PART III — IMPOSITION OF INCOME TAX

SECTION 10 CHARGE OF INCOME TAX

10(1) [Types of chargeable income] Income tax shall, subject to the provisions of this Act, be payable at the rate or rates specified hereinafter for each year of assessment upon the income of any person accruing in or derived from Singapore or received in Singapore from outside Singapore in respect of—

(a) gains or profits from any trade, business, profession or vocation, for whatever period of time such trade, business, profession or vocation may have been carried on or exercised;

(b) gains or profits from any employment;

(c) (*Deleted by Act No. 29 of 1965*)

(d) dividends, interest or discounts;

(e) any pension, charge or annuity;

(f) rents, royalties, premiums and any other profits arising from property; and

(g) any gains or profits of an income nature not falling within any of the preceding paragraphs.

10(2) [Definitions] In subsection (1)(b), **"gains or profits from any employment"** means—

(a) any wages, salary, leave pay, fee, commission, bonus, gratuity, perquisite or allowance (other than a subsistence, travelling, conveyance or entertainment allowance which is proved to the satisfaction of the Comptroller to have been expended for purposes other than those in respect of which no deduction is allowed under section 15) paid or granted in respect of the employment whether in money or otherwise;

(b) the value of any food, clothing or lodging provided or paid for by the employer;

(c) for the year of assessment 2014 and any preceding year of assessment, the annual value of any place of residence provided by the employer and for the purposes of this paragraph—

(i) if the remuneration received by a director of a company is less than the annual value of the premises, the full annual value shall be deemed to be gains or profits of the employment;

[**CCH Note:** S. 10(2)(c)(i) amended in 2008 Rev. Ed., by deleting "if the place of residence is "premises" within the repealed Control of Rent Act (Cap. 58, 1985 Ed.) and is provided to a director of a company, or,".]

(ii) except as provided in sub-paragraph (i), if the annual value of the premises exceeds 10% of the gains or profits from the employment mentioned in paragraphs (a) and (b) less the rent, if any, paid by the employee for the use of the premises, the excess shall be disregarded;

History

S. 10(2)(c)(ii) amended by Act No. 49 of 2004, s. 5(a), deemed in operation on 1 January 2003, by deleting "and any gains or profits under subsection (6)" after "(a) and (b)".

S. 10(2)(c)(ii) amended by Act No. 28 of 1996, s. 2(a), in operation on 6 September 1996, by inserting "and any gains or profits under subsection (5)" after "and (b)".

(iii) where the premises are shared, **"place of residence"** means the part of the premises occupied by the person chargeable;

History

S. 10(2)(c) amended by Act No. 19 of 2013, s. 4(a), in operation on 28 November 2013, by inserting "for the year of assessment 2014 and any preceding year of assessment," before "the annual value".

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

History

S. 10(2)(ca) inserted by Act No. 19 of 2013, s. 4(b), in operation on 28 November 2013.

(d) any sum standing to the account of any individual in any pension or provident fund or society which the individual is entitled to withdraw upon retirement or which is withdrawn therefrom.

History

S. 10(2)(d) inserted by Act No. 26 of 1993, s. 3(b), in operation on 1 January 1993.

10(2A) [Valuation of place of residence] For the purposes of subsection (2)(ca), in a case where no annual value or separate annual value is ascribed to any place of residence in the Valuation List prepared under section 10 of the Property Tax Act (Cap. 254), the annual value shall be ascertained in accordance with the definition of that term in section 2 of that Act.

History

S. 10(2A) inserted by Act No. 37 of 2014, s. 3(a), in operation on 27 November 2014.

S. 73 of Act No. 37 of 2014 , in operation on 27 November 2014, contains the following **Savings and Transitional Provision**:

"73 For a period of 2 years after the date of commencement of any provision of this Act, the Minister may, by regulations, prescribe such additional provisions of a savings or transitional nature consequent on the enactment of that provision as the Minister may consider necessary or expedient."

10(2B) [Valuation of furniture and fittings in place of residence] For the purposes of subsection (2), the Minister may, for the purposes of such year of assessment as he may specify, by regulations prescribe the value of any furniture and fittings in any place of residence.

History

S. 10(2B) inserted by Act No. 37 of 2014, s. 3(a), in operation on 27 November 2014.

For Savings and Transitional Provision, see history note to s. 10(2A).

10(3) [Taxable insurance against loss of profits] Any sum realised under any insurance against loss of profits shall be taken into account in the ascertainment of any profits or income.

10(4) [Balancing charge] Where, under section 17, 20 or 21, a balancing charge falls to be made, the amount thereof shall be deemed to be income chargeable with tax under this Act, except in the case of a balancing charge in respect of—

(a) a Singapore ship which is owned by a shipping enterprise within the meaning of section 13A or by an approved shipping investment enterprise within the meaning of section 13S at the time the balancing charge falls to be made in respect of the Singapore ship, but only up to the amount ascertained in accordance with the formula

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

where A is the amount of allowances under section 19 or 19A made to the enterprise in respect of the Singapore ship against any income exempt from tax under section 13A or 13S;

B is the total amount of allowances under section 19 or 19A which have been made in respect of the ship during the period it is owned by the enterprise; and

C is the amount of balancing charge;

History

S. 10(4)(a) amended by Act No. 7 of 2007, s. 2(a) and (b), in operation on 1 March 2006; except in relation to the addition of "19A" in the definition of "A" for the purpose of section 13A, effective for the year of assessment 2007 and subsequent years of assessment, by inserting "or by an approved shipping investment enterprise within the meaning of section 13S" after the words "section 13A", and by substituting "where A is the amount of allowances under section 19 or 19A made to the enterprise in respect of the Singapore ship against any income exempt from tax under section 13A or 13S;" for "where A is the amount of allowances under section 19 made to the enterprise in respect of the Singapore ship against any income exempt from tax under section 13A;".

S. 10(4)(a) substituted by Act No. 32 of 1995, s. 3(a), effective for the year of assessment 1995 and subsequent years of assessment. S. 10(4)(a) formerly read:

> "(a) a Singapore ship which is owned by a shipping enterprise whose income is exempt from tax under section 13A at the time the balancing charge falls to be made in respect of the Singapore ship; or."

S. 10(4)(a) substituted by Act No. 11 of 1994, s. 3, effective for year of assessment 1995 and subsequent years of assessment. S. 10(4)(a) formerly read:

> "(a) a Singapore ship the income derived from the operation of which would be income of a shipping enterprise within the meaning of section 13A; or"

(b) a foreign ship the income derived from the operation of which is exempt from tax under section 13A or 13F, or the income derived from the chartering or finance leasing of which is exempt from tax under section 13S, as the case may be, but only up to the amount ascertained in accordance with the formula

$$\frac{X}{Y} \times Z,$$

where X is the amount of allowances under section 19 or 19A made to the enterprise in respect of the foreign ship against any income exempt from tax under section 13A, 13F or 13S, as the case may be;

Y is the total amount of allowances under section 19 or 19A which have been made in respect of the ship during the period it is owned by the enterprise; and

Z is the amount of balancing charge.

History

S. 10(4)(b) amended by Act No. 7 of 2007, s. 2(c) and (d), in operation on 1 March 2006, by substituting "is exempt from tax under section 13A or 13F, or the income derived from the chartering or finance leasing of which is exempt from tax under section 13S" for "would be income of a shipping enterprise within the meaning of section 13A or income of an approved international shipping enterprise within the meaning of section 13F" and ", 13F and 13S" for "or 13F" in the definition of X.

S. 10(4)(b) amended by Act No. 31 of 1998, s. 3(a), effective for the year of assessment 1999 and subsequent years of assessment, by inserting "income of a shipping enterprise within the meaning of section 13A or" after "be".

S. 10(4)(b) amended by Act No. 31 of 1998, s. 3(b), effective for the year of assessment 1999 and subsequent years of assessment, by substituting "section 13A or 13F, as the case may be" for "section 13F".

S. 10(4)(b) substituted by Act No. 32 of 1995, s. 3(a), effective for the year of assessment 1995 and subsequent years of assessment. S. 10(4)(b) formerly read:

> "(b) a foreign ship the income derived from the operation of which would be income of an approved international shipping enterprise within the meaning of section 13F."

S. 10(4) substituted by Act No. 2 of 1992, s. 2, in operation on 13 March 1992. S. 10(4) formerly read:

> "10(4) Where, under section 17, 20 or 21, a balancing charge falls to be made, the amount thereof shall be deemed to be income chargeable with tax under this Act, except in the case of a balancing charge in respect of a Singapore ship the income derived from the operation of which would be income of a shipping enterprise within the meaning of section 13A."

10(5) [Definitions] In subsection (4)—

"foreign ship" has the meaning given to it in section 13F(6);

"Singapore ship" has the meaning given to it in section 13A(16).

[CCH Note: S. 10(4A) renumbered as s. 10(5) in 2004 Ed.]

History

S. 10(5) substituted by Act No. 2 of 2016, s. 5(1)(a), in operation on 11 April 2016. S. 10(5) formerly read:

> "10(5) Subsection (4)(b) shall apply, with the necessary modifications, to any dredger, seismic ship, or any vessel used for offshore oil or gas activity the income derived from the operation of which is exempt from tax under section 13F or the income derived from the chartering or finance leasing of which is exempt from tax under section 13S."

S. 57 of Act No. 2 of 2016, in operation on 11 April 2016, contains the following **Savings and Transitional Provision**:

> "57 For a period of 2 years after the date of commencement of any provision of this Act, the Minister may, by regulations, prescribe such additional provisions of a savings or transitional nature consequent on the enactment of that provision as the Minister may consider necessary or expedient."

S. 10(5) amended by Act No. 7 of 2007, s. 2(e), in operation on 1 March 2006, by inserting "or the income derived from the chartering or finance leasing of which is exempt from tax under section 13S" after "section 13F".

S. 10(5) substituted by Act No. 49 of 2004, s. 5(b), effective for the year of assessment 2005 and subsequent years of assessment. S. 10(5) formerly read:

> "10(5) Subsection (4)(b) shall apply, with the necessary modifications, to a floating production storage offloading ship, floating storage offloading ship, dredger, seismic ship or semi-submersible rig the income derived from the operation of which is exempt from tax under section 13F."

S. 10(4A) substituted by Act No. 37 of 2002, s. 2(a), effective for the year of assessment 2003 and subsequent years of assessment. S. 10(4A) formerly read:

> "10(4A) Subsection (4)(b) shall apply, with the necessary modifications, to an approved floating production storage offloading ship or an approved floating storage offloading ship the income derived from the operation of which is exempt from tax under section 13F."

S. 10(4A) inserted by Act No. 32 of 1999, s. 3, effective for year of assessment 2000 and subsequent years of assessment.

10(5A) [Definition] In subsection (4), **"finance leasing"** has the same meaning as in section 13S(20).

History

S. 10(5A) amended by Act No. 2 of 2016, s. 5(1)(b), in operation on 11 April 2016, by substituting "subsection (4)" for "subsections (4) and (5)".

For Savings and Transitional Provision, see history note to s. 10(5).

S. 10(5A) inserted by Act No. 7 of 2007, s. 2(f), in operation on 1 March 2006.

10(6) [Taxable gains or profits by employee from shares] Any gains or profits, directly or indirectly, derived by any person from a right or benefit granted on or after 1st January 2003, whether granted in his name or in the name of his nominee or agent, to acquire shares in any company shall, where the right or benefit is obtained by that person by reason of any office or employment held by him, be deemed to be income chargeable to tax under subsection (1)(b), accruing at such time and of such amount as determined under the following provisions:

(a) where the right or benefit is exercised, assigned, released or acquired, at the time of the exercise, assignment, release or acquisition of the right or benefit and the gains or profits shall be the price of the shares in the open market at that time, less any amount paid for the shares;

(b) notwithstanding paragraph (a), where the right or benefit granted is subject to any restriction on the sale of the shares so acquired, at the time the restriction ceases to apply and the gains or profits shall be the price of the shares in the open market at that time, less any amount paid for the shares;

(c) if it is not possible to determine the gains or profits under paragraph (a) or (b), the Comptroller may use the net asset value of the shares, less any amount paid for the shares, as the basis for determining the gains or profits;

(d) notwithstanding paragraphs (a) and (c), any gains or profits derived by him by any exercise of a right or benefit to acquire shares in any company listed on the Singapore Exchange shall be computed in accordance with the following formula:

$$A - B,$$

where A is—

(i) if the shares are not treasury shares, the price of the shares in the open market at the last transaction on the date on which the shares are first listed on the Singapore Exchange after the acquisition of the shares by him; and

(ii) if the shares are treasury shares, the price of the shares in the open market at the last transaction on the date an appropriate entry is made in the Depository Register by the Central Depository (Pte) Ltd to effect the acquisition of the treasury shares by him; and

B is the amount paid for such shares;

History

S. 10(6)(d) substituted by Act No. 27 of 2009, s. 3(a), effective for the year of assessment 2010 and subsequent years of assessment. S. 10(6)(d) formerly read:

"(d) notwithstanding paragraphs (a) and (c), any gains or profits derived by him by any exercise of a right or benefit to acquire shares in any company listed on the Singapore Exchange shall be the last done price on the listing date of the shares so acquired less the amount paid for the shares;"

(e) *(Deleted by Act No. 27 of 2009, s. 3(a))*

History

S. 10(6)(e) deleted by Act No. 27 of 2009, s. 3(a), effective for the year of assessment 2010 and subsequent years of assessment. S. 10(6)(e) formerly read:

"(e) 'the last done price on the listing date', in relation to any shares referred to in paragraph (d), means the price of the shares in the open market at the last transaction on the date on which the shares are first listed on the Singapore Exchange after the acquisition of the shares by him; and"

(f) **"shares"** includes stocks.

[**CCH Note:** S. 10(5) renumbered as s. 10(6) in 2004 Ed.]

History

S. 10(5) substituted by Act No. 37 of 2002, s. 2(b), in operation on 10 December 2002. S. 10(5) formerly read:

"10(5) Any gains or profits directly or indirectly derived by any person by the exercise, assignment or release of a right or benefit whether granted in his name or in the name of his nominee or agent to acquire shares in a company shall, where the right or benefit is obtained by that person by reason of any office or employment held by him, be deemed to be income and for the purposes of this subsection—

(a) such gains or profits shall be the price of the shares in the open market at the time of the exercise, assignment or release of the right or benefit, less the amount paid for such shares;

(b) if it is not possible to determine the gains or profits under paragraph (a), the Comptroller may use the net asset value of the shares, less the amount paid for the shares, as the basis for determining the gains or profits;

(c) notwithstanding paragraphs (a) and (b), any gains or profits derived by him by any exercise of a right or benefit to acquire shares in a company listed on the Singapore Exchange shall be the last done price on the listing date of the shares so acquired less the amount paid for such shares;

[S. 10(5)(c) substituted by Act No. 1 of 1998, s. 3(b), in operation on 23 January 1998. S. 10(5)(c) formerly read:

'(c) 'shares' includes stocks.']

(d) 'the last done price on the listing date', in relation to any shares referred to in paragraph (c), means the price of such shares in the open market at the last transaction on the date on which such shares are first listed on the Singapore Exchange after the acquisition of such shares by him; and

(e) 'shares' includes stocks."

S. 10(5)(d) and (e) inserted by Act No. 1 of 1998, s. 3(b), in operation on 23 January 1998.

10(6A) [Taxable gains or profits by employee from shares prior to January 2003] For the avoidance of doubt, section 10(5) in force immediately before 10th December 2002 shall continue to apply to any gains or profits directly or indirectly derived by the exercise, assignment or release of any right or benefit to acquire shares (including stocks) in a company granted to a person before 1st January 2003, whether in his name or in the name of his nominee or agent, where the right or benefit was obtained by that person by reason of any office or employment held by him.

History

S. 10(6A) inserted by Act No. 7 of 2007, s. 2(g), in operation on 10 December 2002.

10(7) [Deemed gains or profits by employee from shares] Notwithstanding subsection (6), where—

(a) the right or benefit to acquire shares in a company is granted on or after 1st January 2003 to an individual while he is exercising an employment in Singapore; and

(b) immediately before he ceases that employment—

(i) the individual is neither a citizen of Singapore nor a Singapore permanent resident, or being a Singapore permanent resident is leaving Singapore permanently; and

(ii) the right or benefit is not exercised, assigned, released or acquired by him, or the restriction on the sale of the shares has not ceased to apply,

any gains or profits from the right or benefit shall be—

(A) deemed to be income derived by the individual one month before the date of cessation of employment or the date the right or benefit is granted, whichever is the later; and

(B) computed based on the price of the shares in the open market on that date, less the amount paid for the shares.

[**CCH Note:** S. 10(5A) renumbered as s. 10(7) in 2004 Ed.]

History

S. 10(5A) inserted by Act No. 37 of 2002, s. 2(b), in operation on 10 December 2002.

10(7A) [Undertaking from employer for sub-s (7) not to apply] The Comptroller may, if he thinks fit and subject to such condition as he may impose, accept from the employer of an individual to whom subsection (7) applies an undertaking—

(a) to make a return, in such form and by such time as the Comptroller may determine, of any gains or profits derived by the individual from the right or benefit to acquire shares in a company as computed under subsection (6);

(b) to pay to the Comptroller any tax assessed on such gains or profits; and

(c) to pay the penalties specified in the undertaking for any failure to comply with paragraph (a) or (b).

History

S. 10(7A) inserted by Act No. 49 of 2004, s. 5(c), deemed in operation on 1 January 2003.

10(7B) [Acceptance of undertaking] Where the Comptroller accepts an undertaking from the employer of an individual under subsection (7A), subsection (7) shall not apply to the individual and he shall be assessed in accordance with subsection (6).

History

S. 10(7B) inserted by Act No. 49 of 2004, s. 5(c), deemed in operation on 1 January 2003.

10(7C) [Where condition not complied] If any condition imposed by the Comptroller under subsection (7A) has not been complied with by the employer of an individual, then notwithstanding the undertaking given by the employer, the gains or profits derived by the individual from the right or benefit to acquire shares in a company shall be assessed in accordance with subsection (7) and shall be deemed to be income accruing to the individual in the year in which the condition is not complied with.

History

S. 10(7C) inserted by Act No. 49 of 2004, s. 5(c), in operation on 1 January 2003.

10(8) [Application of sub-s (6)(c)] Subsection (6)(c) shall apply, with the necessary modifications, to gains or profits derived by an individual referred to in subsection (7).

[**CCH Note:** S. 10(5B) renumbered as s. 10(8) in 2004 Ed.]

History

S. 10(5B) inserted by Act No. 37 of 2002, s. 2(b), in operation on 10 December 2002.

10(8A) [Discount on debt security] For the purpose of subsection (1)(d)—

(a) any discount on any debt security shall be deemed to accrue when the debt security is redeemed;

(b) subject to any exemption from tax provided under this Act, the discount shall be deemed to be income chargeable to tax of the holder of the debt security immediately before such redemption; and

(c) the discount on any debt security shall be deemed to be an amount equal to the difference between—

(i) the amount payable to the holder of the debt security upon the maturity or any earlier redemption of the debt security; and

(ii) the amount paid by the first holder of the debt security for the issue of the debt security.

History

S. 10(8A) inserted by Act No. 53 of 2007, s. 3(a), in operation on 6 December 2007.

10(8B) [Definition] In subsection (8A), "**debt security**" has the same meaning as in section 43N(4).

History

S. 10(8B) inserted by Act No. 53 of 2007, s. 3(a), in operation on 6 December 2007.

10(9) [Deemed income from annuity] For the purposes of subsection (1)(e), the income derived from an annuity for any year shall be deemed to be an amount equal to 3% of the total consideration payable or paid for the purchase of the annuity except that the whole amount of the annuity shall be deemed to be income if—

(a) the person deriving income from the annuity has previously received sums equal to the total consideration for the annuity exclusive of the amounts deemed to be income under this subsection; or

(b) the annuity is purchased by the employer of the person deriving on or after 1st January 1993 such income in lieu of any pension or other benefit payable during his employment or upon his retirement.

[**CCH Note:** S. 10(6) renumbered as s. 10(9) in 2004 Ed.]

History

S. 10(6) amended by Act No. 26 of 1993, s. 3(c), in operation on 17 September 1993, by inserting "or if the annuity is purchased by the employer of the person deriving on or after 1st January 1993 such income in lieu of any pension or other benefit payable during his employment or upon his retirement".

10(10) [Exception to sub-s (9)] Subsection (9) shall not apply to any annuity purchased under the SRS.

[**CCH Note:** S. 10(6A) renumbered as s. 10(10) in 2004 Ed. S. 10(6B) renumbered as s. 10(6A) in 2001 Ed.]

History

S. 10(6B) inserted by Act No. 24 of 2001, s. 3(a), in operation on 10 August 2001.

10(11) *(Deleted by Act No. 27 of 2009, s. 3(b))*

[**CCH Note:** S. 10(6B) renumbered as s. 10(11) in 2004 Ed.

S. 10(6A) renumbered as s. 10(6B) in 2001 Ed.

Former s. 10(1A) was renumbered as s. 10(6A) in 1996 Ed.]

History

S. 10(11) deleted by Act No. 27 of 2009, s. 3(b), effective for the year of assessment 2010 and subsequent years of assessment. S. 10(11) formerly read:

"10(11) For the purposes of subsection (1)(f)—

(a) 'any other profits arising from property' shall be deemed to include the net annual value of property used by or on behalf of the owner for residential purposes and not for the purposes of gain or profit;

(b) 'net annual value', in relation to any property, means the annual value of such property less the expenses of repair, insurance, interest, maintenance or upkeep and all public rates and taxes paid thereon;

(c) in respect of any one property which is occupied for residential purposes by the owner thereof—

(i) the net annual value of such property; or

(ii) an amount equal to such sum as the Minister may, by order published in the *Gazette*, specify.*

whichever is the less, shall not be deemed to be profits arising from property; and for the purposes of this paragraph any property owned by a married woman living with her husband shall be deemed to be owned by the husband.

[*CCH Note: For the Year of Assessment 1997 and subsequent Years of Assessment the sum specified is $150,000 (see G.N. No S 240/96).]"

10(12) [Taxable gains or profits from negotiable certificate of deposit] Where a person derives interest from a negotiable certificate of deposit or derives gains or profits from the sale thereof, his income shall be treated as follows:

(a) in the case of a financial institution, the interest and the gains or profits shall be deemed to be income from a trade or business under subsection (1)(a);

[CCH Note: S. 10(12)(a) amended in 2014 Rev. Ed., by inserting comma after "financial institution".]

(b) in any other case, the interest and the gains or profits shall be deemed to be income from interest under subsection (1)(d) subject to the following provisions:

[CCH Note: S. 10(12)(b) amended in 2014 Rev. Ed., by inserting comma after "other case".]

(i) if the interest is received by a subsequent holder of a certificate of deposit, the income derived from such interest shall exclude the amount by which the purchase price exceeds the issued price of the certificate, except where that amount has been excluded in the computation of any previous interest derived by him in respect of that certificate; and

[CCH Note: S. 10(12)(b)(i) amended in 2014 Rev. Ed., by inserting comma after "certificate of deposit".]

(ii) where a subsequent holder sells a certificate after receiving interest therefrom, the gains or profits shall be deemed to be the amount by which the sale price exceeds the issued price or the purchase price, whichever is the lower; and

[CCH Note: S. 10(12)(b)(ii) amended in 2014 Rev. Ed., by inserting comma after "interest therefrom".]

(c) for the purposes of paragraph (b), where a subsequent holder purchases a certificate at a price which is less than the issued price and holds the certificate until its maturity, the amount by which the issued price exceeds the purchase price shall be deemed to be interest derived by him.

[CCH Note: S. 10(7) renumbered as s. 10(12) in 2004 Ed.]

10(13) [Non-taxable maintenance payment] Any maintenance payment received by—

(a) a child under a maintenance order or a deed of separation; or

(b) a parent under a maintenance order made under the Maintenance of Parents Act (Cap. 167B),

shall not be deemed to be income for the purposes of subsection (1).

[CCH Note: S. 10(8) renumbered as s. 10(13) in 2004 Ed.]

History

S. 10(8) substituted by Act No. 28 of 1996, s. 2(b), in operation on 6 September 1996. S. 10(8) formerly read:

"10(8) Any maintenance payment received by a child under a maintenance order or a deed of separation shall not be deemed to be income for the purposes of subsection (1)(e)."

10(14) [Taxable copyright royalties] For the purposes of subsection (1)(a) and (f), the income derived by any author, composer or choreographer, or any company in which he beneficially owns all the issued shares, from any royalties or other payments received as consideration for the assignment of or for the right to use the copyright in any literary, dramatic, musical or artistic work, shall be deemed to be—

History

S. 10(14) amended by Act No. 7 of 2007, s. 2(h), in operation on 1 April 2006, by deleting "from a person carrying on in Singapore the business of publishing, of recording music or of producing cinematograph films, choreographic works or plays".

S. 10(14) amended by Act No. 34 of 2005, s. 3(a), in operation on 30 January 2006, by substituting "issued shares" for "issued share capital".

(a) the amount of the royalties or other payments remaining after the deductions allowable under Parts V and VI have been made; or

(b) an amount equal to 10% of the gross amount of the royalties or other payments,

whichever is less.

[CCH Note: S. 10(14)(b) amended in 2014 Rev. Ed., by deleting "the" after "whichever is".

S. 10(9) renumbered as s. 10(14) in 2004 Ed.]

History

S. 10(9) substituted by Act No. 24 of 2000, s. 2(a), effective for the year of assessment 2001 and subsequent years of assessment. S. 10(9) formerly read:

"10(9) For the purposes of subsection (1)(a) or (f), the income derived by any author or composer or any company in which he beneficially owns all the issued share capital, from any royalties or other payments received from a publisher carrying on the business of publishing in Singapore as consideration for the assignment of or for the right to use the copyright in any literary, dramatic, musical or artistic work shall be deemed to be the amount remaining after the deductions allowable under Parts V and VI have been made or an amount equal to 10% of the gross amount of the royalties or other payments, whichever is the less."

10(15) [Exception to sub-s (14)] Subsection (14) shall not apply to royalties or payments received in respect of any work published in any newspaper or periodical.

[CCH Note: S. 10(9A) renumbered as s. 10(15) in 2004 Ed.

S. 10(9) proviso renumbered as s. 10(9A) in 1996 Ed.]

History

S. 10(9A) [s. 10(9) proviso, 1994 Ed.] inserted by Act No. 1 of 1988, s. 3, effective for year of assessment 1987 and subsequent years of assessment.

10(16) [Taxable royalties for intellectual property rights] For the purposes of subsection (1)(a) and (f), the income derived by an individual who is the inventor, author, proprietor, designer or creator (as the case may be) of an approved intellectual property or approved innovation, or by any company in which he beneficially owns all the issued shares, from any royalties or other payments received as consideration for the assignment of or the rights in the approved intellectual property or approved innovation shall be deemed to be—

(a) the amount of the royalties or other payments remaining after the deductions allowable under Parts V and VI have been made; or

(b) an amount equal to 10% of the gross amount of the royalties or other payments,

whichever is less.

[CCH Note: S. 10(16)(b) amended in 2014 Rev. Ed., by inserting "the" before "royalties" and deleting "the" after "whichever is".

S. 10(10) renumbered as s. 10(16) in 2004 Ed.]

History

S. 10(16) substituted by Act No. 7 of 2007, s. 2(i), in operation on 1 April 2006. S. 10(16) formerly read:

"10(16) For the purposes of subsection (1)(a) and (f), the income derived by an individual who is an inventor, author or proprietor of an approved invention or approved innovation, from any royalties or other payments received as consideration for the assignment of or for the rights in the approved invention or approved innovation shall be deemed to be—

(a) the amount of the royalties or other payments remaining after the deductions allowable under Parts V and VI have been made; or

(b) an amount equal to 10% of the gross amount of the royalties or other payments,

whichever is the less."

S. 10(10) substituted by Act No. 24 of 2000, s. 2(b), effective for year of assessment 2001 and subsequent years of assessment. S. 10(10) formerly read:

"10(10) For the purposes of subsection (1)(a) or (f), the income derived by an individual, being a citizen or permanent resident of Singapore who is an inventor or author of an approved invention or approved product innovation, from any royalties or other payments received as consideration for the assignment of or for the rights in the approved invention or approved product innovation shall be deemed to be the amount remaining after the deductions allowable under Parts V and VI have been made or an amount equal to 10% of the gross amount of the royalties or other payments, whichever is the less."

10(16A) [Removal of tax concession under sub-s (16)] Subsection (16) does not apply to any income referred to in that subsection that is derived in the basis period for the year of assessment 2017 or any subsequent year of assessment.

History

S. 10(16A) inserted by Act No. 2 of 2016, s. 5(1)(c), in operation on 11 April 2016. For Savings and Transitional Provision, see history note to s. 10(5).

10(17) [Re-assessment for taxable royalties] Notwithstanding subsection (16), where it appears to the Comptroller that any amount of income which has been determined under that subsection for the purposes of subsection (1)(a) or (f) ought not to have been so determined for any year of assessment, the Comptroller may, within 6 years (if that year of assessment is 2007 or a preceding year of assessment) or 4 years (if that year of assessment is 2008 or a subsequent year of assessment) after the end of that year of assessment, make such assessment or additional assessment upon the individual as may be necessary in order to make good any loss of tax.

[CCH Note: S. 10(11) renumbered as s. 10(17) in 2004 Ed.]

History

S. 10(17) amended by Act No. 53 of 2007, s. 42(a), in operation on 6 December 2006, by inserting "(if that year of assessment is 2007 or a preceding year of assessment) or 4 years (if that year of assessment is 2008 or a subsequent year of assessment)" after "6 years".

10(18) [Definitions] In subsection (16)—

"approved" means approved for such period not exceeding 5 years by the Minister or such person as he may appoint;

"innovation" means—

(a) any new product or new service, or any new method used in the manufacture or processing of goods or materials or in the provision of services; or

(b) any substantial improvement in any product or in the provision of any service, or in any method used in the manufacture or processing of goods or materials or in the provision of services,

which involves novelty or originality;

"rights in the approved intellectual property or approved innovation" means the rights relating to any patent, copyright, trade mark, industrial design, layout-design of integrated circuit, or know-how of an approved intellectual property or approved innovation, where a substantial part of the work in producing the approved intellectual property or approved innovation is undertaken in Singapore.

[CCH Note: Definition of "rights in the approved intellectual property or approved innovation" amended in 2014 Rev. Ed., by inserting "approved" before "innovation is undertaken".

S. 10(12) renumbered as s. 10(18) in 2004 Ed.]

History

Definition of "rights in the approved intellectual property or approved innovation" substituted by Act No. 7 of 2007, s. 2(j), in operation on 1 April 2006. Definition of "rights in the approved intellectual property or approved innovation" formerly read:

"'rights in the approved invention or approved innovation' means the rights relating to any patent, copyright, industrial design, trade mark or know-how of an approved invention or approved innovation where a substantial part of the work in developing the invention or innovation is undertaken in Singapore."

S. 10(12) substituted by Act No. 24 of 2000, s. 2(c), effective for year of assessment 2001 and subsequent years of assessment. S. 10(12) formerly read:

"10(12) In subsection (10)—

'approved' means approved by the Minister or such person as he may appoint;

'product innovation' means—

(i) any new product, or any new method in the manufacture or processing of goods or materials; or

(ii) a substantial improvement in any product, or in any method in the manufacture or processing of goods or materials,

which involves novelty or originality but does not include a computer program unless it is in the nature of a new computer operating system or new language used in a computer program;

'rights in the approved invention or approved product innovation' means the rights relating to any patent, copyright, industrial design or know-how of an approved invention or approved product innovation."

S. 10(12) [s. 10(10)(b), 1994 Ed.] amended by Act No. 11 of 1994, s. 22, in operation on 1 January 1995, by substituting "6 years" for "12 years".

S. 10(10)–(12) [s. 10(10), 1994 Ed.] inserted by Act No. 3 of 1989, s. 3, effective for year of assessment 1988 and subsequent years of assessment.

10(19) [Taxable distribution by unit trust formed under s 10B] Any distribution made by a unit trust approved under section 10B out of gains or profits derived on or after 1st July 1989 from the disposal of securities and which have not been subject to tax shall be deemed to be income if received by a unit holder except where the unit holder is—

(a) an individual resident in Singapore; or

(b) a person who is not resident in Singapore and has no permanent establishment in Singapore.

[CCH Note: S. 10(13) renumbered as s. 10(19) in 2004 Ed.]

History

S. 10(13) [s. 10(11), 1994 Ed.] inserted by Act No. 23 of 1990, s. 2, in operation on 30 November 1990.

10(20) [Taxable distribution of s 35(12) income by designated unit trust or CPF] Subject to subsection (20G), any distribution made by a designated unit trust for any year of assessment to any unit holder out of—

(a) gains or profits derived from Singapore or elsewhere from the disposal of securities;

(b) interest (other than interest for which tax has been deducted under section 45); and

(c) dividends derived from outside Singapore and received in Singapore,

which do not form part of the statutory income of the designated unit trust by virtue of section 35(12) shall, subject to subsection (21), be deemed to be income of the unit holder if he is not a foreign investor.

[CCH Note: S. 10(14) renumbered as s. 10(20) in 2004 Ed. S. 10(13A) renumbered as s. 10(14) in 2001 Ed.] For Savings and Transitional Provision, see history note to s. 10(5).

History

S. 10(20) amended by Act No. 2 of 2016, s. 5(1)(d), in operation on 1 June 2015, by substituting "Subject to subsection (20G), any" for "Any".

S. 10(20) amended by Act No. 37 of 2014, s. 3(c), in operation on 1 September 2014, by deleting "or approved CPF unit trust" before "by virtue of".

S. 10(20) amended by Act No. 37 of 2014, s. 3(b), in operation on 1 September 2014, by substituting "for any year of assessment" for "to any unit holder or by an approved CPF unit trust".

For Savings and Transitional Provision, see history note to s. 10(2A).

S. 10(13A) amended by Act No. 24 of 2000, s. 2(d), in operation on 7 September 2000, by deleting the words "in respect of any unit purchased with moneys other than those standing to his credit in the Central Provident Fund".

S. 10(13A) amended by Act No. 31 of 1998, s. 3(c), effective for the year of assessment 1999 and subsequent years of assessment, by inserting "or by an approved CPF unit trust to any unit holder in respect of any unit purchased with moneys other than those standing to his credit in the Central Provident Fund" after "holder".

S. 10(13A) amended by Act No. 31 of 1998, s. 3(d), effective for the year of assessment 1999 and subsequent years of assessment, by inserting "or approved CPF unit trust" after "trust".

S. 10(13A) [s. 10(11A), 1994 Ed.] inserted by Act No. 32 of 1995, s. 3(b), effective for the year of assessment 1996 and subsequent years of assessment.

10(20A) [Taxable distribution of s 35(12A) income by designated unit trust or CPF] Subject to subsection (20G), any distribution made by a designated unit trust for any year of assessment to any unit holder out of—

[CCH Note: S. 10(20A) amended in 2014 Rev. Ed., by inserting "an" after "unit trust or".]

History

S. 10(20A) amended by Act No. 2 of 2016, s. 5(1)(d), in operation on 1 June 2015, by substituting "Subject to subsection (20G), any" for "Any".

For Savings and Transitional Provision, see history note to s. 10(5).

S. 10(20A) amended by Act No. 37 of 2014, s. 3(d), in operation on 1 September 2014, by substituting "for any year of assessment" for "or an approved CPF unit trust".

For Savings and Transitional Provision, see history note to s. 10(2A).

(a) gains or profits derived on or after 27th February 2004 from—

(i) foreign exchange transactions;

(ii) transactions in futures contracts;

(iii) transactions in interest rate or currency forwards, swaps or option contracts; and

(iv) transactions in forwards, swaps or option contracts relating to any securities or financial index;

(b) distributions from foreign unit trusts derived from outside Singapore and received in Singapore on or after 27th February 2004;

(c) fees and compensatory payments (other than fees and compensatory payments for which tax has been deducted under section 45A) derived on or after 27th February 2004 from securities lending or repurchase arrangements with—

(i) a person who is neither a resident of nor a permanent establishment in Singapore;

(ii) the Monetary Authority of Singapore;

(iii) a bank licensed under the Banking Act (Cap. 19);

(iv) a merchant bank approved as a financial institution under section 28 of the Monetary Authority of Singapore Act (Cap. 186);

(v) a finance company licensed under the Finance Companies Act (Cap. 108);

(vi) a holder of a capital markets services licence licensed to carry on business in the following regulated activities under the Securities and Futures Act (Cap. 289) or a company exempted under that Act from holding such a licence:

(A) dealing in securities (other than any person licensed under the Financial Advisers Act (Cap. 110));

(B) fund management;

(C) securities financing; or

(D) providing custodial services for securities;

(vii) a collective investment scheme or closed-end fund as defined in the Securities and Futures Act (Cap. 289) that is constituted as a corporation;

[CCH Note: S. 10(20A)(c)(vii) amended in 2008 Rev. Ed., by inserting "(Cap. 289)".]

(viii) the Central Depository (Pte) Limited;

(ix) an insurer licensed or regulated under the Insurance Act (Cap. 142) or exempted under that Act from being licensed or regulated; or

History

S. 10(20A)(c)(ix) amended by Act No. 11 of 2013, Sch., item 10(a), in operation on 18 April 2013, by substituting "licensed" for "registered" wherever it appears.

(x) a trust company licensed under the Trust Companies Act (Cap. 336);

[CCH Note: S. 10(20A)(c)(x) amended in 2008 Rev. Ed., by substituting "(Cap. 336)" for "2005".]

History

S. 10(20A)(c)(x) substituted by Act No. 11 of 2005, Sch. 5, item (4)(a), in operation on 1 February 2006. S. 10(20A)(c)(x) formerly read:

"(x) a trust company registered under the Trust Companies Act (Cap. 336);"

(d) rents and any other income derived from any immovable property situated outside Singapore and received in Singapore on or after 27th February 2004;

(e) discount derived from outside Singapore and received in Singapore on or after 27th February 2004;

(f) discount from—

(i) qualifying debt securities issued during the period from 27th February 2004 to 16th February 2006 (both dates inclusive) which mature within one year from the date of issue of those securities; or

History

S. 10(20A)(f)(i) amended by Act No. 37 of 2014, s. 71(a) item 1, in operation on 27 November 2014, by inserting "(both dates inclusive)" after "16th February 2006".

For Savings and Transitional Provision, see history note to s. 10(2A).

(ii) qualifying debt securities issued during the period from 17th February 2006 to 31st December 2018 (both dates inclusive);

History

S. 10(20A)(f)(ii) amended by Act No. 37 of 2014, s. 71(a) item 2, in operation on 27 November 2014, by inserting "(both dates inclusive)" after "31st December 2018".

For Savings and Transitional Provision, see history note to s. 10(2A).

S. 10(20A)(f)(ii) amended by Act No. 19 of 2013, s. 4(c), in operation on 1 January 2014, by substituting "31st December 2018" for "31st December 2013".

(cb) provide for the recovery of tax from a partner of a limited partnership referred to in subsection (1)(b), (c) or (d) in a case where the exemption ought not to have been allowed to that partner due to non-compliance with any condition imposed on the approved master-feeder fund structure, approved master-feeder fund-SPV structure or approved master fund-SPV structure (as the case may be), including the deeming of a specified amount as income of the partner for the year of assessment in which the Comptroller discovers the non-compliance with the condition; and

History

S. 13X(4)(cb) substituted by Act No. 2 of 2016, s. 15(g), in operation on 1 April 2015. S. 13X(4)(cb) formerly read:

"(cb) provide for the recovery of tax from a partner of a limited partnership referred to in subsection (1)(b) in a case where the exemption ought not to have been allowed to that partner due to non-compliance with any condition imposed on the approved master-feeder fund structure, including the deeming of a specified amount as income of the partner for the year of assessment in which the Comptroller discovers the non-compliance of the condition; and"

For Savings and Transitional Provision, see history note to s. 13X(1)(a).

S. 13X(4)(cb) inserted by Act No. 29 of 2010, s. 9(e), in operation on 7 July 2010.

(d) make provision generally for giving full effect to or for carrying out the purposes of this section.

13X(5) [Definitions] In this section—

"1st tier SPV", in relation to a master-feeder fund-SPV structure or a master fund-SPV structure, means a special purpose vehicle wholly owned by the master fund of the structure;

History

Definition of "1st tier SPV" inserted by Act No. 2 of 2016, s. 15(h), in operation on 1 April 2015.

For Savings and Transitional Provision, see history note to s. 13X(1)(a).

"2nd tier SPV", in relation to a master-feeder fund-SPV structure or a master fund-SPV structure, means a special purpose vehicle wholly owned by a 1st tier SPV of the structure;

History

Definition of "2nd tier SPV" inserted by Act No. 2 of 2016, s. 15(h), in operation on 1 April 2015.

For Savings and Transitional Provision, see history note to s. 13X(1)(a).

"approved" means approved by the Minister or such person as he may appoint;

["approved CPF unit trust"] *(Deleted by Act No. 37 of 2014, s. 71(d))*

History

Definition of "approved CPF unit trust" deleted by Act No. 37 of 2014, s. 71(d), in operation on 1 September 2014. Definition of "approved CPF unit trust" formerly read:

"'approved CPF unit trust' has the same meaning as in section 35(14);"

S. 73 of Act No. 37 of 2014, in operation on 27 November 2014, contains the following **Savings and Transitional Provision**:

"73 For a period of 2 years after the date of commencement of any provision of this Act, the Minister may, by regulations, prescribe such additional provisions of a savings or transitional nature consequent on the enactment of that provision as the Minister may consider necessary or expedient."

"approved person" means any approved company, any partner of an approved limited partnership or any trustee of an approved trust fund;

"designated unit trust" means any designated unit trust within the meaning of section 35(14) and whose income does not form part of the statutory income of its trustee by reason of section 35(12);

History

Definition of "designated unit trust" substituted by Act No. 2 of 2016, s. 15(i), in operation on 1 September 2014. Definition of "designated unit trust" formerly read:

"'designated unit trust' means any designated unit trust within the meaning of section 35(14);"

For Savings and Transitional Provision, see history note to s. 13X(1)(a).

Definition of "designated unit trust" amended by Act No. 37 of 2014, s. 71(b), in operation on 1 September 2014, by substituting "designated unit trust within the meaning of section 35(14)" for "unit trust designated under section 35(14)".

For Savings and Transitional Provision, see history note to s. definition of "approved CPF unit trust".

"feeder fund" means a company, trust fund or limited partnership that invests its funds substantially and directly through only one master fund;

History

Definition of "feeder fund" inserted by Act No. 29 of 2010, s. 9(f), in operation on 7 July 2010.

"master-feeder fund structure" means an arrangement comprising one or more feeder funds and the master fund through which the funds of the feeder fund or funds are substantially and directly invested;

History

Definition of "master-feeder fund structure" amended by Act No. 2 of 2016, s. 15(j), in operation on 1 April 2015, by inserting "an arrangement comprising" after "means".

For Savings and Transitional Provision, see history note to s. 13X(1)(a).

Definition of "master-feeder fund structure" inserted by Act No. 29 of 2010, s. 9(f), in operation on 7 July 2010.

"master-feeder fund-SPV structure" means an arrangement comprising—

(a) one or more feeder funds;

(b) the master fund through which the funds of the feeder fund or funds are substantially and directly invested; and

(c) one or more SPVs;

History

Definition of "master-feeder fund-SPV structure" inserted by Act No. 2 of 2016, s. 15(k), in operation on 1 April 2015.

For Savings and Transitional Provision, see history note to s. 13X(1)(a).

"master fund-SPV structure" means an arrangement comprising—

(a) a master fund; and

(b) one or more SPVs;

History

Definition of "master fund-SPV structure" inserted by Act No. 2 of 2016, s. 15(k), in operation on 1 April 2015.

For Savings and Transitional Provision, see history note to s. 13X(1)(a).

"master fund" means a company, trust fund or limited partnership that enables investors to invest funds in one or more underlying investments that are managed by a fund manager;

History

Definition of "master fund" inserted by Act No. 29 of 2010, s. 9(f), in operation on 7 July 2010.

"real estate investment trust" has the same meaning as in section 43(1), **"special purpose vehicle"** or **"SPV"**—

(a) in relation to a master-feeder fund-SPV structure, means a company whose only activity is the holding of investments of the master and feeder funds of the structure; or

(b) in relation to a master fund-SPV structure, means a company whose only activity is the holding of investments of the master fund of the structure;

History

Definition of "special purpose vehicle" or "SPV" inserted by Act No. 2 of 2016, s. 15(l), in operation on 1 April 2015. For Savings and Transitional Provision, see history note to s. 13X(1)(a).

"trust fund" does not include any trust that is a pension or provident fund approved by the Comptroller under section 5, designated unit trust and real estate investment trust.

History

Definition of "trust fund" amended by Act No. 37 of 2014, s. 71(e), in operation on 1 September 2014, by deleting "approved CPF unit trust," before "designated unit trust". For Savings and Transitional Provision, see history note to definition of "approved CPF unit trust". S. 13X inserted by Act No. 27 of 2009, s. 14, in operation on 1 April 2009.

SECTION 13Y EXEMPTION OF CERTAIN INCOME OF PRESCRIBED SOVEREIGN FUND ENTITY AND APPROVED FOREIGN GOVERNMENT-OWNED ENTITY

13Y(1) [Exempt entities through regulations] There shall be exempt from tax such income as the Minister may by regulations prescribe of—

(a) a prescribed sovereign fund entity arising from its funds that are managed in Singapore by an approved foreign government-owned entity; and

(b) an approved foreign government-owned entity arising from its funds that are managed in Singapore, and from managing in Singapore the funds of, or providing in Singapore any investment advisory service to, a prescribed sovereign fund entity.

History

S. 13Y(1)(b) amended by Act No. 22 of 2011, s. 15(a), in operation on 1 April 2010, by inserting ", or providing in Singapore any investment advisory service to," after "from managing in Singapore the funds of".

13Y(2) [Approval period] The Minister or such person as he may appoint may, at any time between 1st April 2010 and 31st March 2019 (both dates inclusive), approve a foreign government-owned entity for the purpose of subsection (1).

History

S. 13Y(2) amended by Act No. 37 of 2014, s. 17(a), in operation on 1 April 2014, by substituting "31st March 2019" for "31st March 2015".

13Y(3) [Scope of regulations] Regulations made under subsection (1) may—

(a) provide for the period of each approval, and that the conditions to which any approval is subject may be stated in the letter of approval issued to the foreign government-owned entity;

History

S. 13Y(3)(a) amended by Act No. 22 of 2011, s. 15(b), in operation on 1 April 2010, by substituting "that the conditions to which any approval is subject may be stated in the letter of approval issued to the foreign government-owned entity" for "conditions to which the exemption from tax under that subsection is subject".

(aa) provide for renewal of an approval;

History

S. 13Y(3)(aa) inserted by Act No. 37 of 2014, s. 17(b), in operation on 1 April 2014.

(b) provide for the determination of the amount of income of a prescribed sovereign fund entity or an approved foreign government-owned entity that is exempt from tax;

(c) provide for the deduction of expenses, allowances and losses of a prescribed sovereign fund entity or an approved foreign government-owned entity otherwise than in accordance with this Act; and

History

S. 13Y(3)(c) amended by Act No. 29 of 2012, s. 51(a), effective for the year of assessment 2013 and subsequent years of assessment, by substituting "and losses" for ", losses and donations".

(d) make provision generally for giving full effect to or for carrying out the purposes of this section.

13Y(4) [Definitions] In this section—

"foreign government-owned entity" means an entity wholly and beneficially owned, whether directly or indirectly, by the government of a foreign country and whose principal activity is to manage its own funds or the funds of a prescribed sovereign fund entity;

"prescribed sovereign fund entity" means a sovereign fund entity that satisfies such conditions as may be prescribed;

"sovereign fund entity" means the government of a foreign country or an entity wholly and beneficially owned by such government, whose funds (which may include the reserves of that government and any pension or provident fund of that country) are managed by an approved foreign government-owned entity.

History

S. 13Y inserted by Act No. 29 of 2010, s. 10, in operation on 1 April 2010.

SECTION 13Z EXEMPTION OF GAINS OR PROFITS FROM DISPOSAL OF ORDINARY SHARES

13Z(1) [Exemption of gains or profits from disposal of shares] There shall be exempt from tax any gains or profits derived by a company (referred to in this section as the divesting company) from the disposal of ordinary shares in another company (referred to in this section as the investee company) which are legally and beneficially owned by the divesting company immediately before the disposal, being a disposal—

(a) during the period between 1st June 2012 and 31st May 2017 (both dates inclusive); and

(b) after the divesting company has, at all times during a continuous period of at least 24 months ending on the date immediately prior to the date of disposal of such shares, legally and beneficially owned at least 20% of the ordinary shares in that investee company.

13Z(2) [Application of sub-s (1)] Subsection (1) shall only apply if the divesting company provides, at the time of lodgment of its return of income for the year of assessment relating to the basis period in which the disposal occurs, or within such further time as the Comptroller may in his discretion allow, such information and supporting documents as may be specified by the Comptroller.

13Z(3) [Determination of exempt gains or profits] In determining the amount of gains or profits which are exempt from tax under subsection (1) for any year of assessment, there shall be deducted all outgoings and expenses wholly and exclusively incurred by the divesting company in the production of such gains or profits, including—

(a) the price paid in acquiring those shares;

(b) any sum payable by way of interest upon any money borrowed by the divesting company, where the Comptroller is satisfied that the interest was payable on capital employed to acquire the shares;

(c) any sum payable in the basis period for the year of assessment 2008 or a subsequent year of assessment in lieu of interest or for the reduction thereof, upon any money borrowed by the divesting company, being a sum of a type prescribed under section 14(1)(a)(ii), where the Comptroller is satisfied that it was payable on capital employed to acquire the shares;

(d) any legal costs incurred for the acquisition or disposal of the shares;

(e) any amount paid in respect of stamp duty for the acquisition or disposal of the shares; and

(f) any other expenses allowable under this Act which are directly attributable to those gains or profits.

13Z(4) [Determining legal and beneficial ownership of shares] In determining for the purposes of subsection (1) whether the divesting company legally and beneficially owns at any time at least 20% of the ordinary shares in the investee company, the divesting company shall be treated as the legal and beneficial owner of any ordinary shares in that investee company during the borrowing period when the legal interest in such shares had been transferred by the divesting company to another under a securities lending or repurchase arrangement.

13Z(5) [Amounts allowed as deduction to be taxable] Where—

(a) gains or profits derived from the disposal of ordinary shares by the divesting company is exempt from tax under subsection (1); and

(b) one or more of the amounts referred to in subsection (6) which are attributable to any of the shares disposed of, have been allowed as a deduction to the divesting company for any year of assessment prior to the year of assessment relating to the basis period in which the shares are disposed of,

then the amounts in paragraph (b) shall be regarded as income of the divesting company that is chargeable to tax for the second-mentioned year of assessment.

13Z(6) [Application of sub-s (5)] Subsection (5) shall apply to the following amounts:

(a) any amount provided for a diminution in the value of the shares;

(b) any amount written off against the value of the shares;

(c) any impairment loss for the shares;

(d) any loss recognised in accordance with FRS 39 or SFRS for Small Entities (as the case may be), in determining the profit or loss or expense in respect of the shares.

13Z(7) [Write-back or profit treated as expense] Where—

(a) gains or profits derived from the disposal of ordinary shares by the divesting company is exempt from tax under subsection (1); and

(b) any write-back for a diminution in the value of the shares, or profit recognised in accordance with FRS 39 or SFRS for Small Entities (as the case may be), which is attributable to any of the shares, has been charged to tax as income of the divesting company for any year of assessment prior to the year of assessment relating to the basis period in which the shares are disposed of,

then the write-back or profit referred to in paragraph (b) shall be regarded as an expense allowable under this Act to the divesting company for the second-mentioned year of assessment.

13Z(8) [Non-application of s 13Z] This section shall not apply to—

(a) the disposal of shares the gains or profits of which are included as part of the income of a company referred to in section 26;

(b) the disposal of shares in a company which is in the business of trading or holding Singapore immovable properties (excluding property development), where the shares are not listed on a stock exchange in Singapore or elsewhere; or

(c) the disposal of shares by a partnership, limited partnership or limited liability partnership one or more of the partners of which is a company or are companies.

13Z(9) [Definitions] In this section—

"borrowing period" and **"securities lending or repurchase arrangement"** have the meanings given to those expressions in section 10N(12);

"disposal", in relation to shares, means the transfer of both the legal and beneficial interests in the shares to another;

"FRS 39" and **"SFRS for Small Entities"** have the meanings given to those expressions in section 34A(10).

History

S. 13Z inserted by Act No. 29 of 2012, s. 11, in operation on 1 June 2012.

PART V — DEDUCTIONS AGAINST INCOME

[CCH Note: Part IV renumbered as Part V in 1996 Ed.]

SECTION 14 DEDUCTIONS ALLOWED

14(1) [Allowable deductions] For the purpose of ascertaining the income of any person for any period from any source chargeable with tax under this Act (referred to in this Part as the income), there shall be deducted all outgoings and expenses wholly and exclusively incurred during that period by that person in the production of the income, including—

(a) except as provided in this section—

(i) any sum payable by way of interest; and

(ii) any sum payable in lieu of interest or for the reduction thereof, as may be prescribed by regulations (including the restriction of the deduction of the sum in respect of money borrowed before the basis period relating to the year of assessment 2008),

upon any money borrowed by that person where the Comptroller is satisfied that such sum is payable on capital employed in acquiring the income;

History

S. 14(1)(a) substituted by Act No. 53 of 2007, s. 12(a), effective for the year of assessment 2008 and subsequent years of assessment. S. 14(1)(a) formerly read:

"(a) except as provided in this section, any sum payable by way of interest upon any money borrowed by that person where the Comptroller is satisfied that the interest was payable on capital employed in acquiring the income;"

(b) rent payable by any person in respect of any land or building or part thereof occupied by him for the purpose of acquiring the income;

(c) any expenses incurred for repair of premises, plant, machinery or fixtures employed in acquiring the income or for the renewal, repair or alteration of any implement, utensil or article so employed:

Provided that no deduction shall be made for the cost of renewal of any plant, machinery or fixture, which is the subject of an allowance under section 19 or 19A; or for the cost of reconstruction or rebuilding of any premises, buildings, structures or works of a permanent nature;

(d) bad debts incurred in any trade, business, profession or vocation, which have become bad during the period for which the income is being ascertained, and doubtful debts to the extent that they are respectively estimated, to the satisfaction of the Comptroller, to have become bad during that period, notwithstanding that those bad or doubtful debts were due and payable before the commencement of that period:

Provided that—

(i) all sums recovered during that period on account of amounts previously written off or allowed in respect of bad or doubtful debts, other than debts incurred before the commencement of the basis period for the first year of assessment under this Act, shall for the purposes of this Act be treated as receipts of the trade, business, profession or vocation for that period;

(ii) the debts in respect of which a deduction is claimed were included as a trading receipt in the income of the year within which they were incurred;

(e) any sum contributed by an employer to an approved pension or provident fund or society or any pension or provident fund constituted outside Singapore in respect of any of his employees engaged in activities relating to the production of the income of the employer, the contribution of which sum by the employer was obligatory by reason of any contract of employment or of any provision in the rules or constitution of the fund or society:

History

S. 14(1)(e) amended by Act No. 26 of 1993, s. 11(a) and (b), deemed in operation on 1 January 1993, by inserting "or any pension or provident fund constituted outside Singapore" and "in the case of any contribution to the Central Provident Fund or any approved pension or provident fund designated by the Minister under section 39(6)(c)".

Provided that in the case of any contribution to the Central Provident Fund or any approved pension or provident fund designated by the Minister under section 39(8)—

(i) a deduction in respect of any such contribution by an employer in respect of an employee for any period—

(A) commencing on or after 1st September 2010 shall not exceed 15%;

(B) commencing on or after 1st March 2011 shall not exceed 15 1/2%;

(C) commencing on or after 1st September 2011 shall not exceed 16%;

(D) commencing on or after 1st January 2015 shall not exceed 17%,

of the remuneration paid by the employer to the employee for that period, and **"remuneration"** in this proviso means that part of an employee's emoluments by reference to which his employer's contributions are calculated;

History

S. 14(1)(e) proviso para. (i) substituted by Act No. 37 of 2014, s. 18, in operation on 27 November 2014. S. 14(1)(e) proviso para. (i) formerly read:

"(i) a deduction in respect of any such contribution by an employer in respect of an employee for any period—

(A) commencing on or after 1st July 1993 and before 1st July 1994 shall not exceed 18 1/2%;

(B) commencing on or after 1st July 1994 and before 1st January 1999 shall not exceed 20%;

(C) commencing on or after 1st January 1999 and before 1st April 2000 shall not exceed 10%;

(D) commencing on or after 1st April 2000 and before 1st January 2001 shall not exceed 12%;

(E) commencing on or after 1st January 2001 shall not exceed 16%;

(F) commencing on or after 1st October 2003 shall not exceed 13%;

[S. 14(1)(e) proviso (i)(F) amended by Act No. 53 of 2007, s. 12(b), in operation on 1 July 2007, by substituting ";" for "," at the end of the paragraph.]

(G) commencing on or after 1st July 2007 shall not exceed 14 1/2%;

[S. 14(1)(e) proviso (i)(G) amended by Act No. 29 of 2010, s. 11, in operation on 22 November 2010, by substituting ";" for "," at the end of the paragraph.

S. 14(1)(e) proviso (i)(G) inserted by Act No. 53 of 2007, s. 12(b), in operation on 1 July 2007.]

(H) commencing on or after 1st September 2010 shall not exceed 15%;

[S. 14(1)(e) proviso (i)(H) inserted by Act No. 29 of 2010, s. 11, in operation on 22 November 2010.]

(I) commencing on or after 1st March 2011 shall not exceed 15 1/2%;

[S. 14(1)(e) proviso (i)(I) amended by Act No. 22 of 2011, s. 16(a), in operation on 1 September 2011, by substituting ";" for "," at the end of the paragraph.

S. 14(1)(e) proviso (i)(I) inserted by Act No. 29 of 2010, s. 11, in operation on 22 November 2010.]

(J) commencing on or after 1st September 2011 shall not exceed 16%,

[S. 14(1)(e) proviso (i)(J) inserted by Act No. 22 of 2011, s. 16(a), in operation on 1 September 2011.]

of the remuneration paid by the employer to the employee for that period, and "remuneration" in this

proviso means that part of an employee's emoluments by reference to which his employer's contributions are calculated;

[CCH Note: S. 14(1)(e) proviso para. (i)(A)-(H) (1996 Ed.) renumbered as s. 14(1)(e) proviso para. (i)(A)–(C) in 1999 Ed.

Former s. 14(1)(e) proviso para. (i)(A)–(H) (1996 Ed.) read:

"(A) commencing on or after 1st July 1988 and before 1st July 1989 shall not exceed 12%;

(B) commencing on or after 1st July 1989 and before 1st July 1990 shall not exceed 15%;

(C) commencing on or after 1st July 1990 and before 1st July 1991 shall not exceed 16 1/2%;

(D) commencing on or after 1st July 1991 and before 1st July 1992 shall not exceed 17 1/2%;

(E) commencing on or after 1st July 1992 and before 1st July 1993 shall not exceed 18%;

(F) commencing on or after 1st July 1993 and before 1st July 1994 shall not exceed 18 1/2%;

(G) commencing on or after 1st July 1994 and before 1st January 1999 shall not exceed 20%;

(H) commencing on or after 1st January 1999 shall not exceed 10%,".]

[S. 14(1)(e)(i)(E) amended by Act No. 49 of 2004, s. 12, in operation on 30 November 2004 by substituting ";" for "," at the end of sub-paragraph (E).

S. 14(1)(e)(i)(F) inserted by Act No. 49 of 2004, s. 12, in operation on 30 November 2004.

S. 14(1)(e)(i)(D) and (E) inserted by Act No. 24 of 2001, s. 12(b), in operation on 10 August 2001.

S. 14(1)(e)(i)(C) amended by Act No. 24 of 2001, s. 12(a), in operation on 10 August 2001, by inserting "and before 1st April 2000" after "1st January 1999".

S. 14(1)(e) proviso para. (i)(F) [s. 14(1)(e) proviso para. (i)(N), 1994 Ed.] amended by Act No. 11 of 1994, s. 7(a), in operation on 16 September 1994, by inserting "and before 1st July 1994".

S. 14(1)(e) proviso para. (i)(G) [s. 14(1)(e) proviso para. (i)(O), 1994 Ed.] inserted by Act No. 11 of 1994, s. 7(b), in operation on 16 September 1994.

S. 14(1)(e) proviso para. (i)(E) [s. 14(1)(e) proviso para. (i)(M), 1994 Ed.] amended by Act No. 26 of 1993, s. 11(c), in operation on 17 September 1993, by inserting "and before 1st July 1993".

S. 14(1)(e) proviso para. (i)(F) [s. 14(1)(e) proviso para. (i)(N), 1994 Ed.] inserted by Act No. 26 of 1993, s. 11(d), in operation on 17 September 1993.

S. 14(1)(e) proviso para. (i)(D) [s. 14(1)(e) proviso para. (i)(L), 1994 Ed.] amended by Act No. 28 of 1992, s. 6, in operation on 2 October 1992, by inserting "and before 1st July 1992" after "1st July 1992" and substituting ";" for "," after "17 1/2%".

S. 14(1)(e) proviso para. (i)(E) [s. 14(1)(e) proviso para. (i)(M), 1994 Ed.] inserted by Act No. 28 of 1992, s. 6, in operation on 2 October 1992.

S. 14(1)(e) proviso para. (i)(C) [s. 14(1)(e) proviso para. (i)(K), 1994 Ed.] amended by Act No. 2 of 1992, s. 6(a), in operation on 13 March 1992, by inserting "and before 1st July 1991" after "1st July 1990".

S. 14(1)(e) proviso para. (i)(D) [s. 14(1)(e) proviso para. (i)(L), 1994 Ed.] inserted by Act No. 2 of 1992, s. 6(b), in operation on 13 March 1992.

S. 14(1)(e) proviso para. (i)(B) [s. 14(1)(e) proviso para. (i)(J), 1994 Ed.] amended by Act No. 23 of 1990, s. 5(a), in operation on 30 November 1990, by inserting "and before 1st July 1990" after "1st July 1989".

S. 14(1)(e) proviso para. (i)(C) [s. 14(1)(e) proviso para. (i)(K), 1994 Ed.] inserted by Act No. 23 of 1990, s. 5(b), in operation on 30 November 1990.]"

S. 73 of Act No. 37 of 2014, in operation on 27 November 2014, contains the following **Savings and Transitional Provision**:

"73 For a period of 2 years after the date of commencement of any provision of this Act, the Minister may, by regulations, prescribe such additional provisions of a savings or transitional nature consequent on the enactment of that provision as the Minister may consider necessary or expedient."

(ii) where any such fund or society is first established and a special contribution is made thereto by the employer whereby persons in his employment whose employment commenced prior to the establishment of the fund or society may qualify for the benefits thereunder in respect of such prior employment, the Comptroller may, when approving the fund or society, authorise such deductions in respect of that special contribution as he thinks fit;

(iii) no deduction shall be allowed in respect of any sum contributed by an employer for the period on or after 1st January 1999 to the Central Provident Fund in respect of an employee who holds a professional visit pass or a work pass or who would be required to obtain such a pass if he were to work in Singapore:

History

S. 14(1)(e) proviso para. (iii) amended by Act No. 34 of 2008, s. 19(a), effective for the year of assessment 2009 and subsequent years of assessment, by substituting ":" for ";" at the end of the paragraph.

S. 14(1)(e) proviso para. (iii) amended by Act No. 30 of 2007, Sch., item (4)(c), in operation on 1 July 2007, by substituting "or a work pass or who would be required to obtain such a pass" for ", an employment pass or a work permit or who would be required to obtain such a pass or permit".

S. 14(1)(e) proviso para. (iii) inserted by Act No. 1 of 1998, s. 7(a), in operation on 23 January 1998.

And provided that no deduction shall be allowed in respect of any contribution or part thereof to a pension or provident fund constituted outside Singapore made in respect of an employee, if the employee has been exempted from tax on such contribution or part thereof under section 13N;

History

S. 14(1)(e) proviso inserted by Act No. 34 of 2008, s. 19(a), effective for the year of assessment 2009 and subsequent years of assessment.

(f) any sum contributed by an employer in any calendar year before 2013 to the medisave account maintained under the Central Provident Fund Act (Cap. 36) in respect of any of his employees engaged in activities relating to the production of the income of the employer, subject to a maximum deduction of the amount in subsection (1A) for that year for each employee:

[CCH Note: S. 14(1)(f) amended in 2014 Rev. Ed., by inserting comma after "income of the employer".]

History

S. 14(1)(f) amended by Act No. 19 of 2013, s. 13(1)(a), in operation on 28 November 2013, by inserting "before 2013" after "in any calendar year".

S. 14(1)(f) amended by Act No. 29 of 2012, s. 12(a), in operation on 1 January 2011, by substituting "subject to a maximum deduction of the amount in subsection (1A)" for "and which is not deemed to be the income of the employee under section 10C(4), subject to a maximum deduction of $1,500".

S. 14(1)(f) amended by Act No. 21 of 2003, s. 10(b), in operation on 1 January 2003, by substituting "$1,500 for that year" for "1% of the ordinary wages of the employee for that month or $60, whichever is the less,".

S. 14(1)(f) amended by Act No. 21 of 2003, s. 10(a), in operation on 1 January 2003, by substituting "calendar year" for "month".

S. 14(1)(ea) inserted by Act No. 32 of 1995, s. 9(a), in operation on 13 October 1995.

Provided that no deduction shall be allowed in respect of any sum contributed by an employer for the period on or after 1st January 1999 to the medisave account maintained under the Central Provident Fund Act in respect of an employee who holds a professional visit pass or a work pass or who would be required to obtain such a pass if he were to work in Singapore;

[CCH Note: S. 14(1A)(f) proviso amended in 2014 Rev. Ed., by deleting "(Cap. 36)" after "Central Provident Fund Act".

S. 14(1)(ea) renumbered as s. 14(1)(f) in 1999 Ed.]

History

S. 14(1)(f) proviso amended by Act No. 30 of 2007, Sch., item (4)(c), in operation on 1 July 2007, by substituting "or a work pass or who would be required to obtain such a pass" for ", an employment pass or a work permit or who would be required to obtain such a pass or permit".

S. 14(1)(ea) proviso inserted by Act No. 1 of 1998, s. 7(b), in operation on 23 January 1998.

(fa) any voluntary contribution in cash made in 2011 or 2012 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, subject to a maximum deduction of the amount in subsection (1A) for that year for each individual:

Provided that the amount of voluntary contribution does not exceed the amount allowable under the Central Provident Fund Act and is within the medisave contribution ceiling prevailing at the time the contribution is made;

History

S. 14(1)(fa) amended by Act No. 19 of 2013, s. 13(1)(b), in operation on 28 November 2013, by substituting "2012" for "any subsequent year".

S. 14(1)(fa) substituted by Act No. 29 of 2012, s. 12(b), in operation on 1 January 2011. S. 14(1)(fa) formerly read:

"(fa) any voluntary contribution in cash made in 2011 or any subsequent year by a person prescribed for the purposes of section 13(1)(jc) to the medisave account maintained under the Central Provident Fund Act (Cap. 36) of a self-employed individual which is exempt from tax under that provision, subject to a maximum deduction of $1,500 for that year for each individual;"

S. 14(1)(fa) inserted by Act No. 22 of 2011, s. 16(b), in operation on 1 January 2011.

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

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

History

S. 14(1)(fb) inserted by Act No. 19 of 2013, s. 13(1)(c), in operation on 28 November 2013.

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

History

S. 14(1)(fc) inserted by Act No. 19 of 2013, s. 13(1)(c), in operation on 28 November 2013.

(g) zakat, fitrah or any religious dues, payment of which is made under any written law; and

[**CCH Note:** S. 14(g) amended in 2014 Rev. Ed., by inserting "and" at the end of the paragraph.]

(h) where the income is derived from the working of a mine or other source of mineral deposits of a wasting nature, such deductions in respect of capital expenditure as may be prescribed in rules made under section 7.

[CCH Note: S. 14(1)(ea)–(g) renumbered as s. 14(1)(f)–(h) in 1999 Ed.]

14(1A) [Maximum allowable deduction] For the purposes of subsection (1)(f) and (fa), the maximum amount which may be deducted for contributions made in any year to the medisave account maintained under the Central Provident Fund Act of any individual is $1,500 less—

(a) any deduction allowed under subsection (1)(f) for any previous contribution made by the same or another employer to that medisave account in that year; and

(b) any deduction allowed under subsection (1)(fa) for any previous contribution made by the same or another person to that medisave account in that year.

History

S. 14(1A) inserted by Act No. 29 of 2012, s. 12(c), in operation on 1 January 2011.

14(2) [Limit on employment-related payments] Notwithstanding subsection (1), payments made by way of compensation for injuries or death, salaries, wages or similar emoluments or death gratuities to an employee (or his legal representative) who is the husband, wife or child of—

(a) any employer;

(b) any partner of the firm in which that employee is employed;

(c) any individual who by himself or with his spouse or child or all of them have the ability to control, directly or indirectly, the company in which that employee is employed; or

(d) any individual whose spouse or child or all of them have the ability to control, directly or indirectly, the company in which that employee is employed,

shall be allowed as deductions only to the extent to which, in the opinion of the Comptroller, they are reasonable in amount having regard to the services performed by that employee.

History

S. 14(2) substituted by Act No. 26 of 1993, s. 11(e), effective for year of assessment 1994 and subsequent years of assessment. S. 14(2) formerly read:

"14(2) Notwithstanding subsection (1), payments made by way of salary, wages or similar emoluments, to an employee who is the husband, wife or child of an employer, shall be allowed as deductions only to the extent to which, in the opinion of the Comptroller, they are reasonable in amount having regard to the services performed by that employee."

14(3) [Limit on motor car expenses] Notwithstanding subsection (1), where outgoings and expenses falling within that subsection are incurred, whether directly or in the form of reimbursements, in respect of a motor car (whether or not owned by the person incurring the outgoings and expenses) to which this subsection applies, the sum to be allowed as a deduction shall be limited to the amount which bears to such outgoings and expenses the same proportion as $35,000 bears to the capital expenditure incurred by the owner in respect of the motor car, where such capital expenditure exceeds $35,000.

[CCH Note: S. 14(3) amended in 2014 Rev. Ed., by substituting "bears" for "bear".]

14(3A) [Limit on motor car renewal] Any deduction for the cost of renewal of a motor car to which subsection (3) applies shall not exceed $35,000.

[CCH Note: S. 14(3) proviso renumbered as s. 14(3A) in 1996 Ed.]

14(4) [Type of motor car to which sub-s (3) and (3A) will apply] Subsections (3) and (3A) shall apply to a motor car which is constructed or adapted for the carriage of not more than 7 passengers exclusive of the driver and the weight of which unladen does not exceed 3,000 kilograms and which—

(a) was registered before 1st April 1998 as a business service passenger vehicle for the purposes of the Road Traffic Act (Cap. 276) but excludes such a motor car which is—

(i) used principally for instructional purposes; and

(ii) acquired by a person who carries on the business of providing driving instruction and who holds a driving school licence or driving instructor's licence issued under that Act; or

(b) *(Deleted by Act No. 19 of 2013, s. 13(1)(d))*

History

S. 14(4)(b) deleted by Act No. 19 of 2013, s. 13(1)(d), effective for the year of assessment 2014 and subsequent years of assessment. S. 14(4)(b) formerly read:

"(b) is registered outside Singapore and used exclusively outside Singapore."

S. 14(4) substituted by Act No. 32 of 1999, s. 7(c), effective for the year of assessment 2000 and subsequent years of assessment. S. 14(4) formerly read:

"14(4) Subsections (3) and (3A) shall apply to a motor car which is constructed or adapted for the carriage of not more than 7 passengers exclusive of the driver and the weight of which unladen does not exceed 3,000 kilograms except—

(a) a taxi;

(b) a motor car registered as a private car (school transport);

(c) a private hire car which is hired to the same person for not more than 6 months in any year; and

(d) a motor car registered as a business service passenger vehicle for the purposes of the Road Traffic Act which is—

(i) used principally for instructional purposes; and

(ii) acquired during or after the basis period for the year of assessment 1989 by a person who carries on the business of providing driving instruction and who holds a driving school licence or driving instructor's licence issued under that Act."

S. 14(4)(d) inserted by Act No. 1 of 1990, s. 4(e), in operation on 9 February 1990.

[CCH Note: The following is a press statement issued by the Ministry of Finance on 13 February 1989 dealing with the deduction of expenses by investment holding companies.

"1. In the past, the Department's general practice has been to allow only the following expenses to investment holding companies:

(a) basic audit fees;

(b) secretarial fees;

(c) basic printing and stationery;

(d) bank charges;

(e) interest expense on income producing investments;

(f) directors' fees of a reasonable amount.

2. The term "investment holding company" is used to describe a company whose activities consist wholly or mainly in the making of investments and the principal part of whose income is derived therefrom.

3. In line with the government policy to promote Singapore as a financial centre and the fund management industry, the Department has reviewed this practice. Effective from Year of Assessment 1988, the Department will allow all investment holding companies (public or private) the following expenses which are statutorily incurred (after deducting any share transfer or other fees received) to the extent attributable to the investment income charged to Singapore tax:

(a) printing of dividend warrants, share certificates;

(b) advertisements/press release—listing requirements to publish interim and annual results, etc.;

(c) audit fees for preparing group consolidated accounts (required under the Singapore Listing Manual and Companies Act);

(d) EDP charges in respect of share transfers, processing of dividend warrants, mailing circulars to shareholders etc.;

(e) annual listing fees;

(f) insurance premium for coverage on forged transfer policy;

(g) ncome tax service fees for preparing annual tax computations but excluding fees relating to objections and appeals;

(h) in addition, a deduction will be allowed in respect of the following items of expenses:

(i) directors' fees;

(ii) staff salaries, allowances, bonus and approved provident fund contributions;

(iii) staff transport on official business;

(iv) office rental and telephone charges;

(v) water and light (office);

(vi) fund management expenses.

The total deduction allowable in respect of the items [h(i) to (vi)] is, however, restricted to the sum which bears the same proportion to the total deduction in respect of these items as the gross investment income charged to Singapore tax bears to the total gross income of a company, but shall not exceed a maximum sum equal to 5 per cent of the gross investment income charged to Singapore tax.

4. In accordance with existing tax laws, where for any year of assessment the amount of expenses to be allowed exceeds the investment income assessed to tax, such excess shall not be available for carry forward.

5. For further enquiries, the public may contact the Department at telephone numbers: 5300285/5300287."]

14(5) [Limit on medical expenses of employer] Notwithstanding subsection (1), where, in the basis period for any year of assessment, any employer (other than an employer who derives any income from any trade, business, profession or vocation which is wholly or partly exempt from tax or subject to tax at a concessionary rate of tax under this Act or the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86)) incurs medical expenses falling within that subsection in excess of the maximum allowable amount in that basis period, the amount of the excess medical expenses shall not be allowed as deductions.

[CCH Note: S. 14(5)(a)–(b) renumbered as s. 14(5) in 1999 Ed.]

History

S. 14(5) amended by Act No. 34 of 2008, s. 19(b), effective for the year of assessment 2008 and subsequent years of assessment, by substituting "maximum allowable amount" for "specified percentage of the total remuneration of his employees".

S. 14(5) amended by Act No. 34 of 2005, s. 14(a), effective for the year of assessment 2005 and subsequent years of assessment, by substituting "the specified percentage" for "2%".

S. 14(5) inserted by Act No. 26 of 1993, s. 11(f), effective for year of assessment 1994 and subsequent years of assessment.

14(6) [Limit on medical expenses of employer entitled to concessionary taxation] Where, in the basis period for any year of assessment, any employer derives any income from any trade, business, profession or vocation which is wholly or partly exempt from tax or subject to tax at a concessionary rate of tax under this Act or the Economic Expansion Incentives (Relief from Income Tax) Act and incurs medical expenses in excess of the maximum allowable amount in that basis period, an amount equal to the excess medical expenses shall be deemed to be income of the employer chargeable to tax at the rate of tax under section 42(1) or 43(1), as the case may be, for that year of assessment.

[CCH Note: S. 14(6)(a)–(b) renumbered as s. 14(6) in 1999 Ed.]

History

S. 14(6) amended by Act No. 34 of 2008, s. 19(b), effective for the year of assessment 2008 and subsequent years of assessment, by substituting "maximum allowable amount" for "specified percentage of the total remuneration of his employees".

S. 14(6) amended by Act No. 34 of 2005, s. 14(a), effective for the year of assessment 2005 and subsequent years of assessment, by substituting "the specified percentage" for "2%".

S. 14(6) inserted by Act No. 26 of 1993, s. 11(f), effective for year of assessment 1994 and subsequent years of assessment.

14(6A) [Maximum allowable amount of medical expenses for sub-s (5) and (6)] For the purpose of subsections (5) and (6), the maximum allowable amount in the basis period for any year of assessment shall be—

(a) 2% of the total remuneration of the employer's employees in that basis period in a case where the employer has—

(i) contributed the specified amount into the medisave accounts maintained under the Central Provident Fund of—

(A) at least 20% of the number of local employees who are employed by him as at the first day of the basis period for that year of assessment, for every calendar month in that basis period they are employed by the employer; and

(B) every local employee who commences his employment with him during the basis period for that year of assessment, for the calendar month he commences his employment and every subsequent calendar month in that basis period he is employed by the employer; or

(ii) incurred expenses in or in connection with the provision of a specified insurance plan to cover, for every calendar month in the basis period for that year of assessment, the cost of medical treatment of at least 50% of the number of local employees who are employed by him as at the first day of that basis period; and

History

S. 14(6A)(a) amended by Act No. 34 of 2008, s. 19(d), effective for the year of assessment 2008 and subsequent years of assessment, by substituting "of the total remuneration of the employer's employees in that basis period in a case where the employer has" for "in the case of an employer who has".

(b) in any other case, the amount determined in accordance with the formula in subsection (6B).

History

S. 14(6A)(b) substituted by Act No. 34 of 2008, s. 19(e), effective for the year of assessment 2008 and subsequent years of assessment. S. 14(6)(b) formerly read:

"(b) 1% in any other case."

S. 14(6A) amended by Act No. 34 of 2008, s. 19(c), effective for the year of assessment 2008 and subsequent years of assessment, by substituting "maximum allowable amount in the basis period" for "specified percentage".

S. 14(6A) inserted by Act No. 34 of 2005, s. 14(b), effective for the year of assessment 2005 and subsequent years of assessment.

14(6B) [Maximum allowable amount for sub-s (6A)(b)] For the purpose of subsection (6A)(b), the maximum allowable amount in any basis period shall be ascertained—

(a) where the total amount of expenses incurred by the employer in providing qualifying insurance in that basis period is nil, in accordance with the formula

$$A + B,$$

where A is the lower of—

(i) the total amount of medical expenses incurred by the employer for his employees in that basis period (excluding the total amount of general contributions made by the employer); and

(ii) 1% of the total remuneration of his employees in that basis period; and

B is the lower of—

(i) the total amount of general contributions made by the employer in that basis period; and

(ii) the difference between 2% of the total remuneration of his employees in that basis period and A; and

(b) where the total amount of expenses incurred by the employer in providing qualifying insurance in that basis period is not nil, in accordance with the formula

$$C + D,$$

where C is the lower of—

(i) the total amount of expenses incurred by the employer in providing riders for his employees in that basis period; and

(ii) 1% of the total remuneration of his employees in that basis period; and

D is the lower of—

(i) the total amount of medical expenses incurred by the employer for his employees in that basis period (excluding the total amount of expenses incurred by the employer in providing riders for his employees); and

(ii) the difference between 2% of the total remuneration of his employees in that basis period and C.

History

S. 14(6B) substituted by Act No. 34 of 2008, s. 19(f), effective for the year of assessment 2008 and subsequent years of assessment. S. 14(6B) formerly read:

"14(6B) Subsection (6A) shall apply to the year of assessment relating to the basis period which commenced on or after 1st April 2004 and any subsequent year of assessment."

S. 14(6B) inserted by Act No. 34 of 2005, s. 14(b), effective for the year of assessment 2005 and subsequent years of assessment.

14(6C) [Limit on employee insurance expense by employer] For the purpose of subsection (6B), a reference to expenses incurred by an employer in providing qualifying insurance excludes any reimbursement in cash by the employer of the employee for payment by the employee of premiums on such qualifying insurance.

History

S. 14(6C) inserted by Act No. 34 of 2008, s. 19(f), effective for the year of assessment 2008 and subsequent years of assessment.

14(7) [Interpretation of medical expenses] The references to medical expenses in subsections (5), (6) and (6B) shall be read as references to medical expenses which would, but for subsection (5), be allowable as deductions under this Act.

History

S. 14(7) amended by Act No. 34 of 2008, s. 19(g), effective for the year of assessment 2008 and subsequent years of assessment, by substituting "subsections (5), (6) and (6B)" for "subsections (5) and (6)".

S. 14(7) inserted by Act No. 26 of 1993, s. 11(f), effective for year of assessment 1994 and subsequent years of assessment.

31(4) [Use of income to which settlor not entitled deemed to be income of settlor] Where in any year of assessment the settlor or any relative of the settlor or any person under the direct or indirect control of the settlor or of any of his relatives, whether by borrowing or otherwise, makes use of any income arising or of any accumulated income which has arisen under a settlement to which he is not entitled thereunder, then the amount of such income or accumulated income so made use of shall be deemed to be income of the settlor for that year of assessment and not income of any other person.

[CCH Note: S. 31(3) renumbered as s. 31(4) in 2004 Ed.]

31(5) [Recovery of tax paid by settlor] Where under the terms of any settlement to which this section applies any tax is charged on and paid by the person by whom the settlement is made, that person shall be entitled to recover from any trustee or other person to whom income is paid under the settlement the amount of the tax so paid, and for that purpose to require the Comptroller to furnish a certificate specifying the amount of tax so paid; and any certificate so furnished shall be conclusive evidence of the facts appearing therein.

[CCH Note: S. 31(4) renumbered as s. 31(5) in 2004 Ed.]

31(6) [Comptroller to determine amount of income paid or apportioned] If any question arises as to the amount of any payment of income or as to any apportionment of income under this section that question shall be decided by the Comptroller whose decision shall be final.

[CCH Note: S. 31(5) renumbered as s. 31(6) in 2004 Ed.]

31(7) [Applicability of s 31] This section shall apply to every settlement wheresoever it was made or entered into and whether it was made or entered into before or after 1st January 1960 and shall (where there is more than one settlor or more than one person who made the settlement) have effect in relation to each settlor as if he were the only settlor.

[CCH Note: S. 31(6) renumbered as s. 31(7) in 2004 Ed.]

31(8) [Definitions] In this section—

"child" shall include a step-child, a child who has been de facto adopted by the settlor or by the husband or by the wife of the settlor, whether or not such adoption has been registered in accordance with the provisions of any written law, and a child of whom the settlor has the custody or whom he maintains wholly or partly at his own expense;

"relative" means any person who is a wife, grandchild, child, brother, sister, uncle, aunt, nephew, niece or cousin of the settlor;

"settlement" includes any disposition, trust, covenant, agreement, whether reciprocal or collateral, arrangement or transfer of assets or income, but does not include—

(a) a settlement which in the opinion of the Comptroller is made for valuable and adequate consideration;

(b) a settlement resulting from an order of a court; or

(c) any agreement made by an employer to pay to an employee or to the widow or any relative or dependant of such employee after his death such remuneration or pension or lump sum as in the opinion of the Comptroller is fair and reasonable;

"settlor", in relation to a settlement, includes any person by whom the settlement was made or entered into, directly or indirectly, and any person who has provided or undertaken to provide funds or credit, directly or indirectly, for the purpose of the settlement, or has made with any other person a reciprocal arrangement for that other person to make or enter into the settlement.

[CCH Note: S. 31(7) renumbered as s. 31(8) in 2004 Ed. S. 33A renumbered as s. 31 in 1999 Ed.]

SECTION 32 VALUATION OF TRADING STOCK ON DISCONTINUANCE OR TRANSFER OF TRADE OR BUSINESS

32(1) [Valuation of trading stock] In computing for any purpose of this Act the gains or profits of a trade or business which has been discontinued or transferred, any trading stock belonging to the trade or business at the discontinuance or transfer thereof shall be valued as follows:

(a) in the case of any such trading stock—

(i) which is sold or transferred for valuable consideration to a person who carries on or intends to carry on a trade or business in Singapore; and

(ii) the cost whereof may be deducted by the purchaser as an expense in computing for any such purpose the gains or profits of that trade or business,

the value thereof shall be taken to be the amount realised on the sale or the value of the consideration given for the transfer; and

(b) in the case of any other such trading stock, the value thereof shall be taken to be the amount which it would have realised if it had been sold in the open market at the discontinuance or transfer of the trade or business.

32(2) [Computation of gains or profits of purchaser of trading stock] In computing for any purpose of this Act the gains or profits of the purchaser of the trading stock of any trade or business which has been discontinued or transferred, such trading stock shall be valued as provided in subsection (1).

32(3) [Comptroller to determine value attributable to trading stock] Any question arising under subsection (1) regarding the value attributable to the trading stock belonging to any trade or business which has been discontinued or transferred shall be determined by the Comptroller.

32(4) [Definition] In this section, **"trading stock"**, in relation to any trade or business, means property of any description, whether movable or immovable, being either—

(a) property such as is sold in the ordinary course of trade or business or would be so sold if it were mature or if its manufacture, preparation or construction were complete; or

(b) materials such as are used in the manufacture, preparation or construction of any such property as is referred to in paragraph (a).

SECTION 33 COMPTROLLER MAY DISREGARD CERTAIN TRANSACTIONS AND DISPOSITIONS

33(1) [Comptroller may vary or disregard] Where the Comptroller is satisfied that the purpose or effect of any arrangement is directly or indirectly—

(a) to alter the incidence of any tax which is payable by or which would otherwise have been payable by any person;

(b) to relieve any person from any liability to pay tax or to make a return under this Act; or

(c) to reduce or avoid any liability imposed or which would otherwise have been imposed on any person by this Act,

the Comptroller may, without prejudice to such validity as it may have in any other respect or for any other purpose, disregard or vary the arrangement and make such adjustments as he considers appropriate, including the computation or recomputation of gains or profits, or the imposition of liability to tax, so as to counteract any tax advantage obtained or obtainable by that person from or under that arrangement.

33(2) [Definition] In this section, **"arrangement"** means any scheme, trust, grant, covenant, agreement, disposition, transaction and includes all steps by which it is carried into effect.

33(3) [Inapplicability of s 33] This section shall not apply to—

(a) any arrangement made or entered into before 29th January 1988; or

(b) any arrangement carried out for bona fide commercial reasons and had not as one of its main purposes the avoidance or reduction of tax.

History

S. 33 substituted by Act No. 1 of 1988, s. 7, in force from 29 January 1988. S. 33 formerly read:

"33(1) Where the Comptroller is of the opinion that any transaction which reduces or would reduce the amount of tax payable by any person is artificial or fictitious or that any disposition is not in fact given effect to, he may disregard any such transaction or disposition and the persons concerned shall be assessable accordingly.

33(2) In this section, 'disposition' includes any trust, grant, covenant, agreement or arrangement."

SECTION 34 DECISION OF COMPTROLLER NO BAR TO APPEAL

[CCH Note: S. 34 heading amended in 2008 Rev. Ed., by inserting "OF COMPTROLLER".]

34 Nothing in section 32 or 33 shall prevent the decision of the Comptroller in the exercise of any discretion given to him by any such section from being questioned in an appeal against an assessment in accordance with Part XVIII.

History

S. 34 amended by Act No. 19 of 2013, Sch. item 17, in operation on 1 January 2014, by substituting "section 32 or 33" for "section 30, 32 or 33".

SECTION 34A ADJUSTMENT ON CHANGE OF BASIS OF COMPUTING PROFITS OF FINANCIAL INSTRUMENTS

34A(1) [Amount of profit, loss or expense to be brought into account for any YA] Notwithstanding the provisions of this Act, the amount of any profit or loss (as the case may be) or expense to be brought into account for the basis period for any year of assessment in respect of any financial instrument of a qualifying person for the purposes of sections 10, 14, 14I and 37 is that which, in accordance with FRS 39 or SFRS for

Small Entities (as the case may be), is recognised in determining any profit or loss (as the case may be) or expense in respect of that financial instrument for that year of assessment.

History

S. 34A(1) amended by Act No. 29 of 2012, s. 25(a), in operation on 1 January 2011, by inserting "or SFRS for Small Entities (as the case may be)" after "in accordance with FRS 39".

34A(2) [Computation of profit, loss or expense] Notwithstanding subsection (1), the profit or loss or expense in respect of the financial instrument referred to in the following paragraphs shall, for the purposes of sections 10, 14, 14I and 37, be computed as follows:

(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 thereof, his income therefrom shall be treated in the manner set out in section 10(12);

(b) where a qualifying person derives interest from debt securities and the interest is chargeable to tax under section 10(1)(d), such interest shall be computed based on the contractual interest rate and not the effective interest rate;

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

(d) where the creditor and debtor of a loan agreement are not dealing with each other at arm's length, only the interest income or the interest expense based on the contractual interest rate shall be chargeable to tax or allowed as a deduction, as the case may be;

(e) in a case where section 14(1)(a) applies, only the interest expense incurred based on the contractual interest rate shall be allowed as a deduction under section 14(1)(a);

(f) any amount of profit or loss in respect of a hedging instrument where the underlying asset or liability is employed or intended to be employed as capital shall be disregarded;

(g) where a bank or qualifying finance company within the meaning of section 14I is unable to make provision for the amount of impairment losses in respect of a group of financial assets in accordance with FRS 39, but is required to make such provision by the Monetary Authority of Singapore, section 14I shall apply for a period of 5 years, or such further period as the Minister may allow, beginning from the year of assessment relating to the basis period in which the bank or qualifying finance company is first required to prepare financial accounts in respect of its trade or business in accordance with FRS 39;

History

S. 34A(2)(g) amended by Act No. 53 of 2007, s. 19, effective for the year of assessment 2008 and subsequent years of assessment, by substituting a semi-colon for the full-stop at the end of the paragraph.

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

(i) to accrue only on the maturity or redemption of the debt securities; and

(ii) to be 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;

History

S. 34A(2)(h) inserted by Act No. 53 of 2007, s. 19, effective for the year of assessment 2008 and subsequent years of assessment.

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

(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

(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 referred to in sub-paragraph (i) that would be attributable to the year of assessment 2008 and subsequent years of assessment;

History

S. 34A(2)(i) inserted by Act No. 53 of 2007, s. 19, effective for the year of assessment 2008 and subsequent years of assessment.

(j) in a case where—

(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

(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 shall not be deductible.

History

S. 34A(2)(j) inserted by Act No. 53 of 2007, s. 19, effective for the year of assessment 2008 and subsequent years of assessment.

34A(3) [Election not to be subject to s 34A] A person who is required to prepare or maintain financial accounts in accordance with FRS 39 may, subject to such conditions as the Comptroller may specify, elect in accordance with subsection (4) not to be subject to this section; and if the person so elects, he shall not be treated as a qualifying person from the year of assessment relating to the basis period during which he is first required to prepare financial accounts in accordance with FRS 39.

34A(3A) [Election under sub-s (4A) subject to conditions as specified by Comptroller] A person who prepares or maintains financial accounts in accordance with SFRS for Small Entities may, subject to such conditions as the Comptroller may specify, elect in accordance with subsection (4A) not to be subject to this section; and if the person so elects, he shall not be treated as a qualifying person from the year of assessment relating to the basis period during which he first prepares financial accounts in accordance with SFRS for Small Entities.

History

S. 34A(3A) inserted by Act No. 29 of 2012, s. 25(b), in operation on 1 January 2011.

34A(3B) [Non-entitlement to election under sub-s (3)] A person is not entitled to make an election under subsection (3) if he is already subject to this section because he did not make an election in accordance with subsection (4A), or he had revoked under subsection (5) his election made in accordance with subsection (4A).

History

S. 34A(3B) inserted by Act No. 29 of 2012, s. 25(b), in operation on 1 January 2011.

34A(3C) [Non-entitlement to election under sub-s (3A)] A person is not entitled to make an election under subsection (3A) if he is already subject to this section because he did not make an election in accordance with subsection (4), or he had revoked under subsection (5) his election made in accordance with subsection (4).

History

S. 34A(3C) inserted by Act No. 29 of 2012, s. 25(b), in operation on 1 January 2011.

34A(4) [When to make election] The election referred to in subsection (3) shall be made by the person by notice in writing to the Comptroller—

(a) at the time of lodgment of the return of income for the year of assessment referred to in subsection (3); or

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

[**CCH Note:** S. 34A(4)(b) amended in 2014 Rev. Ed., by inserting "within" before "such further time".]

34A(4A) [When to make election under sub-s (3A)] The election referred to in subsection (3A) shall be made by the person by notice in writing to the Comptroller—

(a) at the time of lodgment of the return of income for the year of assessment referred to in that subsection; or

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

History

S. 34A(4A) inserted by Act No. 29 of 2012, s. 25(c), in operation on 1 January 2011.

34A(5) [Revocation of election] A person who has made an election under subsection (3) or (3A) may at any time revoke the election by notice in writing to the Comptroller; and if the person so revokes, he shall be treated as a qualifying person from the year of assessment relating to the basis period during which the revocation is made or such year of assessment as the Comptroller may approve.

History

S. 34A(5) amended by Act No. 29 of 2012, s. 25(d), in operation on 1 January 2011, by inserting "or (3A)" after "subsection (3)".

34A(6) [Revocation is irrevocable] The revocation under subsection (5) shall be irrevocable.

34A(7) [Election to be subject to s 34A] A person who is not required to prepare or maintain financial accounts in accordance with FRS 39 or SFRS for Small Entities may apply to the Comptroller in writing for approval to be subject to this section and, if the Comptroller approves the application, that person shall be treated as a qualifying person from the year of assessment relating to the basis period during which the approval is granted or such later year of assessment as the Comptroller may approve.

History

S. 34A(7) amended by Act No. 29 of 2012, s. 25(e), in operation on 1 January 2011, by inserting "or SFRS for Small Entities" after "in accordance with FRS 39".

34A(8) [Effective period for s 34A] The provisions of this section pertaining to FRS 39 shall have effect for any basis period beginning on or after 1st January 2005, and the provisions of this section pertaining to SFRS for Small Entities shall have effect for any basis period beginning on or after 1st January 2011.

History

S. 34A(8) substituted by Act No. 29 of 2012, s. 25(f), in operation on 1 January 2011. S. 34A(8) formerly read:

"34A(8) This section shall have effect for any basis period beginning on or after 1st January 2005."

34A(9) [Minister may make regulations] For the purposes of this section, the Minister may make regulations—

(a) to provide for such transitional, supplementary and consequential matters as he may consider necessary or expedient; and

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

34A(10) [Definitions] In this section—

"contractual interest rate", in relation to any financial instrument, means the interest rate specified in the financial instrument;

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

"FRS 39" means the financial reporting standard known as Financial Reporting Standard 39 (Financial Instruments: Recognition and Measurement) that is treated as made by the Accounting Standards Council under Part III of the Accounting Standards Act (Cap. 2B), as amended from time to time;

[CCH Note: Definition of "FRS 39" amended in 2008 Rev. Ed., by inserting "former" before "Council" and "repealed" before "section 200A" respectively.]

History

Definition of "FRS 39" substituted by Act No. 29 of 2012, s. 25(g), in operation on 18 December 2012. Definition of "FRS 39" formerly read:

"'FRS 39' means the financial reporting standard known as Financial Reporting Standard 39 (Financial Instruments: Recognition and Measurement) issued in May 2003 by the former Council on Corporate Disclosure and Governance appointed by the Minister under repealed section 200A of the Companies Act (Cap. 50);"

"Monetary Authority of Singapore" means the Monetary Authority of Singapore established under section 3 of the Monetary Authority of Singapore Act (Cap. 186);

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

(a) a person who is required to prepare or maintain financial accounts in accordance with FRS 39 and who has not made an election under subsection (3) for that year of assessment;

(b) a person who prepares or maintains financial accounts in accordance with SFRS for Small Entities and who has not made an election under subsection (3A) for that year of assessment; or

(c) a person who is treated as a qualifying person under subsection (5) or (7) for that year of assessment,

as the case may be;

History

Definition of "qualifying person" substituted by Act No. 29 of 2012, s. 25(h), in operation on 1 January 2011. Definition of "qualifying person" formerly read:

"'qualifying person', in relation to any year of assessment means—

(a) a person who is required to prepare or maintain financial accounts in accordance with FRS 39 and who has not made an election under subsection (3) for that year of assessment; or

(b) a person who is treated as a qualifying person under subsection (5) or (7) for that year of assessment."

"SFRS for Small Entities" means the financial reporting standard known as Singapore Financial Reporting Standard for Small Entities made by the Accounting Standards Council under Part III of the Accounting Standards Act, as amended from time to time.

History

Definition of "SFRS for Small Entities" inserted by Act No. 29 of 2012, s. 25(h), in operation on 1 January 2011.

34A(11) [Terms not defined in s 34A] Any term used in this section and not defined in this section but defined in FRS 39 or SFRS for Small Entities (as the case may be) shall have the same meaning as in FRS 39 or SFRS for Small Entities (as the case may be).

History

S. 34A(11) amended by Act No. 29 of 2012, s. 25(i), in operation on 1 January 2011, by inserting "or SFRS for Small Entities (as the case may be)" after "FRS 39" wherever it appears.

S. 34A inserted by Act No. 7 of 2007, s. 21, in operation on 1 January 2005.

SECTION 34B ISLAMIC FINANCING ARRANGEMENTS

34B(1) [Applicability of s 34B] This section shall apply to any prescribed Islamic financing arrangement entered into on or after 17th February 2006 between any person and a financial institution.

34B(2) [Applicability of s 10, 12, 13, 14, 15, 45 and regulations made under s 43Q] Subject to such exceptions, adaptations and modifications as may be prescribed, sections 10, 12, 13, 14, 15 and 45 and regulations made under section 43Q shall apply in relation to any prescribed Islamic financing arrangement as if a reference in any of those provisions to interest accrued, derived, received or incurred in relation to any loan, deposit or mortgage were a reference to the effective return of the arrangement.

34B(3) [Determination of consideration for sale and purchase of asset] Where under a prescribed Islamic financing arrangement, an asset is sold by one party to the arrangement to the other party, the effective return of the arrangement shall be excluded in determining for the purposes of this Act the consideration for the sale and purchase of the asset.

34B(4) [Subsection (3) not to affect operation of any provision of the Act] Subsection (3) does not affect the operation of any provision of this Act which provides that the consideration for a sale or purchase is to be taken for any purpose to be an amount other than the actual consideration.

34B(5) [Minister may make regulations] For the purposes of this section, the Minister may make regulations—

(a) to prescribe anything that is required or authorised to be prescribed under this section;

(b) to provide for such transitional, supplementary and consequential matters as he may consider necessary or expedient; and

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

34B(6) [Definitions] In this section—

"effective return", in relation to a prescribed Islamic financing arrangement, means the prescribed return in lieu of interest that has or is accrued, derived, received or incurred under the arrangement;

"financial institution" means—

(a) any institution in Singapore that is licensed or approved by the Monetary Authority of Singapore, or exempted from such licensing or approval, under any written law administered by the Monetary Authority of Singapore; or

(b) any institution outside Singapore that is licensed or approved, or exempted from such licensing or approval, under any written law administered by its financial supervisory authority for the carrying on of financial activities;

"Islamic financing arrangement" means a financing arrangement which is—

(a) endorsed by any Shari'ah council or body, or by any committee formed for the purpose of providing guidance on compliance with Shari'ah law; and

(b) permitted under any written law in Singapore or elsewhere.

History

S. 34B inserted by Act No. 7 of 2007, s. 21, in operation on 17 February 2006.

SECTION 34C AMALGAMATION OF COMPANIES

34C(1) [Applicability of s 34C] This section shall only apply to a qualifying amalgamation.

Interpretation

34C(2) [Definitions] In this section—

"first 2 years of assessment", in relation to an amalgamating company, means the year of assessment relating to the basis period during which the company is incorporated and the year of assessment immediately following that year of assessment;

"FRS 38" and **"FRS 103"** mean the financial reporting standards known as Financial Reporting Standard 38 (Intangible Assets) and Financial Reporting Standard 103 (Business Combinations), respectively, issued by the Accounting Standards Council under the Accounting Standards Act (Cap. 2B);

"qualifying amalgamation" means—

(a) any amalgamation of companies where the notice of amalgamation under section 215F of the Companies Act (Cap. 50) or a certificate of approval under section 14A of the Banking Act (Cap. 19) is issued on or after 22nd January 2009; and

(b) such other amalgamation of companies as the Minister, or such person as he may appoint, may approve.

History

Definition of "qualifying amalgamation" amended by Act No. 29 of 2012, s. 26, in operation on 18 December 2012, by inserting ", or such person as he may appoint," after "the Minister".

34C(3) [Date of amalgamation] For the purpose of this section, the date of amalgamation of companies is—

(a) the date shown on the notice of amalgamation under section 215F of the Companies Act;

(b) the date of lodgment mentioned in section 14A(4) of the Banking Act; or

(c) such date as specified in the letter of approval issued under paragraph (b) of the definition of **"qualifying amalgamation"** in subsection (2),

as the case may be.

Election for section to apply

34C(4) [Election for s 34C to apply] An amalgamated company in a qualifying amalgamation shall, within 90 days from the date of amalgamation or such further period as the Comptroller may allow, elect for this section to apply to it and all the amalgamating companies in the qualifying amalgamation.

34C(5) [Irrevocable notice of election] An election under subsection (4) shall be made by an amalgamated company by notice in writing to the Comptroller and shall be irrevocable.

34C(6) [Upon election] Upon such election, the trades and businesses carried on in Singapore of all the amalgamating companies shall be treated as carried on in Singapore by the amalgamated company beginning from the date of amalgamation and—

(a) any property on revenue account of each amalgamating company shall, subject to subsection (14), be treated as property on revenue account of the amalgamated company; and

(b) any property on capital account of each amalgamating company shall, subject to subsection (16), be treated as property on capital account of the amalgamated company,

and the amalgamated company shall be treated as having acquired the property on the date on which the amalgamating company acquired it for an amount that was incurred by the amalgamating company in respect of that property.

Effect of cancellation of shares

34C(7) [Effect of cancellation of shares] Where an amalgamating company (referred to as the first-mentioned company) holds shares in another amalgamating company (referred to as the second-mentioned company), and the shares of the second-mentioned company are cancelled on the amalgamation, the following provisions shall apply:

(a) the first-mentioned company is treated as having disposed of the shares in the second-mentioned company immediately before the amalgamation for an amount equal to the cost of the shares to the first-mentioned company;

(b) if—

(i) the first-mentioned company has borrowed money to acquire shares in the second-mentioned company; and

(ii) the liability arising from the money borrowed referred to in sub-paragraph (i) is transferred to and becomes the liability of the amalgamated company,

no deduction shall be given for any interest or other borrowing costs incurred by the amalgamated company on or after the date of amalgamation on such liability.

Transfer of property

34C(8) [Transfer of property] Where there is a transfer of property from any amalgamating company to the amalgamated company on the date of amalgamation in respect of which allowances or writing-down allowances have been made to the amalgamating company under sections 16 to 21, the amalgamating company and the amalgamated company shall, subject to section 24(4), be deemed to have made an election under section 24(3), and section 24(3)(a) to (e) shall apply, with the necessary

modifications, whether or not the amalgamated company is a company over which the amalgamating company has control, or the amalgamating company is a company over which the amalgamated company has control, or both the amalgamating company and amalgamated company are companies under the control of a common person.

34C(8A) [Transfer of building or structure by reason of amalgamation] Where there is a transfer of a building or structure from any amalgamating company to the amalgamated company on the date of amalgamation for which an allowance has been made to the amalgamating company under section 18C, the annual allowances provided under that section shall continue to be available to the amalgamated company as if it had incurred the qualifying capital expenditure that was incurred in carrying out the approved construction or approved renovation, as the case may be, referred to in that section.

History

S. 34C(8A) inserted by Act No. 29 of 2010, s. 27, in operation on 23 February 2010.

34C(8B) [Building or structure used to produce chargeable income] Subsection (8A) shall not apply unless the building or structure is used before the transfer by the amalgamating company and after the transfer by the amalgamated company, in the production of income chargeable under the provisions of this Act.

History

S. 34C(8B) inserted by Act No. 29 of 2010, s. 27, in operation on 23 February 2010.

34C(9) [References to "buyer" and "seller"] In the application of section 24(3)(a) to (e) under subsection (8)—

(a) a reference in that provision to a buyer is a reference to the amalgamated company; and

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

34C(10) [Transfer of intellectual property rights] Where—

(a) there is a transfer of property, being intellectual property rights in respect of which writing-down allowances have been made to an amalgamating company under section 19B, from that amalgamating company to the amalgamated company on the date of amalgamation; and

(b) before the transfer in the case of that amalgamating company and from any time on or after the transfer in the case of that amalgamated company, the property is used in the production of income chargeable under the provisions of this Act,

the following provisions shall, subject to subsection (18), apply:

(i) section 19B(4) and (5) shall not apply to the amalgamating company;

(ii) the writing-down allowances under section 19B shall continue to be available to the amalgamated company as if no transfer had taken place;

(iii) the charge under section 19B(4) and (5) shall be made on the amalgamated company on any event occurring on or after the date of amalgamation as would have fallen to be made on the amalgamating company if the amalgamating company had continued to own the intellectual property rights and had done all such things and been allowed all such allowances as were done by or allowed to the amalgamated company.

34C(11) [Transfer of trading stock] Notwithstanding section 32 but subject to subsection (18), where there is a transfer of property, being trading stock to both an amalgamating company and the amalgamated company, from that amalgamating company to the amalgamated company on the date of amalgamation—

(a) the net book value of the trading stock of the amalgamating company shall be deemed to be the value of the consideration given by the amalgamated company to the amalgamating company for such transfer on the date of amalgamation for the purpose of deducting the cost of trading stock to the amalgamated company as an expense in computing the gains or profits of the trade or business of the amalgamated company; and

(b) only the amount of provision of diminution in value computed by reference to the net book value referred to in paragraph (a) of the trading stock, if any, may be allowed as a deduction to the amalgamated company.

34C(12) [Value of consideration of trading stock] Notwithstanding subsection (11), the value as reflected in the financial accounts of the amalgamated company on the date of amalgamation shall be taken as the value of the consideration given by the amalgamated company to the amalgamating company for the transfer of the trading stock on the date of amalgamation for the purpose of—

(a) computing the gains or profits of the trade or business of that amalgamating company; and

(b) deducting the cost of trading stock to the amalgamated company as an expense in computing the gains or profits of the trade or business of the amalgamated company,

if the amalgamated company has made an irrevocable election to that effect.

34C(13) [Gains or profits chargeable to tax] Any gains or profits of the trade or business of the amalgamating company referred to in subsection (12) shall be chargeable to tax for the year of assessment which relates to the basis period in which the date of amalgamation falls.

34C(14) [Transfer of amalgamating company's revenue account] Where there is a transfer of property from an amalgamating company to the amalgamated company, being property on revenue account of the amalgamating company but not on revenue account of the amalgamated company, the consideration for the transfer by the amalgamating company is taken as the amount which it would have realised if the property had been sold in the open market on the date of amalgamation.

34C(15) [Consideration used to compute gains or profits] The amount of consideration referred to in subsection (14) shall be used to compute the gains or profits of the trade or business of the amalgamating company and such gains or profits shall be chargeable to tax for the year of assessment which relates to the basis period in which the date of amalgamation falls.

34C(16) [Transfer of property not on revenue account] Where there is a transfer of property from an amalgamating company to the amalgamated company, being property not on revenue account of the amalgamating company but on revenue account of the amalgamated company, the consideration for the acquisition by the amalgamated company is taken as the amount which it would have incurred if the property had been purchased in the open market on the date of amalgamation or the actual amount paid, whichever is the lower.

34C(17) [Consideration deducted as expense] The amount of consideration referred to in subsection (16) shall be deducted as an expense in computing the gains or profits of the trade or business of the amalgamated company.

34C(18) [Cessation of trade in Singapore by amalgamated company] Where the amalgamated company ceases to carry on the trade and business in Singapore after the date of amalgamation but instead carries on that trade and business outside Singapore—

(a) in the case of trading stock which has been transferred at net book value under subsection (11)(a), section 32(1)(b) shall apply as if that trade and business has been discontinued or transferred on the date of cessation of the trade and business in Singapore, and any gain shall be chargeable to tax for the year of assessment relating to the basis period in which the amalgamated company ceases to carry on that trade and business in Singapore;

(b) in the case of property, being intellectual property rights in respect of which subsection (10) applies, the charge under section 19B(4) or (5), as the case may be, shall be made on the amalgamated company as if the property has been sold on the date of cessation of the trade and business in Singapore; and for the purpose of computing the charge under section 19B(5), the value thereof shall be the amount which it would have realised if the property had been sold in the open market on the date of cessation of such trade and business in Singapore.

34C(19) [Open market value to be determined by Comptroller where question arises] Any question arising under subsections (14), (16) and (18) regarding the open market value attributable to property or trading stock, as the case may be, shall be determined by the Comptroller.

Deductions for intellectual property rights

34C(20) [Deductions for intellectual property rights] No deduction under section 19B shall be allowed to the amalgamated company for any intellectual property rights recognised in accordance with FRS 38 and FRS 103 as a result of the amalgamation but which were not in existence prior to the amalgamation.

Deductions for bad debts, expenditure, losses, etc.

34C(21) [Deductions for and taxation of bad debts, expenditure and losses] Where—

(a) an amalgamating company ceases to exist on the date of amalgamation; and

(b) the amalgamated company continues to carry on the trade and business of the amalgamating company and at any time—

(i) writes off as bad the amount of a debt, or provides impairment loss in respect of a debt, that it acquires from the amalgamating company on the date of amalgamation;

(ii) incurs an expenditure, other than the expenditure to which prescribed sections of this Act apply; or

(iii) incurs a loss,

the amalgamated company—

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

(AA) the amalgamating company would have been allowed the deduction but for the amalgamation; and

(AB) the amalgamated company is not otherwise allowed the deduction; and

(B) shall be chargeable to tax on the amount of the debt recovered or impairment loss that is reversed if—

(BA) the amalgamating company would have been chargeable to tax on such amount but for the amalgamation; and

(BB) the amalgamated company is not otherwise chargeable to tax on such amount.

34C(22) [Tax chargeable on debt recovered or impaired loss reversed] Where—

(a) an amalgamating company has been allowed a deduction in respect of any debt written off as bad or impairment loss, and it ceases to exist on the date of amalgamation; and

(b) the amalgamated company continues to carry on the trade and business of the amalgamating company,

the amalgamated company shall be chargeable to tax on the amount of the debt recovered or impairment loss that is reversed if—

(i) the amalgamating company would have been chargeable to tax on such amount but for the amalgamation; and

(ii) the amalgamated company is not otherwise chargeable to tax on such amount.

34C(23) [Deductions of unabsorbed capital allowances, donations or losses] Where—

(a) an amalgamating company ceases to exist on the date of amalgamation; and

(b) the amalgamating company has any capital allowance, donation or loss remaining unabsorbed on the date of amalgamation,

sections 23 and 37 shall apply, with the necessary modifications, as if the amalgamated company is the amalgamating company for the purposes of deducting the unabsorbed capital allowance, donation or loss against the income or the statutory income, as the case may be, of the amalgamated company, subject to conditions specified in subsection (24).

34C(24) [Conditions referred to in sub-s (23)] The conditions referred to in subsection (23) are—

(a) the amalgamating company was carrying on a trade or business until the amalgamation; and

(b) the amalgamated company continues to carry on the same trade or business on the date of amalgamation as that of the amalgamating company from which the unabsorbed capital allowance, donation or loss was transferred.

34C(25) [Deduction to be made against income from same trade or business] Any deduction referred to in subsection (23) shall only be made against the income of the amalgamated company from the same trade or business as that of the amalgamating company immediately before the amalgamation.

Amalgamating company as qualifying person under section 34A

34C(26) [Amalgamating company as qualifying person under s 34A] Where any of the amalgamating companies is a qualifying person to which section 34A applies—

(a) the amalgamated company shall be deemed to be a qualifying person for the purpose of section 34A, and section 34A shall have effect on the amalgamated company; and

(b) the rules on the adjustment on change of basis of computing profits of financial instruments set out in regulations made under section 34A shall have effect on any amalgamating company which before the amalgamation is not a qualifying person to which section 34A applies, and any positive or negative adjustment which is not of a capital nature as a result of the application of such rules shall be assessed on or allowed to the amalgamated company.

Amalgamated company as qualifying company under section 43(6A)

34C(27) [Amalgamated company as qualifying company under s 43(6A)] Where all the amalgamating companies cease to exist on the date of amalgamation, and the amalgamated company is a qualifying company for the purpose of section 43(6A) in any year of assessment, then, for that year of assessment—

(a) in a case where the date of amalgamation does not fall within either of the basis periods of the first 2 years of assessment of any of the amalgamating companies, section 43(6) rather than section 43(6A) shall apply to the amalgamated company; and

(b) in a case where the date of amalgamation falls within either of the basis periods of the first 2 years of assessment of any of the amalgamating companies, section 43(6A) shall apply to the amalgamated company if, and only if, the first-mentioned year of assessment falls within such period as may be prescribed by the Minister, and if it does not, then section 43(6) shall apply to the amalgamated company.

34C(28) [Different periods in relation to sub-s (27)(b)] The Minister may, for different descriptions of amalgamations or companies, prescribe different periods for the purposes of subsection (27)(b).

Rights and obligations of amalgamated company

34C(29) [Rights and obligations of amalgamated company] Where any amalgamating company ceases to exist on the date of amalgamation, the amalgamated company shall comply with all obligations, meet all liabilities, and be entitled to all rights, powers and privileges, of the amalgamating company under this Act with respect to the year of assessment relating to the basis period in which the amalgamation occurs and all preceding years of assessment as if the amalgamated company is the amalgamating company.

Regulations

34C(30) [Scope of regulations] The Minister may by regulations provide—

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

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

(c) the manner and extent to which any qualifying deduction may be allowed under section 37C or 37E;

(d) the rate of exchange to be used for the purpose of section 62B;

(e) for the modification and exception to any prescribed section of this Act or the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86) as it applies to an amalgamated company and an amalgamating company; and

History

S. 34C(30)(e) amended by Act No. 19 of 2013, s. 22, in operation on 22 January 2009, by inserting "and an amalgamating company" after "amalgamated company".

(f) generally for giving full effect to or for carrying out the purposes of this section.

History

S. 34C inserted by Act No. 27 of 2009, s. 23, in operation on 22 January 2009.

SECTION 34D TRANSACTIONS NOT AT ARM'S LENGTH

34D(1) [Profits deemed to be taxable as if parties were not related parties] Where 2 persons are related parties and conditions are made or imposed between the 2 persons in their commercial or financial relations which differ from those which would be made if they were not related parties, then any profits which would, but for those conditions, have accrued to one of the persons, and, by reason of those conditions, have not so accrued, may be included in the profits of that person and taxed in accordance with the provisions of this Act.

34D(2) [Business carried on through a permanent establishment] Where a person carries on business through a permanent establishment, this section shall apply as if the person and the permanent establishment are 2 separate and distinct persons.

34D(3) [Definition] In this section, **"related party"** has the same meaning as in section 13(16).

History

S. 34D inserted by Act No. 27 of 2009, s. 24, in operation on 22 December 2009.

PART VIII — ASCERTAINMENT OF STATUTORY INCOME

[CCH Note: Part V renumbered as Part VIII in 1996 Ed.]

SECTION 35 BASIS FOR COMPUTING STATUTORY INCOME

35(1) [Statutory income] Except as provided in this section, the income of any person for each year of assessment (referred to in this Act as the statutory income) shall be the full amount of his income for the year preceding the year of assessment from each source of income after the deduction provided under subsection (2).

History

S. 35(1) substituted by Act No. 21 of 2003, s. 29, in operation on 10 December 2002. S. 35(1) formerly read:

"35(1) Except as provided in this section, the income of any person for each year of assessment (referred to in this Act as the statutory income) shall be the aggregate of his income from each source for the year preceding the year of assessment, after deducting—

(a) firstly, any balance of allowance from any previous year of assessment added to and deemed to form part of the corresponding allowance for the year of assessment under section 23(1); and

(b) secondly, any allowance for that year of assessment falling to be made under section 16, 17, 18A, 19, 19A, 19B, 19C or 20."

S. 35(1) substituted by Act No. 37 of 2002, s. 30(a), in operation on 10 December 2002. S. 35(1) formerly read:

"35(1) Except as provided in this section, the income of any person for each year of assessment (referred to in this Act as the statutory income) shall be the full amount of his income for the year preceding the year of assessment from each source of income."

35(2) [Deduction of balance of allowance] There shall be deducted any allowance falling to be made under section 16, 17, 18A (repealed), 18B, 18C, 19, 19A, 19B, 19C, 19D or 20 that is not fully deducted and which would otherwise be added to, and deemed to form part of, the corresponding allowance for the next succeeding year of assessment under section 23(1).

[CCH Note: S. 35(1A) renumbered as s. 35(2) in 2004 Ed.]

History

S. 35(2) amended by Act No. 29 of 2010, s. 54(e), in operation on 23 February 2010, by inserting "18B, 18C," after "18A (repealed),".

S. 35(1A) substituted by Act No. 21 of 2003, s. 29, in operation on 10 December 2002. S. 35(1A) formerly read:

"35(1A) For the purposes of subsection (1)(a), the balance of allowance for the earliest year of assessment shall be deemed to have been deducted first, followed by the balance of allowance for the next earliest year of assessment, and so on."

S. 35(1A) amended by Act No. 21 of 2003, s. 52(g), in operation on 3 December 2003, by substituting "18A (repealed)" for "18A".

S. 35(1A) amended by Act No. 21 of 2003, s. 52(h), effective for the year of assessment 2004 and subsequent years of assessment, by inserting ", 19D" after "19C".

S. 35(1A) inserted by Act No. 37 of 2002, s. 30(a), in operation on 10 December 2002.

35(2A) [Deduction under sub-s (2)] A deduction under subsection (2) shall be made in the following order:

(a) firstly, against income from any trade, business, profession or vocation; and

(b) secondly, against income from any other source.

History

S. 35(2A) inserted by Act No. 49 of 2004, s. 24(a), in operation on 30 November 2004.

35(3) [Balance of allowance from earliest year deducted first] For the purposes of subsection (2), the balance of allowance for the earliest year of assessment shall be deemed to have been deducted first, followed by the balance of allowance for the next earliest year of assessment, and so on.

[CCH Note: S. 35(1B) renumbered as s. 35(3) in 2004 Ed.]

History

S. 35(1B) inserted by Act No. 21 of 2003, s. 29, in operation on 10 December 2002.

35(4) [Directions of Comptroller] Where the Comptroller is satisfied that any person usually makes up his accounts to a day other than 31st December, he may direct that—

(a) where the person is not an individual, the statutory income of that person from all sources be computed on the amount of gains or profits of the year ending on that day in the year preceding the year of assessment;

(b) where the accounts relate to a partnership, the income of the partnership be computed under section 36 on the amount of gains or profits of the year ending on that day in the year preceding the year of assessment; or

(c) where the person is an individual, the statutory income of that person from any trade, business, profession or vocation to which the accounts relate be computed on the amount of gains or profits of the year ending on that day in the year preceding the year of assessment.

[CCH Note: S. 35(2) renumbered as s. 35(4) in 2004 Ed.]

History

S. 35(4)(a) and (c) amended by Act No. 29 of 2012, s. 27, effective for the year of assessment 2013 and subsequent years of assessment, by deleting "or a Hindu joint family" after "an individual".

S. 35(4) substituted by Act No. 53 of 2007, s. 20(a), effective for the year of assessment 2009 and subsequent years of assessment. S. 35(4) formerly read:

"35(4) Where the Comptroller is satisfied that any person usually makes up the accounts of a trade, business, profession or vocation carried on or exercised by him, to some day other than that immediately preceding any year of assessment, he may direct that the statutory income from that source be computed on the amount of gains or profits of the year ending on that day in the year preceding the year of assessment."

35(5) *(Deleted by Act No. 19 of 2013, Sch., item 18)*

History

S. 35(5) deleted by Act No. 19 of 2013, Sch., item 18, in operation on 1 January 2014. S. 35(5) formerly read:

"35(5) Notwithstanding any other provisions of this Act, where any dividend derived from Singapore by any person is assessed to tax on a basis period ending on a date other than 31st December, any such dividend—

(a) derived during the period from 1st January 1992 to 31st December 1992 shall be treated as his statutory income for the year of assessment 1993 and be charged to tax at the rate applicable to him for that year of assessment;

(b) derived during the period from 1st January 1995 to 31st December 1995 shall be treated as his statutory income for the year of assessment 1996 and be charged to tax at the rate applicable to him for that year of assessment;

(c) derived during the period from 1st January 1999 to 31st December 1999 shall be treated as his statutory income for the year of assessment 2000 and be charged to tax at the rate applicable to him for that year of assessment;

[CCH Note: S. 35(2A)(a)–(f) renumbered as s. 35(2A)(a)–(c) in 1999 Ed.]

(d) derived during the period from 1st January 2000 to 31st December 2000 shall be treated as his statutory income for the year of assessment 2001 and be charged to tax at the rate applicable to him for that year of assessment;

(e) derived during the period from 1st January 2001 to 31st December 2001 shall be treated as his statutory income for the year of assessment 2002 and be charged to tax at the rate applicable to him for that year of assessment;

(f) derived during the period from 1st January 2003 to 31st December 2003 shall be treated as his statutory

(b) relief under sections 50, 50A and 50B shall be left out of account in computing the amount of tax which would be payable by an individual if he were resident in Singapore, and charged to tax, as mentioned in subsection (1).

[CCH Note: S. 40(4) renumbered as s. 40(6) in 2001 Ed.]

History

S. 40(6)(b) amended by Act No. 27 of 2009, s. 40(e), effective for the year of assessment 2010 and subsequent years of assessment, by deleting "48," after "relief under sections".

S. 40(6)(b) amended by Act No. 7 of 2007, s. 27, effective for the year of assessment 2008 and subsequent years of assessment, by substituting ", 50A and 50B" for "and 50A".

S. 40(4)(b) amended by Act No. 11 of 1994, s. 13(b), in operation on 16 September 1994, by substituting ", 50 and 50A" for "and 50".

40(7) [Discontinuation of relief from year of assessment 2016 onwards] No relief shall be allowed under this section for the year of assessment 2016 or any subsequent year of assessment.

History

S. 40(7) inserted by Act No. 37 of 2014, s. 46, in operation on 27 November 2014.

S. 73 of Act No. 37 of 2014, in operation on 27 November 2014, contains the following **Savings and Transitional Provision**:

"73 For a period of 2 years after the date of commencement of any provision of this Act, the Minister may, by regulations, prescribe such additional provisions of a savings or transitional nature consequent on the enactment of that provision as the Minister may consider necessary or expedient."

SECTION 40A RELIEF FOR NON-RESIDENT PUBLIC ENTERTAINERS

40A(1) [Applicability of s 40A] This section shall apply to a person who, in any year of assessment, is not resident in Singapore and who derives income as a public entertainer or derives such income and income from any other source in the year preceding that year of assessment which does not include—

(a) any withdrawal from his SRS account deemed to be income subject to tax under section 10L; or

(b) income from the exercise of any other employment in Singapore.

History

S. 40A(1) inserted by Act No. 24 of 2001, s. 20(a), effective for the year of assessment 2002 and subsequent years of assessment.

40A(2) [15% reduced tax rate] Subject to subsection (2A), any person to whom this section applies shall, if the tax payable by him in respect of that year is attributable to income derived as a public entertainer, be allowed relief in respect of that year in the following manner:

(a) where the only source of income in Singapore is such activity as a public entertainer, by reduction of the rate of tax to 15% on every dollar of the chargeable income;

(b) where such person possesses any other source of income in Singapore and the total assessable income exceeds the statutory income attributable to such activity as a public entertainer, by reduction of the rate of tax to 15% on such part of the chargeable income as bears the same proportion to the total chargeable income as the statutory income attributable to such activity as a public entertainer bears to the total assessable income;

(c) where such person possesses any other source of income in Singapore and the total assessable income is equal to or less than the statutory income attributable to such activity as a public entertainer, by reduction of the rate of tax to 15% on every dollar of the chargeable income.

History

S. 40A(2) amended by Act No. 29 of 2010, s. 36(a), in operation on 22 February 2010, by substituting "Subject to subsection (2A), any" for "Any".

S. 40A(2) amended by Act No. 24 of 2001, s. 20(c), effective for the year of assessment 2002 and subsequent years of assessment, by substituting "Any person to whom this section applies" for "Any individual who, in any year of assessment, is not resident in Singapore".

S. 40A(1) renumbered as s. 40A(2) by Act No. 24 of 2001, s. 20(b), effective for the year of assessment 2002 and subsequent years of assessment.

40A(2A) [10% rate from 22 February 2010 to 31 March 2020] For the purpose of subsection (2), in relation to income derived by a person as a public entertainer during the period from 22nd February 2010 to 31st March 2020 (both dates inclusive), the references to 15% shall be read as 10%.

History

S. 40A(2A) amended by Act No. 37 of 2014, s. 47, in operation on 27 November 2014, by substituting "31st March 2020" for "31st March 2015".

S. 73 of Act No. 37 of 2014, in operation on 27 November 2014, contains the following **Savings and Transitional Provision**:

"73 For a period of 2 years after the date of commencement of any provision of this Act, the Minister may, by regulations, prescribe such additional provisions of a savings or transitional nature consequent on the enactment of that provision as the Minister may consider necessary or expedient."

S. 40A(2A) inserted by Act No. 29 of 2010, s. 36(b), in operation on 22 February 2010.

40A(3) [Section that affords greatest relief shall apply] Where any person is entitled to relief under this section and is also entitled to relief under section 40(1) or (4), he shall be entitled to whichever relief is the greater in respect of the income to which this section relates.

History

S. 40A(2) renumbered as s. 40A(3) by Act No. 24 of 2001, s. 20(b), effective for the year of assessment 2002 and subsequent years of assessment.

40A(4) [Definitions] In this section—

"public entertainer" means a stage, radio or television artiste, a musician, an athlete or an individual exercising any profession, vocation or employment of a similar nature;

"statutory income attributable to such activity as a public entertainer" means the statutory income derived from such source ascertained in accordance with section 35(1);

"total assessable income" means the remainder of the statutory income of any person after the deduction allowed under section 37(3)(a) has been made.

History

S. 40A(3) renumbered as s. 40A(4) by Act No. 24 of 2001, s. 20(b), effective for the year of assessment 2002 and subsequent years of assessment.

SECTION 40B RELIEF FOR NON-RESIDENT EMPLOYEES

40B(1) [Applicability of s 40B] This section shall apply to a person who, in any year of assessment, is not resident in Singapore and who derives income from the exercise of any employment in Singapore or derives such income and income from any other source in the year preceding that year of assessment which does not include—

(a) any withdrawal from his SRS account deemed to be income subject to tax under section 10L; or

(b) income derived as a public entertainer within the meaning of section 40A.

History

S. 40B(1) inserted by Act No. 24 of 2001, s. 21(a), effective for the year of assessment 2002 and subsequent years of assessment.

40B(2) [15% reduced tax rate] Any person to whom this section applies shall, if the tax payable by him in respect of that year is attributable to income derived from the exercise of an employment in Singapore, be allowed relief in respect of that year in the following manner:

(a) where the only source of income in Singapore is such activity as a non-resident employee, by reduction of the rate of tax to 15% on every dollar of the chargeable income;

(b) where such person possesses any other source of income in Singapore and the total assessable income exceeds the statutory income attributable to such activity as a non-resident employee, by reduction of the rate of tax to 15% on such part of the chargeable income as bears the same proportion to the total chargeable income as the statutory income attributable to such activity as a non-resident employee bears to the total assessable income;

(c) where such person possesses any other source of income in Singapore and the total assessable income is equal to or less than the statutory income attributable to such activity as a non-resident employee, by reduction of the rate of tax to 15% on every dollar of the chargeable income.

History

S. 40B(2) amended by Act No. 24 of 2001, s. 21(c), effective for the year of assessment 2002 and subsequent years of assessment, by substituting "Any person to whom this section applies" for "Any individual who, in any year of assessment, is not resident in Singapore".

S. 40B(1) renumbered as s. 40B(2) by Act No. 24 of 2001, s. 21(b), effective for the year of assessment 2002 and subsequent years of assessment.

40B(3) [Tax payable shall not be less than that payable by a resident of Singapore] The relief available to any person under subsection (2) shall be so limited that the tax payable in respect of such income shall not be less than that which would be payable by a resident of Singapore in the same circumstances.

History

S. 40B(3) amended by Act No. 24 of 2001, s. 21(d), effective for the year of assessment 2002 and subsequent years of assessment, by substituting "subsection (2)" for "subsection (1)".

S. 40B(1A) renumbered as s. 40B(3) by Act No. 24 of 2001, s. 21(b), effective for the year of assessment 2002 and subsequent years of assessment.

40B(4) [Section that affords greatest relief shall apply] Where any person is entitled to relief under this section and is also entitled to relief under section 40(1) or (4), he shall be entitled to whichever relief is the greater in respect of the income to which this section relates.

History

S. 40B(2) renumbered as s. 40B(4) by Act No. 24 of 2001, s. 21(b), effective for the year of assessment 2002 and subsequent years of assessment.

40B(5) [Definitions] In this section—

"non-resident employee" means an individual who has exercised an employment in Singapore for such period of time as not to qualify for the status of a resident and includes an individual who is in receipt of leave pay attributable to a period of employment in Singapore but excludes a director of a company;

"statutory income attributable to such activity as a non-resident employee" means the statutory income derived from such source ascertained in accordance with section 35(1);

"total assessable income" means the remainder of the statutory income of any person after the deduction allowed under section 37(3)(a) has been made.

History

S. 40B(3) renumbered as s. 40B(5) by Act No. 24 of 2001, s. 21(b), effective for the year of assessment 2002 and subsequent years of assessment.

SECTION 40C RELIEF FOR NON-RESIDENT SRS MEMBERS

40C(1) [Applicability of s 40C] This section shall apply to a person who, in any year of assessment, is not resident in Singapore and who makes any withdrawal from his SRS account which is deemed to be income subject to tax under section 10L or derives such income and income from any other source in the year preceding that year of assessment which does not include—

(a) income from the exercise of any employment in Singapore; or

(b) income derived as a public entertainer within the meaning of section 40A.

40C(2) [15% reduced tax rate] Any person to whom this section applies shall, if the tax payable by him in respect of that year of assessment is attributable to withdrawals from his SRS account, be allowed relief in respect of that year of assessment in the following manner:

(a) where the withdrawals from his SRS account are his only source of income, by reduction of the rate of tax to 15% on every dollar of the chargeable income;

(b) where the person possesses any other source of income in Singapore and the total assessable income exceeds the statutory income attributable to the withdrawals from his SRS account, by reduction of the rate of tax to 15% on such part of the chargeable income as bears the same proportion to the total chargeable income as the statutory income attributable to the withdrawals from his SRS account bears to the total assessable income;

(c) where the person possesses any other source of income in Singapore and the total assessable income is equal to or less than the statutory income attributable to the withdrawals from his SRS account, by reduction of the rate of tax to 15% on every dollar of the chargeable income.

40C(3) [Tax payable shall not be less than that payable by a resident of Singapore in similar circumstances] The relief available to any person under subsection (2) shall be so limited that the tax payable in respect of such income shall not be less than that which would be payable by a resident of Singapore in the same circumstances.

40C(4) [Section that affords greatest relief shall apply] Where any person is entitled to relief under this section and is also entitled to relief under section 40(1) or (4), he shall be entitled to whichever relief is the greater in respect of the income to which this section relates.

40C(5) [Definitions] In this section—

"statutory income attributable to the withdrawals from his SRS account" means the statutory income of a person derived from such source as ascertained under section 35(1);

"total assessable income" means the remainder of the statutory income of a person after the deduction allowed under section 37(3)(a) has been made;

"withdrawals from his SRS account" means all withdrawals from the SRS account of a person which are deemed to be income subject to tax under section 10L.

History

S. 40C inserted by Act No. 24 of 2001, s. 22, effective for the year of assessment 2002 and subsequent years of assessment.

SECTION 40D RELIEF FOR NON-RESIDENT DERIVING INCOME FROM ACTIVITY AS PUBLIC ENTERTAINER AND EMPLOYEE, ETC.

40D(1) [Applicability of s 40D] This section shall apply to a person who, in any year of assessment, is not resident in Singapore and who derives income from 2 or more of the following sources (referred to in this section as relevant income) in the year preceding that year of assessment:

(a) income derived as a public entertainer within the meaning of section 40A;

(b) income from the exercise of any employment in Singapore; and

(c) any withdrawal from his SRS account.

40D(2) [Reduced tax rate] Any person to whom this section applies shall, if the tax payable by him in respect of that year of assessment is attributable to the relevant income, be allowed relief in respect of that year of assessment in the following manner:

(a) where he only derives the relevant income in Singapore, by reduction of the rate of tax to the rate specified under section 40A, 40B or 40C, as the case may be, on every dollar of the chargeable income attributable to the source of income referred to in subsection (1)(a), (b) or (c), respectively;

(b) where the person possesses any other source of income in Singapore and the total assessable income exceeds the statutory income attributable to the sources giving rise to the relevant income, by reduction of the rate of tax to—

(i) the rate of tax specified in section 40A(2) on such part of the chargeable income as bears the same proportion to the total chargeable income as the statutory income attributable to such activity as a public entertainer bears to the total assessable income;

(ii) the rate of tax specified in section 40B(2) on such part of the chargeable income as bears the same proportion to the total chargeable income as the statutory income attributable to such activity as a non-resident employee bears to the total assessable income; and

(iii) the rate of tax specified in section 40C(2) on such part of the chargeable income as bears the same proportion to the total chargeable income as the statutory income attributable to the withdrawals from his SRS account bears to the total assessable income;

(c) where the person possesses any other source of income in Singapore and the total assessable income is equal to or less than the statutory income attributable to the sources giving rise to the relevant income, by reduction of the rate of tax to—

(i) the lowest of the rates specified under sections 40A(2), 40B(2), 40C(2) and 43(1)(b), as the case may be, on every dollar of the chargeable income or the amount of statutory income attributable to that source which is subject to tax at that lowest rate, whichever is less;

(ii) the second lowest of the rates specified under sections 40A(2), 40B(2), 40C(2) and 43(1)(b), as the case may be, on every dollar of the chargeable income in excess of the statutory income taxed at the lowest rate, or the amount of statutory income attributable to that source which is subject to tax at that second lowest rate, whichever is less; and

(iii) the third lowest of the rates specified under sections 40A(2), 40B(2), 40C(2) and 43(1)(b), as the case may be, on every dollar of the chargeable income in excess of the statutory income taxed at the other 2 lower rates, or the amount of statutory income attributable to that source which is subject to tax at that third lowest rate, whichever is less.

[**CCH Note:** S. 40D(2)(c)(i)-(iii) amended in 2014 Rev. Ed., by deleting "the" after "whichever is".]

40D(3) [Tax payable shall not be less than that which is payable by a resident of Singapore in similar circumstances] The relief available to any person under subsection (2) shall be so limited that the tax payable in respect of such income referred to in subsection (1)(b) or (c), shall not be less than that which would be payable by a resident of Singapore in the same circumstances.

40D(4) [Statutory income derived as a public entertainer excluded] For the purposes of computing the tax payable by a resident of Singapore in the same circumstances referred to in subsection (3), the statutory income derived as a public entertainer by a person to whom this section applies shall be excluded.

40D(5) [Section that affords greatest relief to be applied] Where any person is entitled to relief under this section and is also entitled to relief under section 40(1) or (4), he shall be entitled to whichever relief is the greater in respect of the income to which this section relates.

40D(6) [Definitions] In this section—

"non-resident employee" has the same meaning as in section 40B;

"public entertainer" has the same meaning as in section 40A;

"statutory income attributable to such activity as a non-resident employee" has the same meaning as in section 40B;

"statutory income attributable to such activity as a public entertainer" has the same meaning as in section 40A;

"statutory income attributable to the withdrawals from his SRS account" has the same meaning as in section 40C;

"total assessable income" means the remainder of the statutory income of a person after the deduction allowed under section 37(3)(a) has been made;

"withdrawals from his SRS account" has the same meaning as in section 40C.

History

S. 40D inserted by Act No. 24 of 2001, s. 22, effective for the year of assessment 2002 and subsequent years of assessment.

SECTION 41 PROOF OF CLAIMS FOR DEDUCTION OR RELIEF

41(1) [Claims to made on proper form] Every individual who claims any deduction or relief under this Part shall make his claim on the proper form.

41(2) [Claims to contain particulars and be supported by proof as required] Such deduction or relief shall be granted if the claim contains such particulars and is supported by such proof as the Comptroller may require.

PART XI — RATES OF TAX

[CCH Note: Part VIII renumbered as Part XI in 1996 Ed.]

SECTION 42 RATES OF TAX UPON INDIVIDUALS

42(1) [Normal rate of tax] Subject to subsection (2), there shall be levied and paid for each year of assessment upon the chargeable income of every person (other than a body of persons, a company, a person not resident in Singapore, a trustee who is not the trustee of an incapacitated person, or an executor) tax in accordance with the rates specified in Part A of the Second Schedule in respect of the chargeable income of an individual.

History

S. 42(1) amended by Act No. 29 of 2012, s. 36, effective for the year of assessment 2013 and subsequent years of assessment, by deleting "or a Hindu joint family" after "an individual".

S. 42(1) substituted by Act No. 27 of 2009, s. 32(a), effective for the year of assessment 2010 and subsequent years of assessment. S. 42(1) formerly read:

"42(1) Subject to subsections (2), (4) and (6), there shall be levied and paid for each year of assessment upon the chargeable income of every person (other than a company, a person not resident in Singapore, a trustee who is not the trustee of an incapacitated person, or an executor) tax in accordance with the rates specified in—

(a) Part A of the Second Schedule in respect of the chargeable income of an individual or a Hindu joint family;

(b) Part B of the Second Schedule in respect of the chargeable income of a person other than an individual or a Hindu joint family."

S. 42(1) amended by Act No. 37 of 2002, s. 36(a), effective for the year of assessment 2003 and subsequent years of assessment, by substituting "subsections (2), (4) and (6)" for "subsection (2) or (4)".

S. 42(1) amended by Act No. 1 of 1988, s. 9(a), effective for year of assessment 1987 and subsequent years of assessment, by inserting "or subsection (4)".

42(2) [Income received from outside Singapore] Without prejudice to section 50, the rate of tax applicable to the income of an individual received in Singapore from outside Singapore shall be determined by reference to that income together with all other income and shall be deemed to be the highest rate applicable to his total income.

History

S. 42(2) amended by Act No. 29 of 2012, s. 36, effective for the year of assessment 2013 and subsequent years of assessment, by deleting "or a Hindu joint family" after "an individual".

S. 42(2) amended by Act No. 34 of 2005, s. 28(a), in operation on 7 November 2005, by deleting "; and where such rate exceeds 28% it shall be reduced to 28%".

S. 42(2) amended by Act No. 28 of 1996, s. 8(a), effective for the year of assessment 1997 and subsequent years of assessment, by substituting "28%" for "30%".

S. 42(2) amended by Act No. 26 of 1993, s. 24(a), effective for year of assessment 1994 and subsequent years of assessment, by substituting "30%" for "33%".

42(3) *(Deleted by Act No. 19 of 2013, Sch., item 21)*

[CCH Note: S. 42(4) renumbered as s. 42(3) in 1999 Ed.]

History

S. 42(3) deleted by Act No. 19 of 2013, Sch., item 21, in operation on 1 January 2014. S. 42(3) formerly read:

"42(3) Where dividends are received by any institution, authority, person or fund specified in the First Schedule and such dividends are not exempt under section 13(1)(e), the gross amount of the dividends shall be taxed at the same rate as is applicable to a company."

S. 42(4) inserted by Act No. 1 of 1988, s. 9(b), effective for year of assessment 1987 and subsequent years of assessment.

42(4) *(Deleted by Act No. 27 of 2009, s. 32(b))*

[CCH Note: S. 42(5) renumbered as s. 42(4) in 1999 Ed.]

History

S. 42(4) deleted by Act No. 27 of 2009, s. 32(b), effective for the year of assessment 2010 and subsequent years of assessment. S. 42(4) formerly read:

"42(4) Notwithstanding Part B of the Second Schedule, where the effective rate of tax of a person other than an individual determined by dividing the tax chargeable on his chargeable income by the amount of that income exceeds the effective rate of tax for companies as determined under subsection (5), the rate of tax applicable to that person on every dollar of his chargeable income shall be the effective rate of tax for companies as so determined."

S. 42(4) substituted by Act No. 24 of 2001, s. 23, effective for the year of assessment 2002 and subsequent years of assessment. S. 42(4) formerly read:

"42(4) Notwithstanding Part B of the Second Schedule, in respect of the chargeable income of a person other than an individual, the rate of tax applicable to that person on every dollar of his chargeable income shall be 25.5% where the effective rate of tax arrived at by dividing the income tax chargeable on his chargeable income by the amount of that income exceeds 25.5%."

S. 42(4) amended by Act No. 24 of 2000, s. 11(a), effective for year of assessment 2001 and subsequent years of assessment, by substituting "25.5%" for "26%" wherever it appears.

S. 42(5) amended by Act No. 28 of 1996, s. 8(b), effective for the year of assessment 1997 and subsequent years of assessment, by substituting "26%" for "27%".

42(5) *(Deleted by Act No. 27 of 2009, s. 32(b))*

History

S. 42(5) deleted by Act No. 27 of 2009, s. 32(b), effective for the year of assessment 2010 and subsequent years of assessment. S. 42(5) formerly read:

"42(5) For the purposes of subsection (4), the effective rate of tax for companies shall be determined in accordance with the formula

$$\frac{A}{B} \times 100\%,$$

where A is the tax chargeable on the chargeable income of the person for the year of assessment calculated in accordance with section 43(6) as if the person is a company; and

B is the chargeable income of the person for the year of assessment.

[S. 42(5) substituted by Act No. 24 of 2001, s. 23, effective for the year of assessment 2002 and subsequent years of assessment. S. 42(5) formerly read:

'42(5) The reference to 25.5% in subsection (4) shall, for the years of assessment 1997, 1998, 1999 and 2000, be read as a reference to 26%.'

S. 42(5) substituted by Act No. 24 of 2000, s. 11(b), in operation on 7 September 2000. S. 42(5) formerly read:

'42(5) The reference to 26% in subsection (4) shall for the years of assessment 1994, 1995 and 1996, be read as a reference to 27%.'

[CCH Note: S. 42(6)(a)–(e) renumbered as s. 42(5) in 1999 Ed.]]

S. 42(6)(e) inserted by Act No. 28 of 1996, s. 8(d), effective for the year of assessment 1997 and subsequent years of assessment.

S. 42(6) amended by Act No. 28 of 1996, s. 8(b), effective for the year of assessment 1997 and subsequent years of assessment, by substituting "26%" for "27%".

S. 42(5)–(6) [s. 42(5), 1994 Ed.] amended by Act No. 26 of 1993, s. 24(c), effective for year of assessment 1994 and subsequent years of assessment, by substituting "27%" for "30%".

S. 42(6)(d) [s. 42(5)(d), 1994 Ed.] inserted by Act No. 26 of 1993, s. 24(d), in operation on 17 September 1993.

S. 42(5)–(6) [s. 42(5), 1994 Ed.] amended by Act No. 28 of 1992, s. 12(a), effective for year of assessment 1993 and subsequent years of assessment, by substituting "30%" for "31%".

S. 42(6)(a) [s. 42(5)(a), 1994 Ed.] amended by Act No. 28 of 1992, s. 12(b), in operation on 2 October 1992, by deleting "and" at the end of para. (a).

S. 42(6)(c) [s. 42(5)(c), 1994 Ed.] inserted by Act No. 28 of 1992, s. 12(c), in operation on 2 October 1992.

S. 42(5)–(6) [s. 42(5), 1994 Ed.] amended by Act No. 20 of 1991, s. 11(a), effective for year of assessment 1991 and subsequent years of assessment, by substituting "31%" for "32%".

S. 42(6) [s. 42(5) proviso, 1994 Ed.] substituted by Act No. 20 of 1991, s. 11(b), in operation on 19 July 1991. Proviso formerly read:

'Provided that for the years of assessment 1988 and 1989, the reference to 32% in this subsection shall be read as a reference to 33%.'S. 42(5) substituted by Act No. 1 of 1990, s. 11, effective for year of assessment 1990 and subsequent years of assessment. Subsection formerly read:

'42(5) Notwithstanding Part B of the Second Schedule, in respect of the chargeable income of a person other than an individual, the rate of tax applicable to that person on every dollar of his chargeable income shall be 33% where the effective rate of tax arrived at by dividing the income tax chargeable on his chargeable income by the amount of that income exceeds 33%.'

S. 42(5) inserted by Act No. 3 of 1989, s. 16, effective for year of assessment 1988 and subsequent years of assessment."

42(6) *(Deleted by Act No. 27 of 2009, s. 32(b))*

History

S. 42(6) deleted by Act No. 27 of 2009, s. 32(b), effective for the year of assessment 2010 and subsequent years of assessment. S. 42(6) formerly read:

"42(6) There shall be levied and paid for each year of assessment upon the following income derived by a body of persons at the rate of 10%:

(a) interest from qualifying debt securities;

[S. 42(6)(a) amended by Act No. 34 of 2005, s. 28(b), in operation on 7 November 2005, by deleting "and" at the end of the paragraph.]

(b) discount from—

(i) qualifying debt securities issued during the period from 27th February 2004 to 16th February 2006 which mature within one year from the date of issue of those securities; or

(ii) qualifying debt securities issued during the period from 17th February 2006 to 31st December 2013;

[S. 42(6)(b)(ii) amended by Act No. 34 of 2008, s. 37, in operation on 16 December 2008, by substituting "31st December 2013" for "31st December 2008".

S. 42(6)(b) amended by Act No. 53 of 2007, s. 23(a), in operation on 15 February 2007, by deleting "and" at the end of the paragraph.

S. 42(6)(b) substituted by Act No. 7 of 2007, s. 28(a), in operation on 17 February 2006. S. 42(6)(b) formerly read:

'(b) discount from qualifying debt securities which mature within one year from the date of issue of those securities and issued during the period from 27th February 2004 to 31st December 2008; and'

S. 42(6)(b) amended by Act No. 34 of 2005, s. 28(c), in operation on 1 January 2005, by substituting "; and" for "." at the end of the paragraph.]

(c) any amount payable from any Islamic debt securities which are qualifying debt securities, and issued during the period from 1st January 2005 to 31st December 2013;

[S. 42(6)(c) amended by Act No. 34 of 2008, s. 37, in operation on 16 December 2008, by substituting "31st December 2013" for "31st December 2008".

S. 42(6)(c) amended by Act No. 53 of 2007, s. 23(b), in operation on 15 February 2007, by substituting a semi-colon for the full-stop at the end of the paragraph.

S. 42(6)(c) inserted by Act No. 34 of 2005, s. 28(c), in operation on 1 January 2005.

S. 42(6) substituted by Act No. 49 of 2004, s. 30, in operation on 27 February 2004. S. 42(6) formerly read:

'42(6) There shall be levied and paid for each year of assessment upon any interest derived by a body of persons from qualifying debt securities at the rate of 10%.'

S. 42(6) inserted by Act No. 37 of 2002, s. 36(b), effective for the year of assessment 2003 and subsequent years of assessment.]

(d) prepayment fee, redemption premium or break cost from qualifying debt securities issued during the period from 15th February 2007 to 31st December 2013; and

[S. 42(6)(d) amended by Act No. 34 of 2008, s. 37, in operation on 16 December 2008, by substituting "31st December 2013" for "31st December 2008".

S. 42(6)(d) inserted by Act No. 53 of 2007, s. 23(b), in operation on 15 February 2007.]

(e) such other income directly attributable to qualifying debt securities issued on or after a prescribed date, as may be prescribed by regulations.

[S. 42(6)(e) inserted by Act No. 53 of 2007, s. 23(b), in operation on 15 February 2007.]"

42(7) *(Deleted by Act No. 27 of 2009, s. 32(b))*

History

S. 42(7) deleted by Act No. 27 of 2009, s. 32(b), effective for the year of assessment 2010 and subsequent years of assessment. S. 42(7) formerly read:

"42(7) Subsection (6) shall not, unless otherwise approved by the Minister or such person as he may appoint, apply to—

(a) any interest derived from any qualifying debt securities issued during the period from 10th May 1999 to 31st December 2013;

[S. 42(7)(a) amended by Act No. 34 of 2008, s. 37, in operation on 16 December 2008, by substituting "31st December 2013" for "31st December 2008".

S. 42(7)(a) amended by Act No. 34 of 2005, s. 28(d), in operation on 7 November 2005, by deleting "and" at the end of the paragraph.]

(b) any discount derived from—

(i) any qualifying debt securities issued during the period from 27th February 2004 to 16th February 2006 which mature within one year from the date of issue of those securities; or

(ii) any qualifying debt securities issued during the period from 17th February 2006 to 31st December 2013;

[S. 42(7)(b)(ii) amended by Act No. 34 of 2008, s. 37, in operation on 16 December 2008, by substituting "31st December 2013" for "31st December 2008".

S. 42(7)(b) amended by Act No. 53 of 2007, s. 23(c), in operation on 15 February 2007, by deleting "and" at the end of the paragraph.

S. 42(7)(b) substituted by Act No. 7 of 2007, s. 28(b), in operation on 17 February 2006. S. 42(7)(b) formerly read: