

Income Tax (Amendment) Bill

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Bill No: 1/1989

Read the first time: 16th January 1989

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Explanatory Statement

Expenditure of Public Money

Income Tax (Amendment) Bill

Bill No. 1/1989

Read the first time on 16th January 1989.

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 1989.

(2) Sections 3, 4, 12, 13, 14 and 16 shall have effect for the year of assessment 1988 and subsequent years of assessment.

Amendment of section 2

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

- (a) by inserting, immediately after the word “products” in the fifth line of the definition of “research and development”, the word “, produce,”; and
- (b) by deleting the word “manufacturing” in the definition of “research and development organisation”.

Amendment of section 10

3. Section 10 of the principal Act is amended by inserting, immediately after subsection (9), the following subsection:

“(10) (a) For the purposes of subsection (1)(a) or (f), the income derived by an individual, being a citizen or permanent resident of Singapore who is an inventor or author of an approved invention or approved product innovation, from any royalties or other payments received as consideration for the assignment of or for the rights in the approved invention or approved product innovation shall be deemed to be the amount remaining after the deductions allowable under Part IV have been made or an amount equal to 10% of the gross amount of the royalties or other payments, whichever is the less.

(b) Notwithstanding subsection (10)(a), where it appears to the Comptroller that any amount of income which has been determined under this subsection for the purposes of subsection (1)(a) or (f) ought not to have been so determined for any year of assessment, the Comptroller may, within 12 years after the end of that year of assessment, make such assessment or additional assessment upon the individual as may be necessary in order to make good any loss of tax.

(c) In this subsection —

“approved” means approved by the Minister or such other person as he may appoint;

“product innovation” means —

(i) any new product,
or any new method
in the manufacture
or processing of
goods or materials;
or

(ii) a substantial
improvement in
any product, or in
any method in the
manufacture or
processing of
goods or materials,

which involves novelty or
originality but does not
include a computer
program unless it is in the
nature of a new computer
operating system or new
language used in a
computer program;

“rights in the approved invention
or approved product
innovation” means the rights
relating to any patent,
copyright, industrial design or
know-how of an approved
invention or approved product
innovation.”.

New section 10A

4. The principal Act is amended by inserting, immediately after section 10, the following section:

“Profits of investment company

10A.—(1) Notwithstanding any other provisions of this Act, the Minister may by regulations —

- (a) provide that tax on gains or profits derived from the disposal of securities by an approved investment company shall be levied and paid for each year of assessment upon such amount as may be determined by reference to the period during which those securities have been held;
- (b) provide for the deduction of such amount of allowances under section 19, 19A, 20, 21 or 23 to be granted in such manner as may be prescribed;
- (c) provide for the deduction of such amount of losses arising from the disposal of securities as may be determined by reference to the period during which those securities have been held;
- (d) provide for the deduction of such amounts of expenses and donations allowable under this Act in such manner as may be prescribed.

(2) For the purposes of this section —

“approved” means approved by the Minister or such other person as he may appoint;

“investment company” means any company whose business consists wholly or mainly in the making of investments and the principal part of whose income is derived therefrom, and includes any unit trust;

“securities” means —

- (a) debentures, stocks, shares, bonds or notes issued by a government or company; or
- (b) any right or option in respect of any such debentures, stocks, shares, bonds or notes.”.

Amendment of section 13

5. Section 13(1)(z) of the principal Act is amended by deleting the words “5 years” and substituting the words “10 years”.

Amendment of section 13A

6. Section 13A(6) of the principal Act is amended by deleting the full-stop at the end of paragraph (f) and substituting a semi-colon, and by inserting immediately thereafter the following paragraph:

“(g) notwithstanding paragraphs (c) and (f), no dividend paid on or after