

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

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Bill No: 29/1984

Read the first time: 24th August 1984

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Explanatory Statement

Expenditure of Public Money

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

Bill No. 29/1984

Read the first time on 24th August 1984.

An Act to amend the Economic Expansion Incentives (Relief from Income Tax) Act (Chapter 135 of the Revised Edition).

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

Short title

1. This Act may be cited as the Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 1984.

Amendment of section 3

2. Section 3 of the Economic Expansion Incentives (Relief from Income Tax) Act (referred to in this Act as the principal Act) is amended by inserting, immediately after the definition of “foreign loan certificate”, the following definition:

“ “manufacture”, in relation to a product, includes any process or method used in making or developing the product;”.

New Part IIA

3. The principal Act is amended by inserting, immediately after Part II, the following Part:

“PART IIA

PIONEER SERVICE COMPANIES

Interpretation of this Part

15A. For the purposes of this Part, unless the context otherwise requires —

“commencement day”, in relation to a pioneer service company, means the date specified under section 15B(3) or (4) in the certificate issued to that company under that section;

“pioneer service company” means a company which has been issued with a

certificate under section 15B;

“qualifying activity” means any of the following:

- (a) any engineering or technical services including laboratory, consultancy and research and development activities;
- (b) computer-based information and other computer related services;
- (c) the development or production of any industrial design; and
- (d) such other services or activities as may be prescribed.

Application for and issue and amendment of certificate for pioneer service company

15B.—(1) Where a company is engaged in any qualifying activity, the company may apply in the prescribed form to the Minister for approval as a pioneer service company.

(2) The Minister may, if he considers it expedient in the public interest to do so, approve the application and issue the company with a certificate subject to such terms and conditions as he thinks fit.

(3) Every certificate issued under this section shall specify a date (not earlier than 1st April 1983) as the commencement day from which the company shall be entitled to tax relief under this Part.

(4) The Minister may in his discretion, upon the application of the company, amend its certificate by substituting for the commencement day specified therein such earlier or later date as he thinks fit and thereupon the provisions of this Part shall have effect as if the date so substituted were the commencement day in relation to that certificate.

Tax relief period of pioneer service company

15C. The tax relief period of a pioneer service company, in relation to any qualifying activity specified in any certificate issued to that company under section 15B, shall commence on the commencement day and shall continue for a period of 5 years or such longer period, not exceeding 10 years, as the Minister may determine.

Application of sections 7 to 15 to pioneer service company

15D. Sections 7 to 15 shall apply to a pioneer service company under this Part and for the purposes of such application —

- (a) any reference to a pioneer enterprise shall be read as a reference to a pioneer service company;
- (b) any reference to a pioneer product shall be read as a reference to a qualifying activity;
- (c) any reference to the production day of a pioneer enterprise shall be read as a reference to the commencement day of a pioneer service company;
- (d) any reference to a pioneer certificate shall be read as a reference to a certificate issued under section 15B.”.

Repeal and re-enactment of section 18

4. Section 18 of the principal Act is repealed and the following section substituted therefor:

“Tax relief period of expanding enterprise

18. 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, Part IV or under this Part 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 5 years, as the Minister may, in his discretion, determine.”.

Amendment of section 20

5. Section 20 of the principal Act is amended —

- (a) by inserting, immediately after the word “Act” in the sixth line of subsection (2), the words “and of such regulations as may be prescribed under this Act”;
- (b) by deleting subsection (5) and substituting the following subsections:

“(5) The expansion income so ascertained shall be compared with the average corresponding income (referred to in this section as the