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ACTS SUPPLEMENT

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The following Act was passed by Parliament on 26 March 2020 and assented to by the President on 27 April 2020:—

REPUBLIC OF SINGAPORE

No. 20 of 2020.

I assent.



HALIMAH YACOB,
President.
27 April 2020.

An Act to amend the Economic Expansion Incentives (Relief from Income Tax) Act (Chapter 86 of the 2005 Revised Edition).

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

Short title and commencement

1. This Act is the Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2020 and comes into operation on a date that the Minister appoints by notification in the *Gazette*.

Amendment of section 17

2. Section 17 of the Economic Expansion Incentives (Relief from Income Tax) Act (called in this Act the principal Act) is amended by inserting, immediately after the words “engaged in” in subsections (1), (1A), (5)(b) and (6)(c)(ii), the words “or desires to engage in”.

Amendment of section 19J

3. Section 19J of the principal Act is amended —

- (a) by inserting, immediately after the words “engaged in” in subsection (1), the words “, or which desires to engage in,”; and
- (b) by inserting, immediately after the words “engaged in” in subsections (1A), (5)(b) and (5A)(c)(ii), the words “or desires to engage in”.

New Part IV

4. The principal Act is amended by inserting, immediately after section 19P, the following Part:

“PART IV

TRANSFER OF AWARDS

Interpretation of this Part

20. In this Part, unless the context otherwise requires —

“average corresponding income” means the average corresponding income mentioned in section 19J(6);

“development and expansion award” means an approval given by the Minister to a company under Part IIIB to be a development and expansion company for a Part IIIB qualifying activity;

“development and expansion company” means a development and expansion company as defined in section 19I;

“Part III commencement day”, in relation to a Part III qualifying activity, has the meaning given to “commencement day” in section 16;

“Part III qualifying activity” means any qualifying activity as defined in section 16;

“Part IIIB commencement day”, in relation to a Part IIIB qualifying activity, has the meaning given to “commencement day” in section 19I;

“Part IIIB qualifying activity” means any qualifying activity as defined in section 19I;

“pioneer industry award” means an approval given by the Minister to a company under Part II to be a pioneer enterprise for a pioneer product;

“pioneer service award” means an approval given by the Minister to a company under Part III to be a pioneer service company for a Part III qualifying activity;

“pioneer service company” means a pioneer service company as defined in section 16.

Application of this Part

21.—(1) This Part applies where, because of a transfer or proposed transfer to a company (called in this Part a transferee company) of any business of a pioneer enterprise, pioneer service company or development and expansion company (called in this Part a transferor company) to which the transferor company’s pioneer industry award, pioneer service award or development and expansion award (as the case may be) relates —

- (a) a pioneer product under the pioneer industry award (called in this Part the subject product) is or will be produced by the transferee company instead of the transferor company;

- (b) a Part III qualifying activity under the pioneer service award (called in this Part the subject activity) is or will be engaged in by the transferee company instead of the transferor company; or
- (c) a Part IIIB qualifying activity under the development and expansion award (also called in this Part the subject activity) is or will be engaged in by the transferee company instead of the transferor company.

(2) In subsection (1), a transferee company includes a company that results from an amalgamation or merger involving the transferor company.

Application for transfer of award

22.—(1) The transferor company may apply to the Minister to transfer to the transferee company the whole or part of its pioneer industry award, pioneer service award or development and expansion award (called in this Part the subject award) that relates to the subject product or subject activity, as the case may be.

(2) The application under subsection (1) must be made in writing, in the form and containing the particulars specified by the Minister.

(3) The Minister may approve the application under subsection (1) if the Minister is satisfied that —

- (a) because of a transfer or proposed transfer to the transferee company of any business of the transferor company to which the subject award relates, the transferee company instead of the transferor company is or will be producing the subject product, or is or will be engaging in the subject activity; and
- (b) it is in the public interest to approve the transfer.

(4) In approving an application under subsection (1), the Minister may —

- (a) impose on the transferee company as conditions of the subject award transferred to it any conditions that the Minister thinks fit, which may be the same as or different from the conditions imposed on the transferor company for the subject award; and
- (b) add to the conditions, or vary or remove any conditions, imposed on the transferor company for the subject award that relates to any pioneer product, Part III qualifying activity or Part IIIB qualifying activity (as the case may be) under the subject award that the transferor company continues to produce or engage in.

(5) In approving an application under subsection (1) that relates to a development and expansion award, the Minister may, despite section 19J(7), (8) and (9) —

- (a) specify an amount as the average corresponding income of the transferee company for the subject activity for the year of assessment for which the approval is given and subsequent years of assessment, which may be —
 - (i) the average corresponding income of the transferor company for the subject activity immediately before the specified date mentioned in subsection (6)(a); or
 - (ii) any other amount that the Minister thinks fit; and
- (b) substitute, with effect from the year of assessment for which the approval is given and subsequent years of assessment, the average corresponding income of the transferor company for any Part IIIB qualifying activity under the subject award that it continues to engage in on or after the specified date mentioned in subsection (6)(a), with any amount that the Minister thinks fit.