

Income Tax (Amendment) Act 1986
(No. 31 of 1986)

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The following Act was passed by Parliament on 9th December 1986 and assented to by the President on 13th December 1986:—

INCOME TAX (AMENDMENT) ACT 1986

(No. 31 of 1986)

I assent.

WEE KIM WEE
President.
13th December 1986.

Date of Commencement: 19th December 1986

An Act to amend the Income Tax Act (Chapter 141 of the 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 1986.
- (2) Section 14(a) shall be deemed to have come into operation on 1st January 1986.
- (3) Sections 5, 7, 8, 10(a), 11, 17 and 18 shall have effect for the year of assessment 1987 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 by deleting the definition of “prescribed” and substituting the following definition:

““prescribed” means prescribed by rules or regulations made under this Act;”.

Amendment of section 13B

3. Section 13B of the principal Act is amended by deleting the words “or 43D” in subsections (1), (2) and (8) (a) and substituting in each case the words “, 43D or 43E”.

New section 13C

4. The principal Act is amended by inserting, immediately after section 13B, the following section:

“Exemption of income of non-resident arising from funds managed by Asian Currency Unit

13C.—(1) There shall be exempt from tax such income as the Minister may by regulations prescribe of a person not resident in Singapore arising from funds managed by any Asian Currency Unit of a financial institution or other fund manager approved in either case by the Minister or such other person as he may appoint.

(2) The Minister may apply any regulations made under subsection (1) to income derived after 1st May 1983.”.

Amendment of section 14

5. Section 14 (1) (e) of the principal Act is amended —

- (a) by deleting the word “and” at the end of sub-paragraph (i) (F) of the proviso;
- (b) by deleting the words “shall not exceed 25%,” in sub-paragraph (i) (G) of the proviso and substituting the words “and before 1st April 1986 shall not exceed 25%;” and
- (c) by inserting, immediately after sub-paragraph (i) (G) of the proviso, the following sub-paragraph:

“(H) commencing on or after 1st April 1986 shall not exceed 10%,”.

Amendment of section 35

6. Section 35 of the principal Act is amended by inserting, immediately after subsection (2), the following subsection:

“(2A) 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 derived during the period from 1st January 1985 to 31st December 1985 shall be treated as his statutory income for the year of assessment 1986 and be charged to tax at the rate applicable to him for that year of assessment.”.

Amendment of section 37

7. Section 37 of the principal Act is amended —

- (a) by inserting, immediately after paragraph (a) of subsection (2), the following paragraph:

“(b) an amount equivalent to the value, to be determined by the Minister, of any gift made to the National Museum in the year preceding the year of assessment which has been approved by the Minister;”;

- (b) by deleting the words “, not exceeding the statutory income, if any, remaining after the deduction authorised by paragraph (a) has been made,” in subsection (2)(c); and
- (c) by inserting, immediately after subsection (2), the following subsection:

“(2A) A deduction under this section to any person in respect of any sum allowable under subsection (2)(b) and (c) shall only be allowed to the extent that it is not in excess of the statutory income,

if any, remaining after the deduction authorised by subsection (2)(a).”.

Amendment of section 39

8. Section 39 (2) of the principal Act is amended by inserting, immediately after paragraph (e), the following paragraph:

“(ea) has carried on a trade, business, profession or vocation and has made contributions to the Central Provident Fund on his own account, there shall be allowed a deduction, in respect of such contributions made on or after 1st August 1986, of an amount not exceeding 10% of his assessable income for that year of assessment derived from such trade, business, profession or vocation or \$7,200 whichever is the less:

Provided that —

- (i) where the contributions to any approved pension or provident fund or society under paragraph (e) and this paragraph do not exceed \$5,000, the total deductions allowable under paragraph (e) and this paragraph shall not exceed \$5,000, and where such contributions exceed \$5,000 no deduction shall be allowed in respect of premiums for life insurance;
- (ii) the total deductions allowable under paragraph (e) and this paragraph in respect of contributions to any approved pension or provident fund or society shall not exceed \$7,200 where the deduction allowable under paragraph (e) is less than \$7,200 in respect of such contributions;
- (iii) no deduction shall be allowed under this paragraph where a deduction of \$7,200 or more has been allowed under paragraph (e) in respect of contributions to any approved pension or provident fund or society;”.

Amendment of section 40

9. Section 40 (1) of the principal Act is amended by inserting, immediately after the words “Fifth Schedule” in the ninth line, the words “and section 39 (2) (h)”.

Amendment of section 42