

**Income Tax (Amendment) Act 1989
(No. 3 of 1989)**

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**REPUBLIC OF SINGAPORE
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The following Act was passed by Parliament on 26th January 1989 and assented to by the President on 4th February 1989:—

INCOME TAX (AMENDMENT) ACT 1989

(No. 3 of 1989)

I assent.

WEE KIM WEE
President.
4th February 1989.

Date of Commencement: 17th February 1989

An Act to amend the Income Tax Act (Chapter 134 of the 1985 Revised Edition).

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

Short title

1.—(1) This Act may be cited as the Income Tax (Amendment) Act 1989.

(2) Sections 3, 4, 12, 13, 14 and 16 shall have effect for the year of assessment 1988 and subsequent years of assessment.

Amendment of section 2

2. Section 2 of the Income Tax Act (referred to in this Act as the principal Act) is amended —

- (a) by inserting, immediately after the word “products” in the fifth line of the definition of “research and development”, the word “, produce,”; and
- (b) by deleting the word “manufacturing” in the definition of “research and development organisation”.

Amendment of section 10

3. Section 10 of the principal Act is amended by inserting, immediately after subsection (9), the following subsection:

“(10) (a) 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 Part IV have been made or an amount equal to 10% of the gross amount of the royalties or other payments, whichever is the less.

- (b) Notwithstanding subsection (10)(a), where it appears to the Comptroller that any amount of income which

has been determined under this 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 12 years 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.

(c) In this subsection —

“approved” means approved by the Minister or such other 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.”.

New section 10A

4. The principal Act is amended by inserting, immediately after section 10, the following section:

“Profits of investment company

10A.—(1) Notwithstanding any other provisions of this Act, the Minister may by regulations —

- (a) provide that tax on gains or profits derived from the disposal of securities by an approved investment company shall be levied and paid for each year of assessment upon such amount as may be determined by reference to the period during which those securities have been held;
- (b) provide for the deduction of such amount of allowances under section 19, 19A, 20, 21 or 23 to be granted in such manner as may be prescribed;
- (c) provide for the deduction of such amount of losses arising from the disposal of securities as may be determined by reference to the period during which those securities have been held;
- (d) provide for the deduction of such amounts of expenses and donations allowable under this Act in such manner as may be prescribed.

(2) For the purposes of this section —

“approved” means approved by the Minister or such other person as he may appoint;

“investment company” means any company whose business consists wholly or mainly in the making of investments and the principal part of whose income is derived therefrom, and includes any unit trust;

“securities” means —

- (a) debentures, stocks, shares, bonds or notes issued by a government or company; or