

SUMMARY TABLE ON PROPOSED NON-BUDGET CHANGES TO THE INCOME TAX ACT (“ITA”)

S/N	Legislative Change	Brief Description of Legislative Changes	Amendment to ITA [Clause in Income Tax (Amendment) Bill 2019]
1	Introduce a prescribed deemed expense ratio for self-employed commission agents	This amendment introduces a prescribed deemed expense ratio for tax resident individuals who are self-employed commission agents (i.e. general commission agents, insurance agents, real estate agents, and remisiers) earning gross annual commission income of up to \$50,000 in respect of which there are deductible outgoings or expenses. To ease tax compliance, these commission agents will be allowed to claim tax deduction based on either (i) a prescribed deemed expense ratio, set at 25% of gross commission income; or (ii) the actual amount of expenses incurred in the production of their commission income. This will be effective from YA 2020, i.e. in respect of income earned in 2019.	Section 14ZD [Clause 22]
2	Provide clarity on the revocation of tax incentives awards when an incentive recipient fails to meet conditions of a tax incentive	This amendment clarifies that if an incentive recipient fails to meet the conditions of a tax incentive, the approving authority may revoke the incentive award, and the revocation will be effective from a date specified by the approving authority. The amendment will take effect from the date the Amendment Act is published in the Gazette.	Sections 13H, 19B, 37L, 45AA, 105R, 105S, 106 and miscellaneous amendments relating to new sections 105R and 105S [Clauses 11, 23, 28, 34, 38, 39, 40, 41]

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3	Enhance the Maritime Sector Incentives (“MSI”)	<p>With effect from 12 December 2018, the MSI will be enhanced as follows:</p> <ul style="list-style-type: none"> a) Expansion in scope of tax exemption under the MSI for ship operators to cover income from finance leases (“FLs”) of ships; and b) Introduction of an option for MSI recipients to irrevocably elect on a bundled basis to: <ul style="list-style-type: none"> i. As lessees: not claim deduction and capital allowance on expenditure incurred for leasing ships and containers; and ii. As sub-lessors: not make any reclassification to their sub-lease income for ship and containers, i.e. accept the accounting classification for the sub-lease for tax purpose. <p>The enhancements ensure that the MSI remains updated with developments of industry’s business models, and alleviate the administrative burden arising from change in accounting standards for leases (i.e. Financial Reporting Standards for leases “FRS 116”).</p> <p>The amendments will take effect from 12 December 2018.</p>	Section 13A, 13F and S34J [Clauses 7, 9, 27]
4	Clarify on the scope of leasing income under the Maritime Sector Incentive –	This amendment clarifies that income derived from the leasing of ships/containers by MSI-ML recipients, in respect of ships/containers leased in (whether via operating leases (“OLs”) or FLs) from an	Section 13S, 43ZA [Clause 16, 33]

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	Maritime Leasing (“MSI-ML”) award	<p>approved related party will qualify for tax benefits under MSI-ML award.</p> <p>The amendments will take effect from 12 December 2018 to align with the effective date of the related enhancements of the MSI at serial number 3.</p>	
5	Revise the scope of qualifying activities under the Insurance Business Development (“IBD”) umbrella scheme awarded prior to 1 June 2017	<p>To comply with international standards, all IBD recipients whose awards were approved before 1 June 2017 will transit to the scope of qualifying activities under the revised IBD scheme (i.e. enhanced and streamlined in 2017) after 30 June 2021.</p> <p>The amendment will take effect from the date the Amendment Act is published in the Gazette.</p>	Section 43C [Clause 32]
6	Amend the definition of qualifying debt securities (“QDS”) under Section 13(16) to allow alternative set of qualifying conditions for insurance-linked securities (“ILS”)	To continue promoting the development of Singapore’s debt market, ILS would have the option to fulfil an alternative set of conditions to qualify for the QDS scheme, during the period from 20 December 2018 to 31 December 2023.	Section 13 [Clause 6]
7	Extend the section 13Y tax exemption scheme for sovereign wealth funds	This amendment extends the scheme for five years till 31 December 2024. The scheme continues to be effective in encouraging foreign central banks and other government entities to set up investment offices in Singapore to manage their funds.	Section 13Y [Clause 18]

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8	Extend the tax exemption schemes for section 13G foreign trust, section 13O foreign account of philanthropic purpose trust, and section 13Q locally administered trust	This amendment extends the schemes for five years till 31 December 2024. The schemes remain relevant in capturing potential growth in demand for trust services in Asia.	Sections 13G, 13O, 13Q [Clauses 10, 13, 14]
9	Treat certain rent or other payments for the use outside Singapore of any tangible movable property as not income deemed to be derived from Singapore under section 12(7)(d)	<p>This proposed amendment treats certain rent or other payments for the use outside Singapore of any tangible movable property as not falling within the scope of income deemed to be derived from Singapore under section 12(7)(d). Consequentially, withholding tax would not apply to these payments made to non-resident persons. For example, rent paid for cars used in the course of overseas business trips made by employees of businesses in Singapore.</p> <p>The amendment will take effect from the date the Amendment Act is published in the Gazette.</p>	Section 12 [Clause 5]

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10	Ensure consistent treatment for the compounding of an offence committed under Section 34F(8) of the ITA	<p>To ensure consistent treatment for the compounding of Section 34F(8) offences¹ with other tax offences (e.g. offence under Section 95 of the ITA²), the ITA will be amended to:</p> <ul style="list-style-type: none"> a) Clarify that the extension of the definition of “Comptroller” under section 2 of the ITA (which includes a Deputy Comptroller (“DC”) and Assistant Comptroller (“AC”)) does not apply to the compounding of an offence committed under Section 34F(8). Therefore, only the Comptroller retains the full authority to compound the offence; and b) Allow the Comptroller to, under Section 101(2) of the ITA, authorise officers, including a DC or an AC, to compound the offence under Section 34F(8). <p>The amendments will take effect from the date the Amendment Act is published in the Gazette.</p>	Sections 2, 101 [Clauses 2, 37]
11	Clarify that the Government is subject to withholding tax obligations for relevant	The amendment clarifies that relevant payments to non-resident vendors of the Government are subject to the same withholding tax	Section 45J [Clause 36]

¹ With effect from YA 2019, a taxpayer is required to prepare and maintain transfer pricing documentation (“TPD”) in accordance with Section 34F of the ITA. Failure to maintain or provide TPD, or providing inadequate, false or misleading TPD may result in a penalty of up to \$10,000 on conviction of an offence under Section 34F(8) of the ITA.

² Section 95 of the ITA deals with the offence of making an incorrect return or providing incorrect information.

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	payments to non-residents	<p>mechanism as similar payments to non-residents by non-Government payers.</p> <p>The amendments will take effect from the date the Amendment Act is published in the Gazette.</p>	
12	Broaden the scope of the Business and IPC Partnership Scheme (“BIPS”) under section 14ZB of the ITA	<p>Under BIPS, businesses can claim a 250% tax deduction on basic wages and related expenses incurred when their employees volunteer or provide services to IPCs, subject to the IPCs’ agreement.</p> <p>The ITA will be amended to:</p> <ul style="list-style-type: none"> a) Allow businesses to claim tax deduction for wage expenditures of all employees, including part-time employees, when employees volunteer; b) Allow businesses the additional option to claim tax deductions for wage expenditures based on fixed hourly rates for general or skills-based volunteerism rather than the actual wage expenditure incurred when employees volunteer <p>The amendments will take effect from the YA 2020.</p>	Section 14ZB [Clause 21]
13	Update relevant provisions in the ITA to include references to Singapore Financial Reporting Standards (International)	This amendment updates existing references to the Financial Reporting Standards with the SFRS(I) equivalent standards.	Sections 10F, 13Z, 14V, 34C, 34G, 37L, 43A

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	("SFRS(I)")		[Clauses 4, 19, 20, 25, 26, 28, 31] Related amendment to the Stamp Duties Act Section 15A [Clause 42]
14	Provide clarity on the taxation of insurance companies, that the definitions relating to policy liabilities are net of reinsurance amounts	<p>This amendment makes consequential amendments arising from the amendments to the Insurance (Valuation and Capital) Regulations 2004 in 2018, which required additional information to be reported by insurers in their returns to the MAS, including policy liabilities gross of reinsurance amounts.</p> <p>There is no change in existing tax treatment for insurance companies. The amendments will clarify that for the purpose of determining the income of insurance companies, the policy liabilities based on an amount net of reinsurance remains.</p> <p>The amendment will take effect from the date of the Amendment Act is published in the Gazette.</p>	Section 26 [Clause 24]