

Income Tax (Amendment) Bill

Table of Contents

Bill No: 16/1997

Read the first time: 19th November 1997

Long Title

Enacting Formula

1 Short title and commencement

2 Amendment of section 2

3 Amendment of section 10

4 Amendment of section 10C

5 Amendment of section 10D

6 Amendment of section 13

7 Amendment of section 14

8 Amendment of section 14I

9 Amendment of section 20

10 Amendment of section 35

11 Amendment of section 39

12 Amendment of section 43D

13 Amendment of section 43I

14 New section 43M

15 Miscellaneous amendments

16 Amendment of Fifth Schedule

17 Remission of tax

Explanatory Statement

Expenditure of Public Money

Income Tax (Amendment) Bill

Bill No. 16/1997

Read the first time on 19th November 1997.

An Act to amend the Income Tax Act (Chapter 134 of the 1996 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 may be cited as the Income Tax (Amendment) Act 1997.

(2) Section 11(*f*) to (*i*) shall have effect for the year of assessment 1997 and subsequent years of assessment.

(3) Sections 5, 8, 11(*a*), (*c*) to (*e*) and 12 to 16 shall have effect for the year of assessment 1998 and subsequent years of assessment.

Amendment of section 2

2. Section 2(1) of the Income Tax Act (referred to in this Act as the principal Act) is amended —

(*a*) by inserting, immediately after the definition of “employee”, the following

definition:

““employment pass” means an employment pass issued by the Controller of Immigration under the Immigration Regulations (Cap. 133, Rg 1);”;

- (b) by inserting, immediately after the definition of “prescribed”, the following definition:

““professional visit pass” means a professional visit pass issued by the Controller of Immigration under the Immigration Regulations (Cap. 133, Rg 1);”;

- (c) by inserting, immediately after the definition of “tax”, the following definition:

““work permit” means a work permit issued by the Controller of Work Permits under the Employment of Foreign Workers Act (Cap. 91A);”.

Amendment of section 10

3. Section 10(5) of the principal Act is amended —

- (a) by deleting the word “and” at the end of paragraph (b); and
- (b) by deleting paragraph (c) and substituting the following paragraphs:
- “(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 Stock Exchange of Singapore shall be the last done price on the listing date of the shares so acquired less the amount paid for such shares;
- (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 Stock Exchange of Singapore after the acquisition of such shares by him; and
- (e) “shares” includes stocks.”.

Amendment of section 10C

4. Section 10C of the principal Act is amended —

(a) by inserting, immediately after subsection (1A), the following subsection:

“(1AA) Subsection (1A) shall not apply to contributions made by an employer in any year from 1st January 1999 to the Central Provident Fund in respect of an employee who holds a professional visit pass, an employment pass or a work permit in that year.”;

(b) by deleting the words “subsection (1C)” in the penultimate line of subsection (1B) and substituting the words “subsections (1C) and (1D)”;

and

(c) by inserting, immediately after subsection (1C), the following subsection:

“(1D) Subsection (1B) shall not apply to contributions made by an employer in any year from 1st January 1999 to the Central Provident Fund in respect of an employee who holds a professional visit pass, an employment pass or a work permit in that year.”.

Amendment of section 10D

5. Section 10D of the principal Act is amended —

(a) by deleting subsections (2) and (3) and substituting the following subsections:

“(2) In determining the income of a lessor from the leasing of any machinery or plant, other than those which have been treated as though they had been sold pursuant to regulations made under subsection (1), the following provisions shall apply:

(a) the Comptroller shall determine the manner and extent to which —

(i) allowances under section 19, 19A, 20, 21, 22 or 23 and any expenses and donations allowable under this Act are to be deducted;

(ii) any loss may be deducted under section 37;

(b) where the lessor derives income from onshore leasing but does not derive income from offshore leasing, the allowances under section 19, 19A, 20, 21, 22 or 23 in respect of onshore finance leasing shall, subject to paragraph (c), only be available as a deduction against the income from such onshore

finance leasing and any balance of the allowances shall not be available as a deduction against any other income;

- (c) where the lessor referred to in paragraph (b) ceases to derive income from onshore finance leasing in the basis period for any year of assessment, any balance of the allowances after the deduction in paragraph (b) shall be available as a deduction against any other income for that year of assessment or for any subsequent year of assessment in accordance with section 23;
- (d) where the lessor derives income from both onshore leasing and offshore leasing and such income is subject to tax under section 42(1) or 43(1), the allowances under section 19, 19A, 20, 21, 22 or 23 in respect of the leasing under any finance lease shall, subject to paragraph (e), only be available as a deduction against the income from such finance lease and any balance of the allowances shall not be available as a deduction against any other income;
- (e) where the lessor referred to in paragraph (d) ceases to derive income from the leasing of any machinery or plant under any finance lease in the basis period for any year of assessment, any balance of the allowances after the deduction in paragraph (d) shall be available as a deduction against any other income for that year of assessment and for any subsequent year of assessment in accordance with section 23;
- (f) where the lessor is a leasing company which derives income from onshore leasing and also derives income from offshore leasing subject to the concessionary rate of tax under section 43I —
 - (i) the allowances under section 19, 19A, 20, 21, 22 or 23 in respect of onshore finance leasing shall firstly be available as a deduction against the income from such leasing and any balance of the allowances shall be available as a deduction against any other income in accordance with such