

Income Tax (Amendment) Bill

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Bill No: 16/1991

Read the first time: 7th May 1991

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Explanatory Statement

Expenditure of Public Money

Income Tax (Amendment) Bill

Bill No. 16/1991

Read the first time on 7th May 1991.

An Act to amend the Income Tax Act (Chapter 134 of the 1985 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 1991.

(2) Section 17(*a*) and (*c*) shall be deemed to have come into operation on 1st January 1990.

(3) Sections 3(*b*), 4, 5, 8, 10, 11(*a*), 13(*a*), 15, 16 and 18(*a*) shall have effect for the year of assessment 1991 and subsequent years of assessment.

New section 10D

2. The Income Tax Act (referred to in this Act as the principal Act) is amended by inserting, immediately after section 10C, the following section:

“Income from finance lease

10D.—(1) Notwithstanding any other provisions of this Act, the Minister may by regulations provide for the circumstances in which the Comptroller may direct that allowances under section 19, 19A, 20, 21, 22 or 23 in respect of any machinery or plant which is leased under a finance lease entered into on or after 1st April 1990 shall not be made to the lessor but to the lessee as though the machinery or plant had been sold by the lessor to the lessee.

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

(a) the Comptroller shall determine —

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

(ii) the manner and extent to which any loss may be deducted under section 37(2);

(b) the allowances under section 19, 19A, 20, 21, 22 or 23 shall only be available as a deduction against such income and the balance of the allowances shall not be available as a deduction against any other income.

(3) For the purposes of this section, “finance lease” means a lease of any machinery or plant (including any arrangement or agreement in connection with the lease) which has the effect of transferring substantially the obsolescence, risks or rewards incidental to ownership of such machinery or plant to the lessee.”.

Amendment of section 13A

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

(a) by deleting the words “on or after 1st January 1969” in subsection (1)(a); and

(b) by inserting, immediately after the words “Singapore ships” in the fifth line of the definition of “income of a shipping enterprise” in subsection (10), the words “, or from towing or salvage operations carried out (other than within the limits of the port of Singapore) by sea-going Singapore ships,”.

Amendment of section 13B

4. Section 13B of the principal Act is amended by deleting the words “or 43F” in subsections (1), (2) and (8)(a) and substituting in each case the words “, 43F, 43G, 43H or 43I”.

Repeal and re-enactment of section 13C

5. Section 13C of the principal Act is repealed and the following section substituted therefor:

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

13C. There shall be exempt from tax such income as the Minister may by regulations prescribe of a person not resident in Singapore arising from —

- (a) 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;
- (b) funds managed by a headquarters company approved under section 43E; and
- (c) funds managed by a Finance and Treasury Centre approved under section 43G.”.

Amendment of section 15

6. Section 15(2) of the principal Act is amended by deleting the words “or 14G” and substituting the words “, 14G or 14H”.

Amendment of section 19A

7. Section 19A of the principal Act is amended —

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

“(1B) Notwithstanding section 19, where a person proves to the satisfaction of the Comptroller that he has, for the purposes of a trade, business or profession carried on by him, installed a generator in any office or factory for the supply of electrical power to that office or factory in the event of a disruption in the normal supply of electrical power, he shall, in lieu of the allowances provided by subsection (1) or by section 19, be entitled, if he so elects, to an allowance of 100% in respect of the capital expenditure incurred during or after the basis period for the year of assessment 1990 on

the provision of that generator.”;

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

“(1D) Where at the end of the basis period for the year of assessment 1990 a person has in use any prescribed automation equipment or any generator referred to in subsection (1B) in respect of which capital allowances have been made under subsection (1) or under section 19, there shall be made to him, on due claim, an allowance of an amount equal to the capital expenditure then remaining unallowed under subsection (1) or under section 19 in respect of that equipment or generator.”; and

- (c) by deleting the words “subsection (1B)” in the first line of subsection (6) and substituting the words “subsection (1D)”.

Amendment of section 26

8. Section 26 of the principal Act is amended —

- (a) by inserting, immediately after the words “carrying on” in subsection (1A), the words “offshore life business or”;
- (b) by deleting the words “dividends and interest” in paragraph (a) of the proviso to subsection (2) and substituting the words “or from such dividends and interest as may be specified in those regulations”;
- (c) by inserting, immediately after subsection (3), the following subsection:

“(3A) In the case of a life insurance company which has income subject to the concessionary rate of tax prescribed by regulations made under section 43C, in ascertaining the income for the purposes of those regulations —

- (a) no income other than such dividends and interest as may be specified in those regulations shall be included;
- (b) income in respect of such dividends and interest shall be apportioned in such manner as may be prescribed by those regulations; and
- (c) any item of expenditure not directly attributable to that business shall be apportioned in such manner as may be prescribed in those regulations.”; and
- (d) by deleting subsection (5) and substituting the following subsection: