

Short title and commencement

- 1.—(1) This Act is the Income Tax (Amendment) Act 2017.
- (2) Section [] is deemed to have come into operation on [].
- (3) Section [] is deemed to have come into operation on [].

5 Amendment of section 8

2. Section 8 of the Income Tax Act (Called in this Act the principal Act) is amended —

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

10 “(c) through the electronic service if the notice is permitted to be served by regulations made under section 8A(13)(ba) and (13A).”;

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

15 “(3A) Where a notice is served on any person through the electronic service under subsection (1)(c), the notice is taken to have been served at the time when an electronic record of it enters the person’s account with the electronic service.”; and

20 (c) by deleting subsection (6) and substituting the following subsection:

25 “(6) Where a notice in subsection (4) or (5) may be served on a person through the electronic service under subsection (1)(c), the notice need not be signed if it is served on the person by transmitting an electronic record of the notice to the person’s account with the electronic service.”.

[Gazette Date]

Amendment of section 8A

30 3. Section 8A of the principal Act is amended —

(a) by deleting subsection (7) and substituting the following subsection:

5 “(7) Where regulations made under subsection (13) permit the Comptroller to serve through the electronic service a notice on a person that has been assigned an account with the electronic service, the Comptroller may serve it on the person by transmitting an electronic record of it to the person’s account with the electronic service.”;

10 (b) by inserting, immediately after the words “this section” in subsection (13), the words “and section 8(1)(c)”;

(c) by inserting, immediately after paragraph (b) of subsection (13), the following paragraph:

15 “(ba) the circumstances in which the Comptroller may serve any notice through the electronic service on a person that has been assigned an account with the electronic service;”;

(d) by deleting paragraph (c) of subsection (13) and substituting the following paragraph:

20 “(c) the manner in which a person that has been served with a notice is to be notified of the transmission of an electronic record of it to the person’s account;” and

(e) by inserting, immediately after subsection (13), the following subsection:

25 “(13A) Regulations made for the purpose of subsection (13)(ba) —

(a) may provide for service of any notice through the electronic service in circumstances where —

- 30 (i) the person consents to such service; or
 (ii) the Comptroller gives the person notice of the Comptroller’s intention of such service and the person does not refuse such service;

- (b) may make provision with respect to the provision of any notice of the Comptroller’s intention, or the person’s consent or refusal, mentioned in paragraph (a), including —
- 5 (i) the matters to be stated in the notice; and
- (ii) the time within which, and the form and manner in which, the consent or refusal must be received by the Comptroller;
- 10 (c) may make provision with respect to when the consent or refusal of the person takes effect or when the Comptroller must give effect to such consent or refusal; and
- 15 (d) may make provision for any matter necessary or incidental to the purposes in subsection (13)(ba) and paragraphs (a), (b) and (c).”.

[Gazette Date]

Amendment of section 10C

4. Section 10C of the principal Act is amended by deleting subsection (5B) and substituting the following subsection:

- 20 “(5B) The maximum amount is —
- (a) \$1,500 per year (for contributions before 2018); or
- (b) \$2,730 per year (for contributions in 2018 and in each subsequent year),

25 less any previous contribution made to the medisave account in that year by the employer in the employer’s capacity as a person of a prescribed description in section 13(1)(jd) (if applicable) that is exempt from tax under that provision.”.

[Gazette Date]

Amendment of section 10F

30 5. Section 10F of the principal Act is amended —

- (a) by inserting, immediately after the words “FRS 11 construction or upgrade services” in subsection (1B), the words “, or FRS 115 construction or upgrade services,”;
- (b) by inserting, immediately after the words “FRS 11 construction or upgrade services” wherever they appear in subsections (1C)(a) and (1D)(a), the words “or FRS 115 construction or upgrade services (as the case may be)”;
- (c) by deleting the definitions of “FRS 11”, “FRS 17”, “INT FRS 104” and “INT FRS 112” in subsection (2) and substituting the following definitions:
- “FRS 115 construction or upgrade services” means any construction or upgrade services (as the case may be) to which FRS 115 applies;
- “FRS 11”, “FRS 17”, “FRS 115”, “INT FRS 104” and “INT FRS 112” mean the financial reporting standards known as Financial Reporting Standard 11 (Construction Contracts), Financial Reporting Standard 17 (Leases), Financial Reporting Standard 115 (Revenue from Contracts with Customers), Interpretation of Financial Reporting Standard 104 (Determining whether an arrangement contains a lease) and Interpretation of Financial Reporting Standard 112 (Service Concession Arrangements), respectively, issued by the Accounting Standards Council under the Accounting Standards Act (Cap. 2B).”.

[Gazette Date]

Amendment of section 13

6. Section 13 of the principal Act is amended —

- (a) by deleting the words “1st November 2006 to 31st March 2017” in subsections (1)(b)(i), (2C)(a) and (2D)(a) and substituting in each case the words “1 November 2006 to 31 December 2022”;

(b) by deleting the words “15th February 2007 to 31st March 2017” in subsections (1)(b)(ii), (2C)(b) and (2D)(b) and substituting in each case the words “15 February 2007 to 31 December 2022”;

5 (c) by deleting paragraph (jd) of subsection (1) and substituting the following paragraph:

“(jd) any voluntary contribution in cash made in 2013 or any subsequent year by a person of a description prescribed by the Minister to the medisave account maintained under the Central Provident Fund Act of a self-employed individual, up to —

- 10 (i) \$1,500 per year (for contributions before 2018); or
- 15 (ii) \$2,730 per year (for contributions in 2018 and in each subsequent year),

less any previous contribution made to that medisave account in that year by the person of the prescribed description in the person’s capacity as an employer (if applicable), that is not treated as income under section 10C(5A);”;

20 (d) by deleting the words “1st January 2007 to 31st March 2017 (both dates inclusive) and, if such contract is renewed or extended, the period for which it is renewed or extended commences before 1st April 2017” in subsection (1)(zj)(ii)(B) and (zj)(iii)(B) and substituting in each case the words “1 January 2007 to 31 March 2021 (both dates inclusive) and, if such contract is renewed or extended, the period for which it is renewed or extended commences before 1 April 2021”;

25 (e) by deleting the words “National Service Recognition Award” in subsection (1)(zr) and substituting the words “National Service Housing, Medical and Education Awards”; and

30 (f) by deleting the words “31st March 2017” in paragraph (a)(ii) and (iii) of the definition of “qualifying project debt

securities” in subsection (16) and substituting in each case the words “31st December 2022”.

[(e) 1 Apr 2014, (a), (b), (d) and (f) — 1 Apr 2017, (c) – Gazette Date]

Amendment of section 13A

- 5 **7. Section 13A(16) of the principal Act is amended —**
- (a) by deleting paragraph (d) of the definition of “ship management services” and substituting the following paragraph:
- 10 “(d) awarding contracts, entering into alliances, or deciding on pooling, in respect of it;”;
- (b) by deleting paragraphs (f), (g) and (h) of the definition of “ship management services” and substituting the following paragraphs:
- 15 “(f) planning its route and tonnage, including the issuance of voyage instructions;
- (g) appointing a ship manager, ship agent or stevedore for it;
- (h) collecting or arranging for the collection of freight, charter hire, or other payment in exchange
- 20 for its use;”;
- (c) by deleting paragraphs (j), (k) and (l) of the definition of “ship management services” and substituting the following paragraphs:
- 25 “(j) undertaking crew-related matters for it, including the provision of qualified crew, the appointment of a crew manager, the provision of crew training or the arrangement of crew insurance;
- (k) arranging or supervising dry-docking, repair, overhaul, alteration, maintenance or lay-up of it;
- 30 (l) ensuring that it is adequately equipped with supplies, provisions, spares, stores and lubricating oil;”;
- and

(d) by deleting paragraph (n) of the definition of “ship management services” and substituting the following paragraph:

5 “(n) liaising with the relevant competent authorities or bodies on safety and manning requirements for it and any other similar matters;”.

[22 Feb 2010]

Amendment of section 13W

10 **8.** Section 13W of the principal Act is amended by inserting immediately after subsection (4), the following subsection:

“(5) Subsection (1) ceases to apply with effect from the year of assessment 2024.”.

[Gazette Date]

Amendment of section 13Z

15 **9.** Section 13Z of the principal Act is amended —

(a) by deleting the words “or SFRS for Small Entities” in subsections (6)(d) and (7)(b) and substituting in each case, the words “, SFRS for Small Entities or FRS 109”; and

20 (b) by deleting the full stop at the end of the definitions of “ “FRS 39” and “SFRS for Small Entities” ” in subsection (9) and substituting a semi-colon, and by inserting immediately thereafter the following definition:

“ “FRS 109” has the meaning given to that expression in section 34AA(9).”.

25 [Gazette Date]

Amendment of section 14

10. Section 14(1) of the principal Act is amended by deleting paragraphs (fb) and (fc) substituting the following paragraphs:

30 “(fb) any sum contributed by an employer in 2013 or any subsequent year to the medisave account maintained under the Central Provident Fund Act in respect of any

of the employer's employees engaged in activities relating to the production of the income of the employer, up to a maximum deduction of —

- (i) \$1,500 per year (for contributions before 2018); or
- 5 (ii) \$2,730 per year (for contributions in 2018 and in each subsequent year)

for each employee's medisave account, less any previous contribution made to that medisave account in that year by the employer in the employer's capacity as
 10 a person of a prescribed description under paragraph (f) (if applicable) and that is deductible under that provision:

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

20 (f) any voluntary contribution in cash made in 2013 or any subsequent year by a person of a description prescribed by the Minister for the purposes of this paragraph, to the medisave account of a self-employed individual maintained under the Central Provident Fund Act, up to
 25 a maximum deduction of —

- (i) \$1,500 per year (for contributions before 2018); or
- (ii) \$2,730 per year (for contributions in 2018 and in each subsequent year)

for each individual's medisave account, less any
 30 previous contribution made to that medisave account in that year by the person of the prescribed description in the person's capacity as an employer under paragraph (f) (if applicable), and that is deductible under that provision;”.

[Gazette Date]

Amendment of section 14D

11. Section 14D of the principal Act is amended —

- 5 (a) by deleting the words “the year of assessment 2012 or a subsequent year of assessment” in subsection (1)(e) and substituting the words “a year of assessment between the years of assessment 2012 and 2017 (both years inclusive)”;
- (b) by deleting the word “and” at the end of subsection (1)(e);
- 10 (c) by deleting “2025” in subsection (1)(f) and substituting “2017”;
- (d) by deleting the full-stop at the end of paragraph (f) of subsection (1) and substituting “; and”, and by inserting immediately thereafter the following paragraph:
- 15 “(g) payments made by that person under any cost-sharing agreement during the basis period for the year of assessment 2018 or a subsequent year of assessment in respect of any research and development (excluding any payment made by the person for the right to become a party to the cost-sharing agreement), regardless of who undertakes the research and development so long as it is undertaken wholly or partly for the person or on the person’s behalf.”;
- 20 (e) by inserting, immediately after the words “subsection (1)(e)” in subsection (3A), the words “or (g)”; and
- 25 (f) by deleting the words “or (f)” in subsection (4A) and substituting the words “, (f) or (g)”.

[Gazette Date]

Amendment of section 14DA

30 **12.** Section 14DA of the principal Act is amended —

- (a) by deleting paragraph (b) of the definition of V in subsection (1) and substituting the following paragraph:

“(b) the amount in one of the following subparagraphs, whichever is applicable:

- 5 (i) in the case of a year of assessment between the years of assessment 2012 and 2017 (both years inclusive), the amount in subsection (2A) of payments made during the basis period by the person under a cost-sharing agreement (excluding any payment made for the right to become a party to the cost-sharing agreement) —
- 10 (A) for any local research and development; or
- (B) for that part of any mixed research and development that is undertaken in Singapore,
- 15 regardless of who undertakes the research and development so long as it is undertaken wholly or partly for the person or on the person’s behalf;
- 20 (ii) in the case of a year of assessment between the years of assessment 2018 and 2025 (both years inclusive), if the person makes any payment during the basis period under a cost-sharing agreement (excluding any payment made for the right to become a party to the agreement), the sum of certain expenditure and payments (up to the maximum amount in subsection (2AA)) that a party to the agreement (whether or not that person) has agreed to bear, namely —
- 25 (A) qualifying expenditure incurred by that person in undertaking a local research and development, or a part of a mixed research and development that is undertaken in Singapore; and
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- 5 (B) the amount mentioned in subsection (2AB) of payments made by that person to a research and development organisation for undertaking a local research and development, or a part of a mixed research and development in Singapore, on that person's behalf.”;
- 10 (b) by inserting, immediately before the words “the amount referred to in subsection (2A)” in paragraph (b) of the definition of X in subsection (2)(b), the words “subject to subsection (2AD),”; and
- 15 (c) by inserting, immediately after subsection (2A), the following subsections:
- 20 “(2AA) For the purposes of paragraph (b)(ii) of the definition of V in subsection (1), the maximum amount is the amount of deduction allowed to the person in respect of payments made during that basis period under that cost-sharing agreement under section 14D(1)(g).
- (2AB) In paragraph (b)(ii)(B) of the definition of V in subsection (1), the amount is the higher of the following:
- 25 (a) the part of those payments made to the research and development organisation that are for qualifying expenditure; and
- (b) 60% (or such other percentage as may be prescribed by rules made under section 7) of the sum of all of the payments made to the research and development organisation.
- 30 (2AC) For the purposes of paragraph (b)(ii) of the definition of V in subsection (1) (read with subsections (2AA) and (2AB)), and paragraph (b)(ii) of the definition of X in subsection (2), where there is more than one cost-sharing agreement or research and development organisation, each amount in those
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provisions relating to a cost-sharing agreement or research and development organisation is to be computed for every agreement or organisation (as the case may be), and the amounts so computed for every agreement or organisation aggregated.

(2AD) The amount mentioned in paragraph (b) of the definition of X in subsection (2)(b) is, in the case of the year of assessment 2018, subject to a maximum amount computed in accordance with the formula

$$A - B$$

Where A is the amount of deduction allowed to the person in respect of payments made during that basis period under that cost-sharing agreement under section 14D(1)(g); and

B is the amount computed under paragraph (b)(ii) of the definition of V in subsection (1) in relation to the same cost-sharing agreement.”.

[Gazette Date]

Amendment of section 14I

13. Section 14I of the principal Act is amended by inserting, immediately after subsection (4), the following subsection:

“(4A) Where —

- (a) a loan is transferred by a bank or qualifying finance company (called in this subsection the transferor) to another bank or qualifying finance company (called in this subsection the transferee);
- (b) the transfer is not pursuant to a qualifying amalgamation within the meaning of section 34C(2);
- (c) a provision for a doubtful debt arising from that loan is also transferred by the transferor to the transferee; and
- (d) a deduction of an amount in respect of a provision for a doubtful debt arising from that loan was previously allowed under this section to the transferor,

then —

- 5 (i) in a case where both the transferor and the transferee are in the business of lending money on the date of the transfer, the deduction previously allowed to the transferor is treated, for the purposes of this section, as having been allowed to the transferee under this section;
- 10 (ii) in any other case, the provision is treated as a trading receipt of the transferor for the basis period in which the date of transfer falls.”.

[Gazette Date]

Amendment of section 15

14. Section 15 of the principal Act is amended by inserting, immediately after subsection (2B), the following subsection:

- 15 “(2C) Subsection (1) (other than paragraphs (b) and (d)) does not apply to a deduction under section 14D for any payment mentioned in section 14D(1)(g).”.

[Gazette Date]

Amendment of section 19A

- 20 **15.** Section 19A(6) of the principal Act is amended by deleting the words “on or after 1st January 1996 any certified energy-efficient equipment as a replacement for any other equipment, or has installed on or after that date any certified energy-saving equipment” and substituting the words “at any time from 1 January 1996 to
25 31 December 2017 (both dates inclusive) any certified energy-efficient equipment as a replacement for any other equipment, or any certified energy-saving equipment”.

[Gazette Date]

Amendment of section 22

- 30 **16.** The principal Act is amended by renumbering section 22 as subsection (1) of that section, and by inserting immediately thereafter the following subsection:

“(2) Expenditure on the provision of machinery or plant excludes any option premium paid under an option agreement entered into for the purpose of hedging against the cost of the acquisition of such machinery or plant.”.

5 [Gazette Date]

Amendment of section 26

17. Section 26 of the principal Act is amended —

(a) by deleting the words “section 34A” in subsection (1) and substituting the words “sections 34A and 34AA”;

10 (b) by deleting subsection (2) and substituting the following subsection:

“(2) An insurer must maintain separate accounts for income derived by it from carrying on each of the following businesses:

15 (a) onshore life business;

(b) offshore life business;

(c) the business (other than the business of life assurance) of insuring and reinsuring onshore risks;

20 (d) the business (other than the business of life assurance) of insuring and reinsuring offshore risks.”;

(c) by deleting paragraphs (b) and (c) of subsection (3) and substituting the following paragraph:

25 “(b) either —

(i) deducting from the balance so arrived at the net increase between the beginning and ending values of the period for which the gains or profits are ascertained, of the liabilities of the insurer in respect of policies other than life policies, both values being

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determined in accordance with the Insurance Act; or

- 5 (ii) adding to the balance so arrived at the net decrease between the beginning and ending values of the period for which the gains or profits are ascertained, of the liabilities of the insurer in respect of policies other than life policies, both values being determined in accordance with the Insurance Act; and”;
- 10 (d) by deleting the words “offshore risk or any other risks” in subsection (4) and substituting the words “any risks”;
- (e) by inserting, immediately after subsection (4), the following subsection:
- 15 “(5) For the purposes of subsection (3)(b), if, during the period for which the gains or profits are ascertained, any insurance business (excluding life insurance business) is transferred by or to the insurer, then —
- (a) in a case where the business is transferred by the insurer, the liabilities of the insurer, immediately before the date of the transfer, in respect of policies that form part of that business, are to be added to the ending value mentioned in that provision;
- 20 (b) in a case where the business is transferred to the insurer, the liabilities of the transferor immediately before the date of the transfer, in respect of policies that form part of that business, are to be added to the opening value mentioned in that provision.”;
- 25 (f) by inserting, immediately before the words “life insurance surplus” in subsection (6)(a)(v), the word “onshore”;
- 30 (g) by deleting the words “Notwithstanding subsection (6), in the case of a life insurer which has income subject to tax at the concessionary rate of tax prescribed by regulations made under section 43C, in ascertaining the income for the
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purposes of those regulations —” in subsection (7) and substituting the words “Despite subsection (6), the following paragraphs apply for the purposes of ascertaining the income of a life insurer approved under section 43C before 1 June 2017, that is subject to tax at the concessionary rate by regulations made under section 43C(1)(a).”;

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

“(7A) Despite subsection (6), the following paragraphs apply for the purposes of ascertaining the income of a life insurer approved under section 43C on or after 1 June 2017, that is subject to tax at a concessionary rate by regulations made under section 43C(1)(a):

(a) only such part of the following income relating to reinsurance policies as may be specified in those regulations may be included:

(i) the onshore life insurance surplus, and offshore life insurance surplus (as the case may be), of the insurer; and

(ii) the income of the shareholders’ fund established in Singapore attributable to the insurer’s onshore life reinsurance business and offshore life reinsurance business (as the case may be); and

(b) the income in paragraph (a) and any item of expenditure not directly incurred in the production of such income must be apportioned in such manner as may be prescribed by those regulations.”;

(i) by inserting, immediately after “(7)” in subsection (9), “, (7A)”;

(j) by deleting the definition of “life insurance surplus” in subsection (12) and substituting the following definition:

““life insurance fund” means the insurance fund established and maintained by an insurer under section 17(1) of the Insurance Act for its life insurance business;”;

5 (k) by deleting the words “established and maintained under the Insurance Act” wherever they appear in the definitions of “offshore life business” and “offshore life insurance surplus” in subsection (12);

10 (l) by inserting, immediately after the definition of “offshore life business” in subsection (12), the following definitions:

““offshore life insurance surplus”, in relation to an insurer under subsection (7A)(a)(i), means the amount ascertained —

(a) by taking the sum of —

15 (i) the gross premiums (including consideration paid or payable for the purchase of annuities) from its offshore non-participating reinsurance policies of any life insurance fund (less any premiums returned to the insured and premiums paid or payable on reinsurance);

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25 (ii) the net decrease between the beginning and ending values of the policy liabilities of the part of any life insurance fund relating to its offshore non-participating reinsurance policies of the period for which the gains or profits are ascertained, both values being determined in accordance with the Insurance Act; and

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35 (iii) the investment income and gains or profits derived from the sale of investments and other income, whether derived from Singapore or

elsewhere, of the part of any life insurance fund relating to its offshore non-participating reinsurance policies; and

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(b) by deducting from that sum —

- (i) distribution expenses and management expenses incurred in the production of the income in paragraph (a) and, in respect of a branch in Singapore, a fair proportion of the expenses of its head office;
- (ii) policy moneys paid or payable in respect of its offshore non-participating reinsurance policies;
- (iii) moneys paid or payable on the surrender of its offshore non-participating reinsurance policies; and
- (iv) the net increase between the beginning and ending values of the policy liabilities of the part of any life insurance fund relating to its offshore non-participating reinsurance policies of the period for which the gains or profits are ascertained, both values being determined in accordance with that Act;”

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

(m) by inserting, immediately after the definition of “offshore risk” in subsection (12), the following definitions:

““onshore life business” means the business of insuring or reinsuring the liability of a life policy, or accident and health policy, of any life insurance fund, being a Singapore policy within the meaning of the Insurance Act;

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“onshore life insurance surplus”, in relation to an insurer in subsection (7A)(a)(i), means the amount ascertained —

(a) by taking the sum of —

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(i) the gross premiums (including consideration paid or payable for the purchase of annuities) from its Singapore non-participating reinsurance policies of any life insurance fund (less any premiums returned to the insured and premiums paid or payable on reinsurance);

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(ii) the net decrease between the beginning and ending values of the policy liabilities of the part of any life insurance fund relating to its Singapore non-participating reinsurance policies of the period for which the gains or profits are ascertained, both values being determined in accordance with the Insurance Act; and

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(iii) the investment income and gains or profits derived from the sale of investments and other income, whether derived from Singapore or elsewhere, of the part of any life insurance fund relating to its Singapore non-participating reinsurance policies; and

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(b) by deducting from that sum —

- 5 (i) distribution expenses and management expenses incurred in the production of the income in paragraph (a) and, in respect of a branch in Singapore, a fair proportion of the expenses of its head office;
- 10 (ii) policy moneys paid or payable in respect of its Singapore non-participating reinsurance policies (less any amount recovered or recoverable in respect of those policies under reinsurance);
- 15 (iii) moneys paid or payable on the surrender of its Singapore non-participating reinsurance policies; and
- 20 (iv) the net increase between the beginning and ending values of the policy liabilities of the part of any life insurance fund relating to its Singapore non-participating reinsurance policies of the period for which the gains or profits are
- 25 ascertained, both values being determined in accordance with that Act;

“onshore life insurance surplus”, in relation to the non-participating fund and the investment-linked fund of an insurer, means the amount

30 ascertained —

- (a) by taking the sum of —
- 35 (i) the gross premiums (including consideration paid or payable for the purchase of annuities) from Singapore

5 non-participating and Singapore investment-linked policies of any life insurance fund (less any premiums returned to the insured and premiums paid or payable on reinsurance);

10 (ii) the net decrease between the beginning and ending values of the policy liabilities of any life insurance fund relating to Singapore non-participating and Singapore investment-linked policies of the period for which the gains or profits are ascertained, both values being determined in accordance with the Insurance Act; and

15 (iii) the investment income and gains or profits derived from the sale of investments and other income, whether derived from Singapore or elsewhere, of any life insurance fund relating to Singapore non-participating and Singapore investment-linked policies; and

20 (b) by deducting from that sum —

25 (i) distribution expenses and management expenses incurred in the production of the income in paragraph (a) and, in respect of a branch in Singapore, a fair proportion of the expenses of its head office;

30 (ii) policy moneys paid or payable in respect of Singapore non-participating and Singapore investment-linked policies (less any amount recovered or recoverable in respect thereof under reinsurance);

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- (iii) moneys paid or payable on the surrender of Singapore non-participating and Singapore investment-linked policies; and
- 5 (iv) the net increase between the beginning and ending values of the policy liabilities of any life insurance fund relating to Singapore non-participating and Singapore investment-linked policies of the
- 10 period for which the gains or profits are ascertained, both values being determined in accordance with that Act;

15 “onshore life reinsurance business” means the business of reinsuring the liability of a life policy, or accident and health policy, of any life insurance fund, being a Singapore policy within the meaning of Insurance Act;

20 “onshore risk” means a risk or liability that is insured by a policy of a general insurance fund established and maintained under the Insurance Act, being a Singapore policy within the meaning of that Act;”;
and

25 (n) by inserting, immediately after subsection (12), the following subsection:

30 “(13) For the purposes of paragraphs (a)(ii) and (b)(iv) of both definitions of “onshore life insurance surplus”, and paragraphs (a)(ii) and (b)(iv) of both definitions of “offshore life insurance surplus” in subsection (12), if, during the period for which the gains or profits are ascertained, any life insurance business is transferred by or to the insurer, then —

35 (a) in a case where the business is transferred by the insurer, the liabilities of the insurer immediately

before the date of the transfer, in respect of policies that form part of that business, are to be added to the ending value mentioned in each of those provisions;

- 5 (b) in a case where the business is transferred to the insurer, the liabilities of the transferor immediately before the date of the transfer, in respect of policies that form part of that business, are to be added to the beginning value mentioned
10 in each of those provisions.”.

[paragraphs (a), (c), (e) and (n): Gazette Date; paragraphs (b), (d), (f) to (m): 1/6/17]

Amendment of section 34A

18. Section 34A of the principal Act is amended by inserting, immediately after the words “financial instruments” in the section
15 heading, the words “resulting from FRS 39 or SFRS for Small Entities”.

[Gazette Date]

New section 34AA

19. The principal Act is amended by inserting, immediately after
20 section 34A, the following section:

“Adjustment on change of basis of computing profits of financial instruments resulting from FRS 109

- 25 **34AA.**—(1) Despite the provisions of this Act but subject to section 34G(3), (4) and (5), the amount of any profit, loss or expense in respect of any financial instrument of a qualifying person for any year of assessment that is chargeable to tax, or for which a deduction may be allowed, under sections 10, 14, 14I and 37, is that which, in accordance with FRS 109, is recognised in determining any profit, loss or expense in respect of that
30 financial instrument for that year of assessment.

- (2) To avoid doubt, subsection (1) does not apply to anything recognised in accordance with FRS 109, that is capital in nature.

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

- 5 (a) where a qualifying person to whom section 10(12)(b) applies derives interest from a negotiable certificate of deposit or derives a gain or profit from the sale of that certificate, the person's income from that certificate or sale must be treated in the manner set out in
- 10 section 10(12);
- (b) where a qualifying person derives interest from debt securities, the interest that is chargeable to tax under section 10(1)(d) is the amount computed at the applicable contractual interest rate and not at the
- 15 effective interest rate;
- (c) any amount of profit or expense in respect of a loan for which no interest is payable must be disregarded;
- (d) where the creditor and debtor of a loan did not deal with each other at arm's length, the interest income chargeable to tax, and the interest expense allowable as a deduction, are the amounts of such income and expense that are computed at the applicable contractual interest rate and not at the effective tax rate;
- 20 (e) in a case where section 14(1)(a) applies, only interest expense incurred in respect of the money borrowed that is computed at the applicable contractual interest rate is allowed as a deduction under that provision;
- 25 (f) any amount of profit or loss in respect of a hedging instrument acquired under a bona fide commercial arrangement for the sole purpose of hedging against any risk, must be disregarded, if the underlying asset or liability is employed or intended to be employed as capital;
- 30 (g) any amount of expected credit losses of a financial instrument that is not credit-impaired, being losses that
- 35

are recognised in accordance with FRS 109 in determining the profit or loss of such instrument, must be disregarded;

- 5 (h) in a case where the qualifying person is a bank or qualifying finance company, the provisions in section 14I applies (subject to the regulations made under subsection (7)(b)) in relation to the following as they apply in relation to a provision for doubtful debts arising from the person's loans:
- 10 (i) any provision made by the qualifying person for an expected credit loss arising from a loan that is not credit-impaired;
- 15 (ii) any allowance made by the qualifying person for a loan as required by a notice or direction of the Monetary Authority of Singapore given under section 55 of the Banking Act (Cap. 19), section 30 of the Finance Companies Act (Cap. 108), or section 28(3) of the Monetary Authority of Singapore Act (Cap. 186);
- 20 (i) where an equity instrument on revenue account of a qualifying person that is measured at fair value through other comprehensive income is disposed of, an amount prescribed as the gain or loss to the qualifying person on such disposal, is chargeable to tax, or is to be
- 25 allowed as deduction;
- (j) a gain from discounts or premiums on debt securities, being a gain chargeable to tax under section 10(1)(d) —
- 30 (i) is treated as accruing only on the maturity or redemption of the debt securities; and
- (ii) is treated as equal to the difference between the amount received on the maturity or redemption of the debt securities and the amount for which the debt securities were first issued;
- 35 (k) in a case where a qualifying person issues debt securities at a discount or redeems issued debt securities

at a premium, and section 14(1)(a) applies in respect of the outgoing represented by such discount or premium, such outgoing is treated to be incurred and deductible only when it is paid on the maturity or redemption of the debt securities and —

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(i) in the case of debt securities issued in the basis period relating to the year of assessment 2008 or subsequent years of assessment, to be equal to the difference between the amount paid on the maturity or redemption of the debt securities and the amount for which the debt securities were first issued; or

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(ii) in the case of debt securities issued before the basis period relating to the year of assessment 2008, to be equal to such part of the difference in sub-paragraph (i) that would be attributable to the year of assessment 2008 and subsequent years of assessment;

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(l) in a case where —

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(i) a qualifying person issues debt securities at a discount or redeems issued debt securities at a premium;

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

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

such part of the outgoing that is attributable to the embedded derivative is not deductible.

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(4) In a case where —

(a) a loan is transferred by a qualifying person (being a bank or qualifying finance company) (called in this paragraph the transferor) to another bank or qualifying

finance company (called in this paragraph the transferee);

- (b) the transfer is not pursuant to a qualifying amalgamation within the meaning of section 34C(2);
- 5 (c) a provision for an expected credit loss arising from that loan that is credit-impaired, being a loss that is recognised in accordance with FRS 109 in determining the profit or loss of such loan, is also transferred by the transferor to the transferee; and
- 10 (d) a deduction of an amount in respect of a provision for a doubtful debt arising from that loan was previously allowed under section 14 (read with this section or section 34A) to the transferor,

then, despite any provision in this Act —

- 15 (i) in a case where both the transferor and the transferee are in the business of lending money on the date of the transfer, the deduction previously allowed to the transferor is treated, for the purposes of section 14, as having been allowed to the transferee under that
- 20 section; and
- (ii) in any other case, the provision is treated as a trading receipt of the transferor for the basis period in which the date of transfer falls.

(5) A person who is not a qualifying person under
25 paragraph (a) or (b) of the definition of that term in subsection (9), may apply to the Comptroller for approval to be a qualifying person; and if the Comptroller approves the application, that person is a qualifying person starting from the year of assessment of the basis period in which the approval is
30 granted or such later year of assessment as the Comptroller may approve.

(6) If —

- (a) any gain, loss or expense in respect of a financial instrument of a qualifying person to which

subsection (1) applies is recognised under FRS 109 on a certain date;

- 5 (b) it is not possible to determine, on the date the return of income of the qualifying person is filed for a year of assessment of a basis period in which the date mentioned in paragraph (a) falls, whether that gain, loss or expense is capital or revenue in nature;
- 10 (c) because of this, the gain was not charged with tax or a deduction was allowed for that loss or expense (as the case may be); and
- 15 (d) the Comptroller later discovers that the gain ought to have been charged with tax as it is revenue in nature, or a deduction ought not to have been allowed for the expense or loss as it is capital in nature (as the case may be),

then, and despite anything in this Act, the amount of the gain, loss or expense is treated as the income of the person for the year of assessment of the basis period in which the date of discovery falls.

20 (7) For the purposes of this section, the Minister may make regulations —

- (a) to provide for any transitional, supplementary or consequential matter, including —
 - 25 (i) treating a specified amount of any profit in respect of a financial instrument of a person, being an amount recognised under FRS 109 as such profit as of a date before the date the person becomes a qualifying person, as the person's income for a specified year of assessment; and
 - 30 (ii) allowing a specified amount of any loss or expense in respect of a financial instrument of a person, being an amount recognised under FRS 109 as such loss or expense as of a date before the date the person becomes a qualifying person, as a

deduction against the person's income for a specified year of assessment;

(b) to provide that section 14I apply to an allowance mentioned in subsection (3)(h) for a prescribed period;

5 (c) to prescribe anything required or permitted to be prescribed under this section; and

(d) generally to give effect to or for carrying out the purposes of this section.

10 (8) The regulations under subsection (7) may prescribe different amounts for the purposes of subsection (3)(i) for different descriptions of instruments.

(9) In this section —

“bank”, “loan” and “qualifying finance company” have the same meanings as in section 14I(7);

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

“debt securities” has the same meaning as in section 43N(4);

20 “FRS 109” means the financial reporting standard known as Financial Reporting Standard 109 (Financial Instruments) that is made by the Accounting Standards Council under Part III of the Accounting Standards Act (Cap. 2B), as amended from time to time;

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

“qualifying person”, in relation to any year of assessment, means —

30 (a) in the case of a year of assessment for a basis period beginning on or after 1 January 2018, a person who is required to prepare or maintain financial accounts in accordance with FRS 109 for that basis period;

(b) in the case of a year of assessment for a basis period beginning on a date before 1 January 2018, a person mentioned in paragraph (a) who prepares or maintains financial accounts in accordance with FRS 109 for that basis period; or

(c) in any case, a person who is treated as a qualifying person under subsection (5).

(10) Any term used in this section and not defined in this section but defined in FRS 109, has the same meaning as in FRS 109.”.

[Gazette Date]

Amendment of section 34D

20. Section 34D of the principal Act is amended —

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

“(1) Subsection (1A) applies where —

(a) 2 persons are related parties;

(b) conditions are made or imposed between them in their commercial or financial relations (called in this section “actual commercial or financial relations”) which differ from conditions which would be made or imposed if they were not related parties dealing independently with one another in comparable circumstances (called in this section “arm’s length conditions”); and

(c) had the arm’s length conditions been made or imposed —

(i) the amount of the income of one of those persons for a year of assessment would be greater;

(ii) the amount of any deduction or allowance that may be allowed or made to one of those

persons for a year of assessment would be less; or

- (iii) the amount of any loss of one of those persons for a year of assessment would be less.

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(1A) The Comptroller may make one or more of the following adjustments in that case, as appropriate:

- (a) increase the amount of the income of the person mentioned in subsection (1)(c)(i) for the year of assessment;
- (b) reduce the amount of the deduction or allowance that may be allowed or made to the person mentioned in subsection (1)(c)(ii) for the year of assessment;
- (c) reduce the amount of the loss of the person mentioned in subsection (1)(c)(iii) for the year of assessment.

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(1B) The identification of the arm's length conditions in subsection (1)(b) must be carried out —

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- (a) on the basis of the actual commercial or financial relations between the 2 persons; and
- (b) by taking into account both the form and substance of those relations, but disregarding the form of those relations to the extent it is inconsistent with their substance.

(1C) Despite subsection (1B) —

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- (a) if persons who were not related parties would in comparable circumstances enter into substantially different commercial or financial relations than the actual commercial or financial relations, then the identification of the arm's length conditions must be carried out on the basis of the first-mentioned relations; and

5 (b) if persons who were not related parties would in comparable circumstances not enter into any commercial or financial relations, then the identification of the arm's length conditions must be carried out on the basis of the absence of any commercial or financial relations.

10 (1D) The amount of income that is increased under subsection (1A)(a) is treated as accruing in or derived from Singapore or received in Singapore from outside Singapore, as the case may be.”; and

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

15 “(2A) Nothing in this section prevents the applicability of subsection (1) to a case, or the decision of the Comptroller under subsection (1A) on a case, from being questioned in an appeal against an assessment in accordance with Part XVIII.”.

[Gazette Date]

New sections 34E and 34F

20 **21.** The principal Act is amended by inserting, immediately after section 34D, the following sections:

“Surcharge on transfer pricing adjustments

34E.—(1) Where the Comptroller, in relation to the year of assessment 2019 or any subsequent year of assessment —

- 25 (a) increases the amount of the income of a person under section 34D(1A)(a);
- (b) reduces the amount of any deduction or allowance allowed or made to a person under section 34D(1A)(b); or
- 30 (c) reduces the amount of any loss of a person under section 34D(1A)(c),

a surcharge equal to 5% of the amount of the increase or reduction (as the case may be) is recoverable by the Comptroller from the person as a debt due to the Government.

5 (2) Despite any objection to or an appeal lodged against an assessment made pursuant to any adjustment under section 34D(1A), the surcharge is payable within 30 days starting from the date a written notice of the surcharge is served personally or by registered post on the person.

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

15 (4) Sections 86(1) to (6), 87(1) and (2), 89, 90 and 91 apply to the collection and recovery of a surcharge as they apply to the collection and recovery of tax.

(5) The Comptroller may, for any good cause, remit wholly or in part, any surcharge payable under this section.

20 (6) If, upon an objection under section 76 or an appeal under Part XVIII, an assessment made pursuant to an adjustment under section 34D(1A) is varied or annulled, then the surcharge is correspondingly increased, reduced or annulled (as the case may be), and —

25 (a) if the surcharge is increased, subsections (1) to (5) apply to the increased amount of the surcharge as they apply to the surcharge; or

(b) if the surcharge is reduced or annulled and it has already been paid to the Comptroller, the amount of the reduction or the entire amount must be refunded.

Transfer pricing documentation

30 **34F.**—(1) This section applies to a company, firm or trustee of a trust —

(a) if the gross revenue of the company, firm or trust for the basis period concerned (being the basis period for

the year of assessment 2019 or a subsequent year of assessment) is more than \$10 million; or

- (b) if documentation under subsection (2) is required to be prepared for a transaction undertaken by the company, the firm or the trustee on behalf of the trust in the basis period immediately before the basis period concerned.

(2) Unless exempt by rules made under section 7, each of the following, namely:

- (a) the company;
 (b) the person making a return of the income of the firm;
 (c) the trustee,

must prepare documentation (called in this section “transfer pricing documentation”) that complies with subsection (4) for each transaction undertaken by the company, the firm or the trustee on behalf of the trust (as the case may be), with a related party in the basis period.

(3) In subsection (2)(b), the person making a return of the income of a firm is, in the case of a partnership, the person responsible for doing so under section 71.

(4) The transfer pricing documentation —

- (a) must be prepared no later than the time for the making of the return of the income of the company, the firm or the trustee in relation to the trust for the year of assessment;
 (b) must contain such details as may be prescribed by rules under section 7 of the commercial or financial relations of the parties as respects the transaction, the conditions made or imposed between them as respects the transaction, as well as an explanation as to whether those conditions are arm’s length conditions within the meaning of section 34D(1)(b); and

(c) must comply with all other requirements as to their form and content as may be prescribed by rules under section 7.

5 (5) The person in subsection (2)(a), (b) or (c) must retain in safe custody transfer pricing documentation prepared by the person for each transaction, for a period of at least 5 years from the end of the basis period in which the transaction took place.

10 (6) The Comptroller may, by written notice served on a person in subsection (2)(a), (b) or (c) personally or by registered post, require the person to furnish to the Comptroller a copy of any transfer pricing documentation prepared by the person, and the person must comply with the requirement within 30 days starting from the date the notice is served on the person.

(7) A person who —

- 15 (a) fails to comply with subsection (2), (5) or (6); or
 (b) in purported compliance with subsection (6), provides to the Comptroller any documentation that the person knows to be false or misleading in a material particular,

20 shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000.

(8) The Comptroller may compound any offence under subsection (7).

(9) In this section —

“firm” includes a partnership;

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

[Gazette Date]

New sections 34G and 34H

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

“Modification of provisions for companies redomiciled in Singapore

34G.—(1) This section applies to a body corporate incorporated outside Singapore —

- 5 (a) that is registered as a company limited by shares under Part XA of the Companies Act (Cap. 50) (called in this section redomiciled company); and
- (b) that has never, at any time before its registration date, carried on any trade or business in Singapore.

10 ***Interpretation***

(2) In this section —

“FRS 109” has the same meaning as in section 34AA(9);

“registration” means registration under section 359(1) of the Companies Act;

15 “registration date”, in relation to a redomiciled company, means the date of its registration specified in the notice of transfer of registration issued to it under section 359(3) of the Companies Act.

Deductions for bad debts and impairment losses for debts

20 (3) Despite sections 10(1), 14(1)(d) and 34AA(1), where a redomiciled company incurred any debt in any trade or business before its registration date and, at any time on or after that date, the debt is written off as bad or impairment loss is provided for that debt —

- 25 (a) no deduction is allowed for the debt or any provision made for it ; and
- (b) any amount recovered from the debt is not chargeable to tax.

Deductions for impairment losses

30 (4) Despite sections 10(1) and 34AA(1), where a redomiciled company incurs any impairment loss from any financial asset on

revenue account before its registration date, any amount of the loss that is reversed after that date is not chargeable to tax.

(5) Where a redomiciled company incurs on or after its registration date any impairment loss from any financial asset on revenue account that is acquired by the company before that date —

(a) the company is allowed a deduction for that loss to the extent that it becomes credit-impaired within the meaning of FRS 109; and

(b) any amount of that loss that is subsequently reversed is chargeable to tax to the extent of the deduction allowed under paragraph (a).

(6) Subsections (4) and (5) do not apply to an impairment loss from a debt to which subsection (3) applies.

Deductions for expenses

(7) No deduction is allowed under section 14 for any expense incurred by a redomiciled company before its registration date and for which it has been allowed or given any deduction or relief under any law of a country outside Singapore that levies tax of a similar character to income tax (by whatever name called).

Deductions for trading stocks

(8) For the purposes of determining the amount of deduction to be allowed to a redomiciled company under any provision of this Act for any trading stock that it acquired before its registration date, the value of the trading stock is the lower of the following:

(a) the cost of the trading stock to the company;

(b) the net realisable value of the trading stock on that date.

Deductions under sections 14A, 14D, 14Q, 14S and 14U

(9) Despite anything in sections 14A, 14D, 14Q, 14S and 14U, a redomiciled company may only make a claim for a deduction

under any of those sections for any cost, payment or expenditure incurred or made before its registration date, if —

- 5
- (a) the company did not carry out any trade or business outside Singapore at any time before its registration date; and
 - (b) such cost, payment or expenditure is incurred or made solely for the purpose of a trade or business in Singapore.

10 (10) The deduction under section (9) may only be allowed for the year of assessment relating to the basis period in which the trade or business is commenced in Singapore.

Allowances for machinery or plant under section 19

- 15 (11) Where a redomiciled company —
- (a) incurred capital expenditure before that date to acquire any machinery or plant; and
 - (b) uses the machinery or plant for the purposes of a trade or business in Singapore on or after that date,

20 then an initial allowance may be made to the company for that capital expenditure, and an annual allowance may be made to the company for the depreciation by wear or tear of that machinery or plant, in accordance with section 19 as modified under subsection (12).

25 (12) Section 19 applies in relation to the making of initial and annual allowances to a redomiciled company under subsection (11), and to initial and annual allowances so made, subject to the following modifications:

- 30
- (a) the allowances may only be made under that section if the trade or business is carried on in Singapore on or after its registration date;
 - (b) the capital expenditure is treated as having been incurred for the provisioning of the machinery or equipment for that trade or business;

(c) except as provided under paragraph (d), the allowances under that section may only be made in respect of the lower of the following:

5 (i) the net book value of the machinery or plant as of the registration date;

(ii) the market value of the machinery or plant as of that date;

and the capital expenditure incurred in acquiring that machinery or plant, and the original cost of the machinery or plant, is treated as being equal to that lower amount;

10 (d) for the purposes of making the initial allowance under section 19(1) to the company for machinery or plant that is acquired under a hire-purchase agreement, the reference in that provision to the capital expenditure is a reference to an amount computed by the formula

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

where A is —

20 (i) in the first year of claim for that allowance, the sum of all deposits and instalment payments (excluding finance charges) made up to the end of the basis period in which the date of commencement of the trade or business falls; and

25 (ii) in each subsequent year of claim for that allowance, the sum of all instalment payments (excluding finance charges) made in the basis period to which the claim relates;

B is the sum of all deposits and instalment payments (excluding any finance charges) under the hire-purchase agreement;

30 C is the lower amount of the machinery or plant mentioned in paragraph (c);

(e) for the purposes of making the initial allowance to the company, the capital expenditure is treated as having been incurred by the company on the first day on which it carries on that trade or business;

5 (f) subsections (1B), (2)(b), (4), (5) and (5B) of section 19 do not apply; and

(g) such other modifications as may be prescribed.

(13) Except as provided under subsection (11), no allowance may be made under section 19 to a redomiciled company to which subsection (11)(a) and (b) apply, in relation to any capital expenditure mentioned in subsection (11)(a).

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Allowances for machinery, plant, etc., under section 19A

(14) Where a redomiciled company —

(a) incurred capital expenditure before that date to acquire any item mentioned in section 19A(1), (2), (3), (4), (5), (6), (7) or (8) or develop a website mentioned in section 19A(10); and

15

(b) uses such item or website for the purposes of a trade or business in Singapore on or after that date,

20 then an allowance may be made to the company, in lieu of the allowances under section 19 (as applied by subsection (11), for the capital expenditure under section 19A(1), (2), (3), (4), (5), (6), (7), (8) or (10) (whichever is applicable), as modified under subsection (15).

25 (15) Section 19A applies in relation to the making of an allowance under subsection (14), and to any allowance so made, subject to the following modifications:

(a) the allowance may only be made under that section if the trade or business is carried on in Singapore on or after its registration date;

30

(b) the capital expenditure is treated as having been incurred for the provision of the item or website for that trade or business;

(c) the allowance may only be made in respect of the lower of the following:

(i) the net book value of the item or website as of the registration date;

5 (ii) the market value of the item or website as of that date,

and the capital expenditure incurred on the provision of the item or website for the trade or business, and the original cost of the item in section 19A(10C) (if applicable), is treated as being equal to that lower amount;

10 (d) subsections (1B) to (1D), (2A) to (2K), (9), (9A), (13A), (13B), and (16) to (18) of section 19A do not apply; and

15 (e) such other modifications as may be prescribed.

(16) Except as provided under subsection (14), a redomiciled company to which subsection (14)(a) and (b) apply is not eligible for any allowance under section 19A in relation to any capital expenditure mentioned in subsection (14)(a).

20 ***Writing-down allowances for intellectual property rights under section 19B***

(17) Where a redomiciled company —

(a) incurred capital expenditure in acquiring any intellectual property rights before that date; and

25 (b) uses those rights for a trade or business in Singapore on or after that date,

then writing-down allowances may be made to the company for the capital expenditure, in accordance with section 19B as modified by subsection (18).

30 (18) Section 19B applies in relation to the making of writing-down allowances to a redomiciled company under subsection (17), and to writing-down allowances so made, subject to the following modifications:

- (a) the allowances may only be made under that section if the trade or business is carried on in Singapore on or after its registration date;
- 5 (b) the capital expenditure is treated as having been incurred for the acquisition of those intellectual property rights for use in that trade or business;
- (c) the allowances may only be made in respect of the lower of the following:
- 10 (i) the acquisition cost of the intellectual property rights less accumulated amortisation and impairment losses as of the registration date,
- (ii) the open market price of the rights as of that date, and the capital expenditure incurred in acquiring those rights is treated as being equal to that lower amount;
- 15 (d) subsections (1), (1A), (1AA)(b), (1AC), (1B) to (1BC), (1C), (1D), (1E), (2B) to (2E), (8), (9), (10D) to (10K) and (12) of section 19B do not apply;
- (e) the election under section 19B(1AB) must be made at the time of lodgment of the company's return of income for the year of assessment relating to the later of the following:
- 20 (i) the basis period in which the registration date falls; or
- (ii) the basis period in which the date of commencement of the trade or business falls;
- 25 (f) such other modifications as may be prescribed.

(19) In subsection (18)(c), "open-market price", in relation to intellectual property rights, has the meaning given to it in section 19B(10F), with the reference to the acquisition date of those rights substituted with a reference to the registration date of the company.

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(20) Except as provided under subsection (17), a redomiciled company to which subsection (17)(a) and (b) apply is not eligible

for any writing-down allowances under section 19B in respect of any capital expenditure mentioned in subsection (17)(a).

Section 43(6A) inapplicable

(21) Section 43(6A) does not apply to a redomiciled company.

5 ***Regulations***

(22) The Minister may make regulations necessary or convenient to be prescribed for carrying out or giving effect to this section and section 34H, and in particular, make regulations —

- 10 (a) to prescribe anything required or permitted to be prescribed under those sections; and
- (b) to provide for such transitional, supplementary or consequential matters as the Minister considers necessary or expedient.

15 **Tax credits for approved redomiciled companies**

34H.—(1) This section applies where—

- 20 (a) an approved redomiciled company has income (called in this section income A) that is chargeable to tax in one or more years of assessment beginning with the year of assessment for the basis period in which its registration date falls; and
- (b) the company's place of incorporation levies on the company tax of a similar character to income tax (by whatever name called) on an estimate of income A
- 25 (called in this section income B).

(2) The approved eligible company must be allowed, in accordance with subsection (4), a tax credit against tax payable in respect of the part of income A that is derived or received in the basis period for each year of assessment specified by the

30 Minister to the company at the time of its approval (called in this section a specified year of assessment).

(3) The total amount of tax credits to be allowed to the approved domiciled company for all of its specified years of assessment is an amount C that is computed by the formula

$$B \times D$$

5 where —

- (a) B is the amount of income B; and
- (b) D is the lower of the following:
 - (i) the rate by which the part of income A derived or received in the basis period in which its registration date falls is chargeable to tax;
 - 10 (ii) the rate by which income B is chargeable to the tax described in subsection (1)(b) under that provision.

(4) Where, throughout a basis period for a specified year of assessment, the approved redomiciled company —

- 15 (a) is resident in Singapore; and
- (b) satisfies all of the conditions specified by the Minister to it at the time of its approval,

then there is to be allowed, against the amount of tax chargeable on income E, a credit of an amount that is the lower of —

- 20 (i) the amount of tax; and
- (ii) an amount computed by deducting from the amount C, the total amount of tax credits previously allowed under this section against the tax chargeable on the income of the company.
- 25

(5) In subsection (4), a company's income E for a year of assessment is the amount of the part of income A derived or received in the basis period for that year of assessment after deducting the following:

- 30 (a) the expenses and donations allowable under this Act for that year of assessment that are attributable to or apportioned to the part of income A;

(b) any capital allowances for that year of assessment attributable to the part of income A whether or not any claim for those allowances has been made;

5 (c) any balance of the expenses, allowances and donations which have not been deducted under this subsection for the purpose of determining income E for any previous year of assessment.

10 (6) The balance of any expenses, allowances or donations mentioned in subsection (5) may only be used to determine the company's income E for a subsequent specified year of assessment, and is not available as a deduction against any other income of the company.

(7) However, any balance mentioned in subsection (6) that remains —

15 (a) after ascertaining the company's income E for the last of the specified years of assessment; or

(b) as of the date of revocation of the approval of the company,

20 may be deducted against any other income of the company for a subsequent year of assessment, or the year of assessment for the basis period in which the approval is revoked or a subsequent basis period (whichever is applicable), in accordance with section 23 or 37, as the case may be.

25 (8) Any balance of the amount C after a tax credit has been allowed for the last of the specified years of assessment must be disregarded.

30 (9) If, at any time after the registration date, and during a period specified by the Minister to it at the time of its approval, the approved redomiciled company ceases to carry on any trade or business in Singapore, an amount computed using the formula

$$\frac{G}{F} \times H$$

is recoverable by the Comptroller from the company as a debt due to the Government, where —

- (a) F is the total number of its specified years of assessment or 5, whichever is larger;
- (b) G is the total number of complete years where the company carried on a trade or business in Singapore; and
- (c) H is the total amount of tax credits already allowed against the tax chargeable on the income of the company under this section.

(10) If the Comptroller is satisfied that —

- (a) the approved redomiciled company gave to the Comptroller information that is false in any material particular, or omitted any material particular from any information or document given to the Comptroller; and
- (b) as a result of the false information or omission, an amount of tax credit was allowed against tax chargeable on the company's income under this section,

then an amount equal to the amount of tax credit so allowed is recoverable by the Comptroller from the company as a debt due to the Government.

(11) The amount recoverable under subsection (9) or (10) must be paid at the place stated in the notice served by the Comptroller on the person within 30 days after the service of the notice.

(12) The Comptroller may, in the Comptroller's discretion, and subject to such terms and conditions as the Comptroller may impose, extend the time within which payment is to be made.

(13) Sections 86(1) to (6), 87(1) and (2), 89, 90 and 91 apply to the collection and recovery by the Comptroller of the amount recoverable under subsection (9) or (10) as they apply to the collection and recovery of tax.

(14) In this section —

“approved redomiciled company” means a redomiciled company within the meaning of section 34G(1) that is approved by the Minister for the purposes of this section;

“place of incorporation”, in relation to an approved redomiciled company, means the jurisdiction where the company was domiciled at the time it applied for registration under Part XA of the Companies Act (Cap. 50);

“registration” means registration under section 359(1) of the Companies Act;

“registration date”, in relation to an approved redomiciled company, means the date of its registration specified in the notice of transfer of registration issued to it under section 359(3) of the Companies Act.”.

[Gazette Date]

New section 34I

23. The principal Act is amended by inserting, immediately after section 34H, the following section:

“Adjustments arising from adoption of FRS 115

34I.—(1) This section applies where —

- (a) a person prepares or maintains the person’s financial accounts for any basis period for a year of assessment in accordance with FRS 115 for the first time (called in this section the initial year of assessment);
- (b) as a result of the application of FRS 115, an adjustment has to be made to the amount of revenue in the person’s financial accounts in any previous basis period (called in this section the adjusted revenue amount); and
- (c) the statutory income or any exempt income of the person (or, if the person is a partnership, a partner of the person) for the year of assessment for that previous basis period would have been a different amount (called in this section amount A) than the amount actually assessed for that year of assessment (called in this section amount B), if the Comptroller had used the

adjusted revenue amount as the starting point in assessing such income.

(2) Despite any provision of this Act, if amount A exceeds amount B, the excess amount is treated as income of the person or partner (as the case may be) for the initial year of assessment and is subject to one or more tax treatments in accordance with subsection (3).

(3) For the purposes of subsection (2) —

(a) if the total income of the person or partner for the initial year of assessment is subject to a single tax treatment, then the excess amount is subject to that tax treatment;

(b) if different parts of the total income of the person or partner for the initial year of assessment are subject to different tax treatments, then different parts of the excess amount are subject to the different tax treatments, and the part of the excess amount that is subject to each of those tax treatments is computed by the formula

$$\frac{C}{D} \times E$$

Where C is the part of the total income of the person or partner for that year of assessment that is subject to that tax treatment;

D is the total income of the person or partner for that year of assessment;

E is the excess amount.

(4) Despite any provision of this Act, if amount B exceeds amount A, a deduction of the excess amount must be made against the total income of the person or partner (as the case may be) or one or more parts of it for the initial year of assessment according to paragraph (5).

(5) For the purposes of paragraph (4) —

- (a) if the total income of the person or partner for the initial year of assessment is subject to a single tax treatment, then the excess amount must be deducted against that income;
- 5 (b) if different parts of the total income of the person or partner for the initial year of assessment are subject to different tax treatments, then different parts of the excess amount must be deducted against the different parts of the total income, and the part of the excess amount that must be deducted against each part of the total income is computed by the formula
- 10
$$\frac{C}{D} \times E$$

15 Where C is that part of the total income of the person or partner for that year of assessment that is subject to that tax treatment;

D is the total income of the person or partner for that year of assessment;

E is the excess amount.

(6) In this section—

- 20 (a) income is subject to a tax treatment if it is —
- (i) subject to tax at one rate of tax; or
 - (ii) exempt from tax; and
- (b) a reference to making a deduction of an amount against any income that is subject to a tax treatment is —
- 25 (i) if the tax treatment is that mentioned in paragraph (a)(i), allowing that amount as a deduction against the income; or
- (ii) if the tax treatment is that mentioned in paragraph (a)(ii), reducing the income by that amount.

30 (7) In this section —

“FRS 115” means the financial reporting standards known as Financial Reporting Standard 115 (Revenue from Contracts with Customers) issued by the Accounting Standards Council under the Accounting Standards Act (Cap. 2B);

5

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

[Gazette Date]

Amendment of section 37

10 **24.** Section 37 of the principal Act is amended by inserting, immediately after subsection (3J), the following subsection:

“(3K) No approval may be granted for the purposes of subsection (3)(d) for a donation made on or after 21 February 2017.”

15 *[21 Feb 2017]*

Amendment of section 39

25. Section 39(2) of the principal Act is amended by deleting the words “basic healthcare sum prevailing” in paragraph (q) and substituting the words “basic healthcare sum applicable to the individual”.

20

[1 Jan 2017]

Amendment of section 43A

26. Section 43A(2) of the principal Act is amended by inserting, immediately after the words “section 34A” in paragraph (d), the words “, and expected credit loss recognised under FRS 109, as defined in section 34AA”.

25

[Gazette Date]

Amendment of section 43C

27. Section 43C of the principal Act is amended —

(a) by inserting, immediately after the words “approved insurer” in subsection (1)(a), the words “, whose approval is granted before 1 June 2017,”;

5 (b) by inserting, immediately after paragraph (a) of subsection (1), the following paragraph:

10 “(aa) to provide for tax at the rate of 10% to be levied and paid for each year of assessment upon such income as the Minister may specify that is derived by an approved insurer, whose approval is granted on or after 1 June 2017, from the reinsurance of liabilities under policies relating to life business as defined in section 2(1)(a) of the Insurance Act, or such description of general business within the meaning of section 2(1)(b) of that Act, as may be prescribed; and

15

(c) by inserting, immediately after the words “paragraph (a),” in subsection (2), “(aa),”.

[1 June 2017]

Amendment of section 43P

20 **28.** Section 43P of the principal Act is amended —

(a) by deleting the words “qualifying structured commodity financing activities, treasury activities or advisory services in relation to mergers and acquisitions as may be prescribed” in subsection (1)(b) and substituting the words “prescribed

25 qualifying structured commodity financing activities, treasury activities, or advisory services in relation to mergers and acquisitions, as the Minister or a person appointed by the Minister may specify to the company”; and

(b) by deleting the definitions of “global trading company” and “qualifying company” in subsection (3) and substituting the following definitions:

30

““global trading company” means a company that carries on the business of international trading of commodities or commodities derivatives, or of

brokering international trades in commodities, or both;

“qualifying company” means —

- 5 (a) an approved company that carries on the business of international trading of commodities or commodities derivatives; or
- (b) a wholly-owned subsidiary of another company, where the other company carries on the business of international trading of commodities or commodities derivatives,
- 10 that carries on any qualifying structured commodity financing activities, treasury activities, or advisory services in relation to mergers and acquisitions, prescribed under subsection (1).”.

15 [(a) 21 May 2010. (b) Gazette Date]

Amendment of section 43Q

29. Section 43Q(1) of the principal Act is amended by deleting the words “or 12%” and substituting the words “, 12% or 13.5%”.

[1 June 2017]

Amendment of section 43Y

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

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

25 “(1) Despite section 43, tax at the following rate is levied, and must be paid, for each year of assessment upon the income of an approved aircraft leasing company accruing in or derived from Singapore in respect of the leasing of any aircraft or aircraft engine or such other activity as may be prescribed by regulations:

- 30 (a) where the company is approved before 1 April 2017, 5% or 10%, as specified by the Minister or such person as the Minister may appoint;

(b) where the company is approved on or after 1 April 2017, 8%.”; and

(b) by deleting the words “1st March 2007 and 31st March 2017” in subsection (4) and substituting the words “1 March 2007 and 31 December 2022”.

[1 April 2017]

Amendment of section 43Z

31. Section 43Z(4) of the principal Act is amended by deleting the words “1st March 2007 and 31st March 2017” and substituting the words “1 March 2007 and 31 December 2022”.

[1 April 2017]

Amendment of section 43ZD

32. Section 43ZD(4) of the principal Act is amended by deleting the words “1st April 2008 and 31st March 2017” and substituting the words “1 April 2008 and 31 December 2022”.

[1 April 2017]

Amendment of section 43ZF

33. Section 43ZF(8) of the principal Act is amended —

(a) by deleting the words “such as” in paragraph (a) of the definition of “corporate service” and substituting the word “excluding”;

(b) by deleting paragraph (e) of the definition of “corporate service”;

(c) by deleting the words “(such as intellectual property management, risk management, internal audit, budgeting and forecasting)” in paragraph (f) of the definition of “corporate service” and substituting the words “(such as risk management, internal audit, budgeting and forecasting, but excluding intellectual property management)”;

(d) by inserting, immediately after the word “technology” in paragraph (l) of the definition of “corporate service”, the word “support”.

[(a) to (c): Gazette Date; (d): 2 June 2011]

Amendment of section 45

5 **34.** Section 45(5) of the principal Act is amended by deleting the words “the tax required to be deducted” and substituting the words “any tax”.

[Gazette Date]

Amendment of section 45G

10 **35.** Section 45G(2) of the principal Act is amended by deleting the words “18th February 2005 to 31st March 2015” and substituting the words “18 February 2005 to 31 March 2020”.

[1 April 2015]

Amendment of section 49

36. Section 49 of the principal Act is amended —

15 (a) by inserting, immediately after the words “written law” in subsection (1), the words “, but subject to an order made under subsection (7) amending the provisions of the arrangements”; and

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

20 “(7) The Minister may by order amend the provisions of any arrangement in order to give effect to Singapore’s obligations under the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting done at Paris on 24 November
25 2016, as amended from time to time.”.

[Gazette Date]

Amendment of section 74

37. Section 74 of the principal Act is amended —

30 (a) by inserting, immediately after subsection (2), the following subsections:

“(2A) Despite subsection (1), an assessment under that subsection may be made at any time if it is carried out pursuant to an agreement with an authority of a country outside Singapore, that is made in accordance with the procedure under an avoidance of double taxation arrangement with the government of that country, for resolving difficulties arising out of the application of that arrangement (commonly called a mutual agreement procedure).

(2B) Subsection (2A) does not apply to an agreement with an authority of the country outside Singapore on the transfer pricing criteria to be used in relation to a person’s transactions with the person’s related parties over a specified period (commonly called an advance pricing arrangement).”; and

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

“(5) To avoid doubt, the Comptroller may also make an assessment under this section on a person in a case where —

(a) the Comptroller made an advance assessment on the person for a year of assessment; and

(b) because of a subsequent amendment to any written law that applies retroactively to that year of assessment, the person becomes liable to a higher amount of tax.

(6) In this section —

“avoidance of double taxation arrangement” means an arrangement having effect under section 49;

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

[Gazette Date]

New section 80A

38. The principal Act is amended by inserting, immediately after section 80, the following section:

“Hearing of appeal in absence of member of Board

5 **80A.**—(1) Despite anything in this Part, if, in the course of any appeal, or, in the case of a reserved judgment in any appeal, at any time before delivery of the judgment, any member of the Board hearing the appeal is unable, through illness or any other cause, to continue to hear or to determine the appeal, the
10 remaining members of the Board, not being less than 2, must, if the parties consent, hear and determine the appeal.

(2) In subsection (1), the Board is deemed to be duly constituted for the purposes of the appeal despite the absence or inability to act of the member.

15 (3) Despite section 78(14), in a case under subsection (1) —
 (a) the appeal is to be decided in accordance with the opinion of the majority of the remaining members of the Board; and
 (b) except where there are only 2 remaining members, if
20 there is an equality of votes, the Chairman of the Board or in the Chairman’s absence the member presiding has a second or casting vote.

(4) The appeal must be reheard —
 (a) if the parties do not consent to the proceedings
25 continuing by the remaining members of the Board under subsection (1); or
 (b) if the appeal is heard or determined by only 2 remaining members of the Board and they are unable to reach a unanimous decision.

30 (5) This section applies also to an appeal the hearing of which has begun before the date of commencement of the section.”.

[Gazette Date]

Amendment of section 92E

39. Section 92E of the principal Act is amended —

- 5 (a) by deleting the words “each of the years of assessment 2016 and 2017” and substituting the words “the year of assessment 2016”; and
- (b) by deleting the words “years of assessment 2016 and 2017” in the section heading and substituting the words “year of assessment 2016”.

[Gazette Date]

10 New sections 92F and 92G

40. The principal Act is amended by inserting, immediately after section 92E, the following sections:

“Remission of tax of companies for year of assessment 2017

15 **92F.** 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 2017 by the company of an amount equal to the lower of the following:

- 20 (a) 50% of the tax payable for that year of assessment (excluding any tax levied and paid or payable pursuant to section 43(3), (3A) and (3B));
- (b) \$25,000.

Remission of tax of companies for year of assessment 2018

25 **92G.** 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 2018 by the company of an amount equal to the lower of the following:

- (a) 20% of the tax payable for that year of assessment (excluding any tax levied and paid or payable pursuant to section 43(3), (3A) and (3B));
- 30 (b) \$10,000.”.

[Gazette Date]

Amendment of section 93A

41. Section 93A of the principal Act is amended by inserting immediately after subsection (1), the following subsections:

5 “(1A) An application by a person on the basis of a mistake or error, for the year of assessment 2019 or any subsequent year of assessment, in the amount of any income, expense, outgoing, capital expenditure or loss in connection with any transaction between the person and a related party (within the meaning of section 13(16)) of the person, must be supported by transfer
10 pricing documentation for that transaction that satisfies section 34F(4).

(1B) To avoid doubt, subsection (1A) applies whether or not the person is a company, firm, partner of a partnership or trustee of a trust to which section 34F applies.”.

15 *[Gazette Date]*

Amendment of section 105K

42. Section 105K(1) of the principal Act is amended by deleting paragraph (aa) and substituting the following paragraph:

“*(aa)* a competent authority agreement between —
20 (i) the Government and —
(A) the government of another country; or
(B) the governments of 2 or more countries; or
(ii) the Minister or the Minister’s authorised representative and —
25 (A) the authority of another country that exercises a power or carries out a duty corresponding to a power or duty of the Minister or representative; or
(B)
30 the authorities of 2 or more countries that exercise powers or carry out duties corresponding to a power or duty of the Minister or representative;”.

[Gazette Date]

Repeal of obsolete provisions and consequential amendments

43. The principal Act is amended —

- 5 (a) by repealing subsections (8A), (8B), (8C) and (8D) of section 13, section 14M, subsections (1A), (1B), (1C), (3A), (5A) and (8A) of section 37E, and section 43U;
- (b) by deleting “43U,” in paragraph (b) of the definition of “concessionary rate of tax” in section 14D(5);
- (c) by deleting “14M” in section 15(2);
- 10 (d) by deleting the words “or any of the 3 immediate preceding years of assessment under section 37E(1A), as the case may be” in the following provisions:
- (i) section 23(3);
- (ii) the definition of “carry-back deductions” in
15 paragraph (a) of sections 36A(10) and 36C(8)(a);
- (iii) section 37(6);
- (e) by deleting “43U” in the following provisions and substituting in each case the words “43U (*repealed*)” —
- 20 (i) paragraph (b) of the definition of “higher rate of tax” or “lower rate of tax” in section 37B(7);
- (ii) paragraph (b) of the definition of “concessionary rate of tax” in section 37E(17);
- (f) by deleting the words “or any of the 3 immediate preceding years of assessment (as the case may be)” wherever they
25 appear in section 37E(4) and (6);
- (g) by deleting the words “or any one of the 3 immediate preceding years of assessment (as the case may be)” wherever they appear in section 37E(11) and (12); and
- 30 (h) by deleting the words “that preceding year of assessment” wherever they appear in section 37E(11) and (12) and substituting in each case the words “the immediate preceding year of assessment”.

[Gazette Date]

Miscellaneous amendments

44. The principal Act is amended by deleting the word “offshore” wherever it appears in the following provisions:

- 5 Section 14D(5) (definition of “concessionary rate of tax”),
 section 37B(7) (definition of “higher rate of tax” or “lower rate
 of tax”) and section 37E (17) (definition of “concessionary rate
 of tax”).

[Gazette Date]

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

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

15 *[Gazette Date]*

Remission of tax for year of assessment 2017

46.—(1) There is to be remitted the tax payable for the year of
 assessment 2017 by an individual resident in Singapore an amount
 equal to the lower of the following:

- 20 (a) 20% of the tax payable by that individual for that year of
 assessment;
- (b) \$500.

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

25 *[Gazette Date]*
