

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

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**Bill No: 26/1994**

***Read the first time: 31st October 1994***

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

#### **Bill No. 26/1994**

*Read the first time on 31st October 1994.*

An Act to amend the Economic Expansion Incentives (Relief from Income Tax) Act (Chapter 86 of the 1994 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 Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 1994.

(2) Sections 3, 4, 5 and 13 shall be deemed to have come into operation on 1st January 1994.

(3) Sections 2 and 14 shall come into operation on 1st January 1995.

(4) Sections 6 to 12 shall have effect for the year of assessment 1994 and subsequent years of assessment.

#### **Amendment of section 19F**

**2.** Section 19F(7) of the Economic Expansion Incentives (Relief from Income Tax) Act (referred to in this Act as the principal Act) is amended by deleting the words “within 12 years after the end of that year of assessment” and substituting the words “subject to section 73 of the Income Tax Act”.

#### **Repeal and re-enactment of section 22**

3. Section 22 of the principal Act is repealed and the following section substituted therefor:

**“Tax relief period of expanding enterprise**

**22.**—(1) The tax relief period of an expanding enterprise shall —

- (a) commence on its expansion day; or
- (b) if the expansion day falls within the tax relief period specified in any certificate previously issued to the enterprise under Part II or Part VI for the same or similar product, commence on the day immediately following the expiry of that tax relief period,

and shall continue for such period, not exceeding 10 years, as the Minister may, in his discretion, determine.

(2) The Minister may, where he is satisfied that it is expedient in the public interest to do so and subject to such terms and conditions as he may impose, extend the tax relief period of an expanding enterprise for such further period or periods, not exceeding 5 years at any one time, as he may determine, except that the tax relief period of the expanding enterprise shall not in the aggregate exceed 20 years.”.

**Repeal and re-enactment of section 27**

4. Section 27 of the principal Act is repealed and the following section substituted therefor:

**“Tax relief period of expanding service company**

**27.**—(1) The tax relief period of an expanding service company shall —

- (a) commence on its expansion day; or
- (b) if the expansion day falls within the tax relief period specified in any certificate previously issued to the company for the same or similar qualifying activity under Part III, commence on the day immediately following the expiry of that tax relief period,

and shall continue for such period, not exceeding 10 years, as the Minister may, in his discretion, determine.

(2) The Minister may, where he is satisfied that it is expedient in the public interest to do so and subject to such terms and conditions as he may impose, extend the tax relief period of an expanding service company for such further period or periods, not exceeding 5 years at any one time, as he may determine, except that the tax relief period of the expanding service company shall not in the

aggregate exceed 20 years.”.

#### **Amendment of section 44C**

5. Section 44C of the principal Act is amended —

- (a) by deleting the words “a period of 5 years” in subsection (1) and substituting the words “such period, not exceeding 10 years, as the Minister may, in his discretion, determine”; and
- (b) by deleting the words “thinks fit” in the last line of subsection (2) and substituting the words “may determine, except that the tax relief period of the export service company or firm shall not in the aggregate exceed 20 years”.

#### **Amendment of section 59**

6. Section 59 of the principal Act is amended —

- (a) by deleting subsection (1) and substituting the following subsection:

“(1) Notwithstanding section 43(1)(b) of the Income Tax Act [Cap. 134], the Minister may, subject to subsection (3), if he is satisfied that it is expedient in the public interest to do so, by an endorsement to that effect on the approved foreign loan certificate, exempt from tax or authorise that tax at such concessionary rate as specified in the certificate be levied and paid upon any interest on an approved foreign loan payable to a foreign lender.”;

- (b) by deleting subsection (2); and
- (c) by deleting the words “subsection (2),” in the third line of subsection (3) and substituting the words “subsection (1)”.

#### **Repeal of section 63**

7. Section 63 of the principal Act is repealed.

#### **Repeal and re-enactment of section 64**

8. Section 64 of the principal Act is repealed and the following section substituted therefor:

##### **“Reduction of tax for approved royalties, fees or contributions**

**64.—**(1) Notwithstanding section 43(1)(b) of the Income Tax Act [Cap. 134],

the Minister may, subject to subsection (2), if he is satisfied that it is expedient in the public interest to do so, by an endorsement to that effect on the approved royalties, fees or contributions certificate, exempt from tax or authorise that tax at such concessionary rate as specified in the certificate be levied and paid upon any approved royalties, fees or contributions received by a non-resident person.

(2) Where a company has contravened section 62(2) or any condition imposed by the Minister under section 61(3), the amount of tax which, but for subsection (1), would have been deductible by the company from the royalties, fees or contributions paid by it to the non-resident person under section 45A of the Income Tax Act shall be deemed to have been deducted from the royalties, fees and contributions and shall be a debt due from the company to the Government and shall, with the prior sanction of the Minister, be recoverable in the manner provided by section 90 of the Income Tax Act.”.

## **Amendment of section 66**

9. Section 66(1) of the principal Act is amended —

(a) by inserting, immediately after the definition of “approved project”, the following definitions:

““chargeable concessionary income” means concessionary income after deducting expenses, donations, allowances or losses allowable under the Income Tax Act [Cap. 134] against the concessionary income;

“chargeable normal income” means normal income after deducting expenses, donations, allowances or losses allowable under the Income Tax Act against the normal income;

“concessionary income” means income subject to tax at the concessionary rate of tax under section 43A, 43C, 43D, 43E, 43F, 43G, 43H, 43I, 43J, 43K or 43L of the Income Tax Act, as the case may be;

“concessionary investment allowance” means an investment allowance given to a company for an approved project from which the concessionary income of the company is derived;

“concessionary investment allowance account” means an account kept by a company for the purpose of calculating the amount of concessionary investment allowance granted under this Part;”;