

# **Income Tax (Amendment No. 2) Bill**

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**Bill No: 32/1992**

***Read the first time: 31st July 1992***

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### **Income Tax (Amendment No. 2) Bill**

**Bill No. 32/1992**

*Read the first time on 31st July 1992.*

An Act to amend the Income Tax Act (Chapter 134 of the 1992 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 No. 2) Act 1992.

(2) Sections 4 and 5 shall be deemed to have come into operation on 13th March 1992.

(3) Section 16(a) and (d) shall be deemed to have come into operation on 1st January

1992.

(4) Sections 16(b) and 19 shall come into operation on 1st January 1993.

(5) Sections 3, 9, 11, 12(a), 13(a), (b) and (e), 15 and 17(a) shall have effect for the year of assessment 1993 and subsequent years of assessment.

(6) Section 7 shall have effect for the year of assessment 1994 and subsequent years of assessment.

### **Amendment of section 13**

2. Section 13(1) of the Income Tax Act (referred to in this Act as the principal Act) is amended by inserting, immediately after paragraph (o), the following paragraph:

“(p) for a period of 5 years from the commencement of its business, such income of the RAS Commodity Exchange Limited as may be prescribed;”.

### **Amendment of section 13B**

3. Section 13B of the principal Act is amended —

- (a) by deleting the words “or 43J” wherever they appear in subsections (1), (2) and (8)(a) and substituting in each case the words “, 43J or 43K”; and
- (b) by inserting, immediately after subsection (8), the following subsection:

“(9) This section shall not, in relation to any income of an insurance company which is subject to the concessionary rate of tax prescribed by regulations made under section 43C, apply to such part of the income ascertained under section 26(3A) as is apportioned to the policyholders of the company in accordance with those regulations.”.

### **Amendment of section 13E**

4. Section 13E (11) of the principal Act is amended —

- (a) by deleting the words “or 43J” in the sixth line of paragraph (b) and substituting the words “, 43J or 43K”; and
- (b) by deleting the words “a company resident in Singapore receiving in Singapore income which is derived from Malaysia” in the first, second, third and fourth lines of paragraph (c) and substituting the words “income derived from Malaysia and received in Singapore by a company resident in Singapore”.

### **Amendment of section 13F**

5. Section 13F (1) of the principal Act is amended by deleting the words “where such ship is used by that person” in the fourth and fifth lines of paragraph (b) and substituting the words “or to another approved international shipping enterprise where such ship is used by that person or enterprise”.

### **Amendment of section 14**

6. Section 14 of the principal Act is amended —

- (a) by inserting, immediately after the words “1st July 1991” in sub-paragraph (i)(L) of the proviso to subsection (1)(e), the words “and before 1st July 1992”; and
- (b) by deleting the comma at the end of sub-paragraph (i)(L) of the proviso to subsection (1)(e) and substituting a semicolon, and by inserting immediately thereafter the following sub-paragraph:

“(M) commencing on or after 1st July 1992 shall not exceed 18%,”.

### **Amendment of section 14B**

7. Section 14B of the principal Act is amended by inserting, immediately after subsection (3), the following subsections:

“(3A) As soon as any amount of further deduction is allowed to any company under this section, section 14C, 14E or 14J, a sum equal to that amount shall be credited to an account (referred to in this section as the further deduction account) to be kept by the company for the purposes of any of those sections.

(3B) Where for any year of assessment a further deduction account of a company is in credit, the company shall —

- (a) debit from that account such amount as would have been the chargeable income had the further deduction not been allowed or the amount of the credit in that account, whichever is the less; and
- (b) credit the amount debited under paragraph (a) to an account to be called a tax exempt account which shall be kept by the company for the purposes of this section, section 14C, 14E or 14J,

and any remaining balance in the further deduction account shall be carried forward to be used by the company in the first subsequent year of assessment when the company has chargeable income had the further deduction not been allowed, and so on for subsequent years of assessment until the credit in the further

deduction account has been fully used.

(3C) Where a tax exempt account of a company is in credit at the date on which any dividends are paid by the company out of the amount credited to that account, an amount equal to those dividends or to that credit, whichever is the less, shall be debited to the tax exempt account.

(3D) Section 13B(4) to (7) shall apply with such modifications as may be necessary in respect of any dividend paid out of the tax exempt account of the company.

(3E) Notwithstanding anything in this section, where it appears to the Comptroller that in any year of assessment —

- (a) any further deduction which has been allowed under this section, section 14C, 14E or 14J; or
- (b) any dividend, including a dividend paid by a holding company, which has been exempted from tax in the hands of any shareholder,

ought not to have been so allowed or exempted, as the case may be, the Comptroller may, within the year of assessment or within 12 years after the expiration thereof —

- (i) make such assessment or additional assessment upon the company or any such shareholder as may be necessary in order to make good any loss of tax; or
- (ii) direct the company to debit its tax exempt account with such amount as the circumstances require.”.

## **New section 14J**

**8.** The principal Act is amended by inserting, immediately after section 14I, the following section:

### **“Further deduction for expenditure on research and development of new financial activities**

**14J.**—(1) Subject to this section, where the Comptroller is satisfied that the following expenses have been incurred on or after 1st April 1992 by a financial institution, there shall be allowed a further deduction of the amount of such expenses in addition to the amount allowed under section 14 —

- (a) salary, wages and other benefits paid or granted in respect of employment, whether in money or otherwise, to an approved