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Notification No. B 1 — The Economic Expansion Incentives (Relief from Income Tax) (Amendment) Bill is published for general information. It was introduced in Parliament on 8 January 2018.

Economic Expansion Incentives (Relief from Income Tax) (Amendment) Bill

Bill No. 1/2018.

Read the first time on 8 January 2018.

A BILL

intituled

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.—(1) This Act is the Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2018 and, except for section 4, comes into operation on a date that the Minister appoints by notification in the *Gazette*.

(2) Section 4 is deemed to have come into operation on 19 April 2016.

Amendment of section 3

2. Section 3 of the Economic Expansion Incentives (Relief from Income Tax) Act (called in this Act the principal Act) is amended by inserting, immediately after the definition of “foreign loan certificate”, the following definition:

““intellectual property income” means any intellectual property income prescribed by the Minister under section 102;”.

Amendment of section 8

3. Section 8 of the principal Act is amended by deleting the section heading and substituting the following section heading:

“Provisions governing separate trade or business”.

Amendment of section 15

4. Section 15 of the principal Act is amended by deleting the words “basis period in which the tax relief expiry date falls” in subsections (2) and (3) and substituting in each case the words “basis period in which the new trade or business commences”.

New section 19A

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

“Exclusion of intellectual property income from sections 10 and 15

19A.—(1) In ascertaining the income of a pioneer service company from a qualifying activity under section 10 (as applied

by section 19), any intellectual property income produced by the activity, as well as any allowance for capital expenditure incurred for the purposes of that activity that is attributable to or apportioned by the Comptroller to any intellectual property income, must be excluded. 5

(2) For the purposes of the application of section 15 (as applied by section 19), a reference to income in section 15(1) excludes any intellectual property income.

(3) To avoid doubt, intellectual property income excluded under subsection (1) remains chargeable to tax under the Income Tax Act (Cap. 134).” 10

Amendment of section 19J

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

(a) by deleting the words “subsection (5D)” in subsection (5C) and substituting the words “subsections (5D), (5DA), (5E) and (5EB) (whichever is applicable)”;

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(b) by inserting, immediately after subsection (5D), the following subsections:

“(5DA) The Minister may, on the Minister’s own initiative or on the application of a development and expansion company, amend the company’s certificate by substituting the concessionary rate of tax specified in the certificate in accordance with subsection (5D), with a concessionary rate of either 5% or 10%, and in that event the concessionary rate is the rate as substituted. 20

(5DB) Subsection (5DA) applies whether the development and expansion company was approved as such before, on or after the date of commencement of section 6(b) of the Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2018.”; 25

(c) by deleting the word “In” in subsection (5E) and substituting the words “Subject to subsection (5EA), in”; 30