if there are no RICs in the RIC account, or the amount of such RICs is less than the recoverable amount — by recovering the recoverable amount or the balance thereof from the company as a debt due to the Government.

(40) For the purpose of subsection (39)(b) —

(a) the amount described in that provision is to be paid at the place stated in a notice served by the Comptroller on the company within 30 days after the service of the notice;

(b) the Comptroller may, in his or her discretion and subject to such terms and conditions as the Comptroller may impose, extend the time limit within which payment is to be made; and

(c) sections 86(1) to (6), 87(1) and (2), 89, 90 and 91 apply to the collection and recovery by the Comptroller of

that amount and as they apply to the collection and recovery of tax.

Where awardee company ceases to exist due to amalgamation

(41) Subsections (42) and (43) apply where—

- 5 (a) one of the companies (*X*) in an amalgamation of companies has, as of the date of amalgamation—
- (i) RICs for qualifying expenditure for a qualifying activity for which a letter of confirmation has yet to be given under subsection (15); or
- 10 (ii) unutilised RICs for qualifying expenditure incurred for a qualifying activity;
- (b) the amalgamated company (being a different company from *X*) (*Y*) carries on or desires to carry on the qualifying activity; and
- 15 (c) *Y* applies to the approving authority for *X*'s letter of award to which those RICs or unutilised RICs relate, to be transferred to *Y*.

(42) The approving authority may approve the application with or without any modification of the conditions precedent or subsequent stated in the letter of award as the approving authority considers appropriate.

20

(43) Upon approval of the application —

- (a) the provisions of this section apply as if *Y* were the awardee company of the letter of award, as modified in accordance with subsection (42); and
- 25 (b) (in the case of subsection (41)(a)(i)) the unutilised RICs are treated as given to *Y* on the date they were given to *X*, and are to be credited to an RIC account to be kept for *Y*.

30 ***Offset of taxes, etc., of related company***

(44) Regulations may be made under subsection (48) —

- 5 (a) to enable an awardee company (*X*) to apply to the approving authority for any amount of RICs given to *X* to be used to offset any due tax (as defined in subsection (23)) of one or more other companies (each called *Y*) that are of the same group as *X* at a prescribed time and nominated by *X*;
- (b) the application of the provisions of this section in relation to *Y* or to each *Y* as they apply in relation to *X*, with such modifications as are prescribed;
- 10 (c) to require *X* to inform the approving authority if *Y* or any *Y* ceases to be part of the same group as *X* before a prescribed time; and
- (d) any other matter necessary or expedient for the nomination of *Y*, and the application of RICs given to
- 15 *X* to offset any due tax of *Y* or any *Y*.

(45) Section 37B(3) to (5) applies for the purposes of determining if *X* and *Y* are members of the same group, and for this purpose a reference to a Singapore company is to —

- (a) a company incorporated in Singapore; or
- 20 (b) a company incorporated outside Singapore with a branch located in Singapore.

(46) Despite the application of RICs given to *X* in offsetting any due tax (as defined in subsection (23)) of *Y* in accordance with the regulations mentioned in subsection (44)(a) —

- 25 (a) *X* remains responsible for complying with any provision of this Act and with any condition subsequent specified in the letter of award in relation to those RICs; and
- (b) action may accordingly be taken against *X* under
- 30 subsections (33) to (40) for any contravention of such provision or condition.

***Treatment of expenditure for which RICs are given for
Parts 5, 6 and 9***

5 (47) Where RICs are given under this section for any qualifying expenditure, then, despite anything in this Act, an amount of the qualifying expenditure equivalent to the RICs given is treated for the purposes of Parts 5, 6 and 9 as expenditure subsidised by a grant from the Government.

Regulations

10 (48) The Minister may make regulations to carry out the purposes and provisions of this section.”.

[Gazette date]

Amendment of section 100

30. In the principal Act, in section 100(2), after “13O(3) or (5),” insert “13OA(6) or (8),”.

[1 Jan 2025]

Amendment of section 106

15 **31.** In the principal Act, in section 106(3), replace “and Eleventh Schedules” with “, Eleventh and Twelfth Schedules”.

[Gazette date]

Amendment of section 107

32. In the principal Act, in section 107 —

20 (a) in subsection (28), in the subsection heading, replace “*and 50C*” with “, *50C and 92J*”; and

(b) after subsection (28), insert —

“(28A) Section 92J applies as if the definitions of “employee” and “local employee” in section 92J(7) were replaced by the following definition:

25 “local employee”, in relation to a VCC, means an individual —

(a) who is a Singapore citizen or a Singapore permanent resident; and

(b) who is an employee of the VCC for any period in the calendar year 2023 and is on the payroll of the VCC for that period,

5 but excludes an individual who is also a director of the VCC and a holder of shares of the VCC or (if the VCC is an umbrella VCC) any of the sub-funds of the VCC.”.

[16 Feb 2024]

Amendment of Fifth Schedule

33. In the principal Act, in the Fifth Schedule —

10 (a) in paragraph 3A, after “subsequent year of assessment”, insert “up to the year of assessment 2024”; and

(b) after paragraph 3A, insert —

“3B. For the year of assessment 2025 and any subsequent year of assessment, no deduction is allowed in respect of any child —

15 (a) who is not incapacitated by reason of physical or mental infirmity; and

(b) who meets either or both of the following:

20 (i) his or her income (excluding income to which the child is entitled as the holder of a scholarship, bursary or similar educational endowment) for the year immediately preceding the year of assessment exceeded \$8,000;

25 (ii) he or she 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.”.

[Gazette date]

New Twelfth Schedule

34. In the principal Act, after the Eleventh Schedule, insert —

“TWELFTH SCHEDULE

Sections 34K(2)(b) and 106

NET TONNAGE BASIS OF TAXATION

Net Tonnage of qualifying ship	Income for each day of the basis period that the qualifying ship is used by the MSI recipient to derive qualifying income	
	Ship (other than green ship)	Green ship
First 1,000 net tons (NT)	S\$0.90 for each 100 NT*	S\$0.60 for each 100 NT*
First 1,000 NT Next 9,000 NT	S\$9 S\$0.60 for each 100 NT*	S\$6 S\$0.30 for each 100 NT*
First 10,000 NT In excess of 10,000 NT	S\$63 S\$0.30 for each 100 NT*	S\$33 S\$0.30 for each 100 NT*

*Applied for each 100 NT

Note:

A green ship is a ship that —

- (a) adopts an engine capable of using zero-carbon fuels or low-carbon content fuels with a conversion factor value lower than 2; or
- (b) adopts an electric propulsion system capable of being powered by batteries or fuel cells.

[Gazette date]

Remission of tax for year of assessment 2024

5 **35.**—(1) There is to be remitted the tax payable for the year of assessment 2024 by an individual resident in Singapore an amount equal to the lower of the following:

- (a) 50% of the tax payable by that individual for that year of assessment;
- 10 (b) \$200.

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

[Gazette date]

EXPLANATORY STATEMENT

This Bill seeks to implement the tax changes in the Government's 2024 Budget Statement in the Income Tax Act 1947 (the Act), and to make certain other amendments to the Act.

Clause 1 relates to the short title and commencement.

Clause 2 amends section 10 (Charge of income tax) to revise the tax concession under subsection (14) (which deems certain income derived from copyright or assignment of those rights to be the lower of the net amount after allowable deductions and 10% of the gross amount) —

- (a) for such income derived in the basis period to be deemed at the lower of the net amount after allowable deductions and 40% of the gross amount for the year of assessment 2027; and
- (b) for such income derived in the basis period to be deemed at the lower of the net amount after allowable deductions and 70% of the gross amount for the year of assessment 2028.

Section 10 is also amended to remove the tax concession under subsection (14) for income derived in the basis period for the year of assessment 2029 and subsequent years of assessment.

Clause 3 amends section 10H (Securities lending or repurchase arrangement) —

- (a) to expand the scope of qualifying securities lending or repurchase arrangements under that section by including unlisted stocks and shares of company resident in Singapore as qualifying securities;
- (b) to align the tax treatment of all distributions of income in respect of securities transferred under such arrangements, including the application of section 45G to distribution (and compensatory payment in lieu of distribution) relating to transferred securities that are units of a Singapore real estate investment trust or an approved Singapore REIT exchange-traded fund; and
- (c) to make a technical amendment to the definition of "Singapore-based transferee" to include a person who enters into the securities lending or repurchase arrangement through, or for a business carried on through, a permanent establishment in Singapore.

Clause 4 amends section 10I (Additional Tier 1 capital instruments) to provide that any distribution that is liable to be made by —

- (a) a licensed insurer that is incorporated, formed or established in Singapore; or

- (b) a designated financial holding company that has a subsidiary that is such an insurer,

in respect of an AT1 capital instrument (other than shares) issued on or after 1 January 2025, is considered as interest derived from a debt security.

Clause 5 amends section 13D (Exemption of income of prescribed persons arising from funds managed by fund manager in Singapore) to apply the tax exemption under that section only to income from funds managed in Singapore by a fund manager that satisfies prescribed requirements. This amendment applies to income derived on or after 1 January 2025.

Clause 5 also amends section 13D to extend the date by which a company or trustee of a trust fund must be incorporated or constituted to be eligible for the tax exemption under that section, to 31 December 2029.

Clause 6 amends section 13F (Exemption of income of foreign trust) to extend the date by which a foreign trust or an eligible holding company is to be constituted or incorporated for certain of its income to be exempt from tax under the section, to 31 December 2027. In relation to a trust or company that is constituted or incorporated before that date, clause 6 amends section 13F to prescribe a later basis period in which certain conditions are to be satisfied for such exemption to apply.

Clause 7 amends section 13L (Exemption of income of foreign account of philanthropic purpose trust) to extend the date by which a philanthropic purpose trust or an eligible holding company is to be constituted or incorporated for certain of its income to be exempt from tax under the section, to 31 December 2027. In relation to a trust or company that is constituted or incorporated before that date, clause 7 amends section 13L to prescribe a later basis period in which certain conditions are to be satisfied for such exemption to apply.

Clause 8 amends section 13N (Exemption of relevant income of prescribed locally-administered trust) —

- (a) to extend the date by which a locally-administered trust or holding company established for the purpose of such trust, is to be constituted or incorporated for certain of its income to be exempt from tax under the section, to 31 December 2027, and, in relation to a trust or company that is constituted or incorporated before that date, to prescribe a later basis period in which certain conditions are to be satisfied for such exemption to apply; and
- (b) to apply the exemption to dividends received by a prescribed locally-administered trust from a prescribed holding company not resident in Singapore, that is paid out of income that is not “relevant income” (as defined) of the holding company.

Clause 9 amends section 13O (Exemption of income of company incorporated and resident in Singapore arising from funds managed by fund manager in Singapore) for the following purposes:

- (a) to enable conditions for the exemption of the income of an approved company to be specified and notified or publicised to the company in a manner other than by regulations or in its letter of approval;
- (b) to enable the conditions of approval of an approved company to be varied or deleted and the addition of new conditions;
- (c) to enable regulations to be made to provide for the revocation or suspension of an approval for non-compliance with a condition of approval, and for such revocation to be effective from a date before the date of non-compliance or (if the condition is to be complied with over a period) before the date of commencement of the period;
- (d) to extend the last date for giving approval under the section to 31 December 2029.

Clause 10 inserts a new section 13OA to extend the tax treatment in section 13O to the income of partners of approved limited partnerships from funds managed by fund managers in Singapore.

The new section 13OA(1) provides that prescribed income of a partner of an approved limited partnership from funds managed in Singapore by a fund manager or an approved person is (subject to certain conditions) exempt from tax.

The new section 13OA(2), (3) and (4) provides that the approval of a limited partnership may be subject to conditions, and provides for the variation or deletion of any condition and the addition of new conditions.

The new section 13OA(5) provides that no approval may be granted after 31 December 2029.

The new section 13OA(6) provides that a partner (*X*) of an approved limited partnership (*Y*) whose income is exempt from tax under the new section and who (together with *X*'s associates) beneficially owns equity interests in *Y*, is liable to pay a penalty, if the value of those equity interests exceeds a prescribed percentage of the total value of all equity interests in *Y*.

The new section 13OA(7) provides that *X* need not pay the penalty if *X* or its associates reduce their equity interests in *Y* within a specified period.

The new section 13OA(8) provides that if *X* is a non-bona fide entity (i.e. one that is set up solely for tax planning purposes or that does not carry out any business activity for a genuine commercial reason), then *X* is not liable to pay the penalty; but another person *XI* that beneficially owns equity interests in *X* and is not a non-bona fide entity, is liable to pay a penalty if *XI* (together with *XI*'s associates) beneficially owns equity interests in *Y* the value of which exceeds a prescribed percentage of the total value of all equity interests in *Y*. The amount

of the penalty is computed in accordance with the formula in the new section 13OA(9).

The new section 13OA(10) in effect provides that *XI* need not pay the penalty if *XI* or its associates reduce their equity interests in *X* within a specified period.

The new section 13OA(11) defines what beneficial ownership of equity interests in an entity means and how the percentage of ownership is to be computed.

The new section 13OA(12) enables the Minister or an authorised body to remit or refund any penalty under the new section.

The new section 13OA(13) is a regulation-making power for the purposes of the new section.

The new section 13OA(14) enables the Comptroller to make an assessment of tax on a partner previously allowed an exemption from tax in the event an approval of the partner's limited partnership is revoked.

The new section 13OA(15) provides that a limited partnership whose approval is suspended is treated as not approved during the period of suspension.

The new section 13OA(16) defines terms for the new section.

Clause 11 amends section 13U (Exemption of income arising from funds managed by fund manager in Singapore) for the following purposes:

- (a) to enable conditions for the exemption of income under that section to be specified and notified or publicised to the person to whom the relevant approval for exemption was given, other than by regulations or in the letter of approval;
- (b) to clarify that approval under the section may be given subject to conditions;
- (c) to enable the conditions of approval to be varied or deleted and the addition of new conditions;
- (d) to enable regulations to be made to provide for the revocation or suspension of an approval for non-compliance with a condition of approval, and for such revocation to be effective from a date before the date of non-compliance or (if the condition is to be complied with over a period) before the date of commencement of the period;
- (e) to extend the last date for giving approval under the section to 31 December 2029;
- (f) to make related amendments as a result of the new section 13OA.

Clause 12 amends section 13V (Exemption of certain income of prescribed sovereign fund entity and approved foreign government-owned entity) to extend the date by which the Minister or an authorised body may approve a foreign

government-owned entity for the purpose of an exemption from tax under that section of income from its funds that are managed in Singapore, and from the management of funds and the provision of investment advisory service in Singapore, to 31 December 2029.

Clause 12 also amends section 13V to expand the definitions of “foreign government-owned entity” and “sovereign fund entity” to entities that are owned or incorporated by the government or public authority of more than one foreign countries.

Finally, clause 12 amends section 13V —

- (a) to extend the tax treatment in that section of income of a prescribed sovereign fund entity from funds managed in Singapore by an approved foreign government-owned entity, to such income of a prescribed international organisation; and
- (b) to extend the tax treatment in that section of income of an approved foreign government-owned entity from its Singapore-managed funds, or from carrying out fund management and investment advisory services to a prescribed sovereign fund entity, to such income of an approved international organisation.

Clause 13 amends subsection (3A) of section 14N (Deduction for renovation or refurbishment expenditure) which allows the full amount of renovation or refurbishment expenditure incurred by a person during the basis period for the year of assessment 2021, 2022 or 2024 to be deducted in that year of assessment instead of over 3 years of assessment. The amendment allows for the same treatment to be given to such expenditure incurred during the basis period for the year of assessment 2025 or a subsequent year of assessment.

Clause 13 also amends the definition of “specified period” in section 14N. The deduction in that section is limited to \$300,000 of the expenditure in a specified period. The current definition is amended to end with a period that consists of or ends with the basis period for the year of assessment 2024.

With effect from the year of assessment 2025, “specified period” is a period of 3 consecutive basis periods, beginning with the basis period for the year of assessment 2025, or any successive period of 3 consecutive basis periods.

This means that a taxpayer who (for example) does not carry on a trade, profession or business for the whole of the specified period starting with the basis period for the year of assessment 2025, may still be allowed a deduction for qualifying expenditure incurred during the period in which it carries on the trade, profession or business that is within the specified period, up to the full deduction cap of \$300,000.

Finally, clause 13 amends section 14N to expand the scope of qualifying expenditure to include designer or professional fees that are not related to

renovation or refurbishment works the plans of which require the approval from the Commissioner of Building Control under the Building Control Act 1989.

Clause 14 inserts a new section 14ZI to provide for the computation of the deductible expenditure of a REIT manager who transfers REIT units to employees as remuneration, where the REIT units are received by the REIT manager from the REIT trustee as consideration for its services to the REIT. Broadly, the amount deductible is the market value of the REIT units when they are received by the REIT manager.

Clause 15 inserts a new section 34K to provide for an alternative net tonnage basis of taxation for shipping enterprises, approved international shipping enterprises and approved shipping investment enterprises on the qualifying income of such entities. Any of those entities may elect to be subject to the net tonnage basis of taxation for the year of assessment 2024 and subsequent years of assessment. The income chargeable to tax is computed on the basis of the net tonnage of qualifying ships owned or operated by the entity and used to derive its qualifying income in the basis period. The net tonnage is a measure of the useful capacity of those ships.

Clause 16 amends section 36B (Registered business trusts) to modify the definition of “local employee” in the new section 92J as that section applies to a registered business trust.

Clause 17 makes an amendment to section 37 (Assessable income) consequential on the insertion of the new section 37AB. The effect of the amendment is that a deduction for a donation under section 37 is only allowed after a deduction for a donation under the new section 37AB.

Clause 18 amends section 37A (Adjustment of capital allowances, losses or donations between income subject to tax at different rates) to extend the adjustment of donations under the section to donations made under section 37AA and the new section 37AB.

Clause 19 makes amendments to section 37AA (Deduction for donation of money by person related to or connected with company approved under section 13O or person, master fund, etc., approved under section 13U) consequential on the insertion of the new section 13OA.

Clause 19 also amends section 37AA(12) to provide that section 37(2) applies in relation to a donation under section 37AA. The effect of this is that where the donor’s income is subject to different tax rates for a year of assessment, the Comptroller must apportion any sum allowable for that donation under section 37AA among the different tax rates on such basis the Comptroller considers reasonable.

Clause 20 inserts a new section 37AB to provide that, in determining the assessable income in a year of assessment of a person, there is to be deducted a prescribed amount of qualifying overseas cash donations made by that person in

the year before that year of assessment. Any amount of deduction not deducted in any year of assessment may not be carried forward.

The section applies to qualifying overseas cash donations made from 1 January 2025 to 31 December 2028 (both dates inclusive). Qualifying overseas cash donations are donations made to a designated charity in response to a permitted fund-raising appeal to provide humanitarian assistance connected with an emergency or event in a country outside Singapore and approved by the Minister or an authorised body for the purpose of the section.

Clause 21 amends section 39 (Relief and deduction for resident individual) to increase from \$4,000 to \$8,000 the following annual income thresholds for the giving of certain tax reliefs, with effect from the year of assessment 2025:

- (a) the annual income threshold of a spouse for spousal relief under subsection (2)(a);
- (b) the annual income threshold of a non-handicapped aged dependant for relief for the maintenance of that dependant under subsection (2)(i);
- (c) the annual income threshold of a parent or grandparent caregiver for relief in respect of that caregiver under subsection (2)(p);
- (d) the annual income threshold of a non-handicapped spouse or sibling for a deduction under subsection (3) for a payment to the retirement account, special account or medisave account of that spouse or sibling.

Clause 21 also amends section 39 to provide that tax deduction will not be allowed to a resident individual for an amount of cash top-up made on or after 1 January 2025 by the individual to the individual's own or the individual's spouse's, sibling's, parent's, parent-in-law's, grandparent's or grandparent-in-law's retirement account or special account. The amount is the full amount of cash top-up in respect of which a matching grant is made under the Central Provident Fund Board's Matched Retirement Savings Scheme or part of that amount prescribed by rules.

Clause 21 further amends section 39 to insert a new subsection (12C) to provide that subsections (2)(k), (12) and (12A) cease to have effect from the year of assessment 2026. These provisions provide for deductions for a fee incurred by an individual taxpayer for a course of study, seminar or conference.

Clause 22 amends section 43E (Concessionary rate of tax for Finance and Treasury Centre) to —

- (a) provide for an additional concessionary tax rate tier of 10% for qualifying income derived from operating a Finance and Treasury Centre that is approved on or after 17 February 2024; and
- (b) enable the Minister or an authorised body to substitute the concessionary rate of tax that is applicable to qualifying income derived from operating an approved Finance and Treasury Centre with a concessionary rate of

either 8% or 10% from a specified date onwards. The substitution may be made on the Minister or authorised body's own initiative or on application by the company concerned.

Clause 23 amends section 43I (Concessionary rate of tax for global trading company and qualifying company) to —

- (a) provide for an additional concessionary tax rate tier of 15% for qualifying income derived by a global trading company that is approved on or after 17 February 2024; and
- (b) enable the Minister or an authorised body to substitute the concessionary rate of tax that is applicable to qualifying income derived by an approved global trading company with a concessionary rate of either 5%, 10% or 15% from a specified date onwards. The substitution may be made on the Minister or authorised body's own initiative or on application by the company concerned.

Clause 24 amends section 43N (Concessionary rate of tax for leasing of aircraft and aircraft engines) to —

- (a) provide for an additional concessionary tax rate tier of 10% for qualifying income derived by an aircraft leasing company that is approved on or after 17 February 2024; and
- (b) enable the Minister or an authorised body to substitute the concessionary rate of tax that is applicable to qualifying income derived by an approved aircraft leasing company with a concessionary rate of either 8% or 10% from a specified date onwards. The substitution may be made on the Minister or authorised body's own initiative or on application by the company concerned.

Clause 25 amends section 43X (Concessionary rate of tax for intellectual property income), which provides for a concessionary tax rate that is the sum of a base rate and a rate increase applicable to certain 5-year periods of an approved company's tax relief period, on qualifying intellectual property income of the company. The amendments —

- (a) provide for an additional base rate of 15% under the new subsection (5)(b) for a company that is approved on or after 17 February 2024;
- (b) provide that the rate increase of at least 0.5% for the new base rate of 15% applies to the 5th and 7th 5-year period of an approved company's tax relief period under the new subsection (6)(b); and
- (c) enable the Minister or an authorised body to substitute the base rate under subsection (5)(a) or (b) with 5%, 10% or 15% from a specified date onwards. The substitution may be made on the Minister or

authorised body's own initiative or on application by the company concerned.

Clause 26 amends section 63 (Furnishing of estimate of chargeable income if no return is made under section 62) to exempt sole proprietors from the duty to furnish to the Comptroller an estimate of his or her income for the years of assessment 2026 to 2030.

Clause 27 amends section 71 (Return to be made by partnership) to exempt the person responsible for filing the return of a partnership from the duty to furnish to the Comptroller an estimate of the partnership's income for the years of assessment 2026 to 2030.

Clause 28 inserts a new section 92J as part of the Enterprise Support Package announced in the Budget Statement of 2024.

The new section 92J(1) provides for a corporate tax rebate for the year of assessment 2024. The rebate is 50% of the tax payable (less any cash grant of \$2,000 made under the new section) or \$40,000 (less the cash grant), whichever is lower. Where 50% of the tax payable is less than the cash grant of \$2,000 made to the company, no corporate tax rebate will be given.

The new section 92J(3) and (5) provides for a non-taxable cash grant of \$2,000 to be made to a company that has made a contribution to the Central Provident Fund (CPF) in respect of at least one local employee (as defined in the new section 92J(7)) in the calendar year 2023.

According to regulation 2(1) of the CPF Regulations, all contributions payable by an employer under section 7(1) of the CPF Act must be paid to the Central Provident Fund Board not later than 14 days after the end of the month in respect of which the contributions are payable. The new section 92J(4) enables the Comptroller of Income Tax (Comptroller) to waive such requirement in the case of a late CPF contribution if he or she is satisfied that it is just and equitable to do so.

The new section 92J(6) allows the Comptroller to recover the cash grant if the recipient was found to have not met any requirement for the cash grant, or any excess cash grant that was given. The new section 92J(6) also requires the amount of the cash grant to be reduced to pay any income tax, goods and services tax, property tax or stamp duty (including any interest or penalty) due by the company.

Clause 29 inserts a new section 93B which implements the Refundable Investment Credit (RIC) scheme introduced in the Budget Statement of 2024.

Subsection (1) sets out the purpose of the new section, which is to provide for the giving of tax credits (called Refundable Investment Credits or RICs) for qualifying expenditure by companies. The credits will be used offset taxes levied on and other amounts due from companies (called due taxes), and for unutilised credits to be paid to the companies.

Subsection (2) sets out definitions for terms used in the new section.

Subsections (3) to (10) —

- (a) provides for applications by companies for RICs to the Minister or an authorised body (called the approving authority);
- (b) provides for the issue of a letter of award to an approved company and what the letter must contain;
- (c) states that no approval may be given after 31 December 2029.

Subsections (11) and (12) enables an awardee company to apply to the approving authority to amend a matter in its letter of award.

Subsections (13) to (20) —

- (a) provides for when and how an awardee company may be given RICs;
- (b) sets out the amount of RICs that may be given; and
- (c) requires RICs given to an awardee company to be credited to an RIC account.

Subsections (21) and (22) allows an awardee company (if allowed by the approving authority at the time of approval of its application for RICs) to elect for RICs given to it to be paid to it instead of being used to offset its taxes and other amounts.

Subsections (23) to (28) —

- (a) provides for when RICs given to an awardee company may be used to offset due taxes of the company;
- (b) provides for how the offset is to be effected, including the principle that RICs are to be applied on a “first in, first out” basis; and
- (c) enables the Comptroller to determine how the offset is to be carried out in the event there is more than one due tax and there are insufficient RICs to offset all of these.

Subsections (29) to (31) requires the Comptroller to pay to an awardee company an amount equivalent to the RICs remaining in its RIC account 90 days before the payout date specified in its letter of confirmation or (if it has made an election to be paid the RICs in lieu of their being used to offset due taxes) 90 days before the date the payment becomes due.

Subsections (32) to (40) provides for a case where the approving authority is satisfied that an awardee company has contravened a provision of the Act or a condition subsequent in its letter of award. The approving authority may require the company to show cause why a matter in its letter of award should not be amended or its letter of award revoked. The approving authority may proceed to

amend a matter in the letter of award, or revoke the letter (including retroactively) if he or she is satisfied that it is just and reasonable to do so.

If a letter of award of a company is revoked, an amount equivalent to all RICs given to the company after the date of revocation is recoverable from the company by debiting RICs in its RIC account, or as debt due from the company.

Subsections (41) to (43) provide for a case where a company (*X*) in an amalgamation of companies has RICs yet to be given or utilised as at the date of amalgamation. The amalgamated company (*Y*) may apply to the approving authority for *X*'s letter of award to be transferred to *Y*. Upon approval, the new section applies as if *Y* were the awardee company of the letter of award, and as if the unutilised RICs were given to *Y* on the date they were given to *X*.

Subsection (44) provides for regulations to be made to enable a company (*X*) to apply to the approving authority for its RICs to be applied to offset due taxes of one or more companies in the same group as *X* as at a date to be prescribed by regulations. Subsection (45) defines when companies are members of the same group. Subsection (46) provides that *X* remains responsible for compliance with the Act and with conditions subsequent in its letter of award despite the application of its RICs to offset due taxes of another company, and action may be taken under the new section against *X* for the contravention.

Subsection (47) treats an amount of expenditure equivalent to the RICs given for it as expenditure subsidised by a Government grant under Part 5 (Deductions Against Income), Part 6 (Capital Allowances) or Part 9 (Ascertainment of Assessable Income) of the Act. The effect of this is that such expenditure is not eligible for certain deductions and allowances under those Parts.

Subsection (48) enables the Minister to make regulations to carry out the purposes and provisions of the new section.

Clause 30 makes amendments to section 100 (Provisions relating to penalty) consequential on the insertion of the new section 130A.

Clause 31 amends section 106 (Power to amend Schedules) to enable the Minister to amend the Twelfth Schedule, which sets out how the "deemed income" of an MSI Recipient is to be determined for the purposes of the new section 34K.

Clause 32 amends section 107 (Variable capital companies or VCCs) to modify the definition of "local employee" in the new section 92J as that section applies to a variable capital company.

Clause 33 amends the Fifth Schedule (Child relief) to raise the annual income threshold of a child from \$4,000 to \$8,000 for the giving of relief for the maintenance of that child, with effect from the year of assessment 2025.

Clause 34 introduces a new Twelfth Schedule for the purposes of determining the “deemed income” of an MSI Recipient for the purposes of the new section 34K.

Clause 35 provides for a remission of the tax payable by a resident individual for the year of assessment 2024. The amount of remission is 50% of the tax payable or \$200, whichever is lower.

EXPENDITURE OF PUBLIC MONEY

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