

Income Tax (Amendment) Bill

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Bill No: 30/1981

Read the first time: 22nd December 1981

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Explanatory Statement

Expenditure of Public Money

Income Tax (Amendment) Bill

Bill No. 30/1981

Read the first time on 22nd December 1981.

An Act to amend the Income Tax Act (Chapter 141 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.—(1) This Act may be cited as the Income Tax (Amendment) Act, 1981.

(2) Sections 3 and 11 shall have effect for the year of assessment 1981 and subsequent years of assessment.

(3) Sections 2(a), 4, 10, 12, 13 and 14 shall have effect for the year of assessment 1982 and subsequent years of assessment.

(4) Section 2(b) shall have effect for the year of assessment 1983 and subsequent years of assessment.

Amendment of section 13

2. Subsection (1) of section 13 of the Income Tax Act (referred to in this Act as the principal Act) is amended —

- (a) by inserting, immediately after the word “Act” at the end of paragraph (e), the words “, except dividends received by it from any company in which it holds, at the time such dividends are declared, more than half of the issued share capital of the company unless the Minister otherwise approves”; and

- (b) by inserting, immediately after the word “assessment” in the second line of sub-paragraph (b) of the proviso to paragraph (g), the words “for charities or charitable objects within Singapore”.

Amendment of section 13B

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

- (a) by deleting subsection (1) and substituting the following subsection: —
- “(1) Where a company derives income which is subject to tax in accordance with regulations prescribed under section 43A, 43C or 43D, the following provisions shall have effect.”;
- (b) by deleting the words “or 43C” wherever they appear in subsections (2) and (8)(a) and substituting in each case the words “, 43C or 43D”;
- (c) by deleting the words “financial institution or insurance” wherever they appear in subsections (2), (3), (4), (6), (8)(c) and (8)(d);
- (d) by deleting the words “financial institution or an insurance” in subsections (7) and (8)(a); and
- (e) by deleting the words “paid by financial institutions and insurance companies” in the marginal note.

New sections 14F and 14G

4. The principal Act is amended by inserting, immediately after section 14E, the following sections: —

“Management expenses of investment companies

14F.—(1) Subject to this section for the purpose of ascertaining the income for the basis period for any year of assessment of an approved investment company, there shall be allowed as a deduction any expenses for the management of its investments paid to any person who is a resident of or a permanent establishment in Singapore and the amount of the deduction shall be ascertained by the formula

$$\frac{A \times B}{2C},$$

where A is the total expenses for the management of its investments paid for that basis period;

B is the total interest and dividends chargeable to tax in that basis period;

C is the total investment income (whether chargeable to tax or not) for that basis period.

(2) The deduction allowed under this section for any year of assessment shall not exceed the total interest and dividends chargeable to tax of the approved investment company in the basis period for that year of assessment.

(3) For the purposes of this section —

- (a) “approved” means approved by the Minister or such person as he may appoint;
- (b) “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.

Expenditure on energy conservation

14G.—(1) Subject to this section, where any person being the owner of any premises in a centrally air-conditioned commercial building has during any period incurred any approved expenditure in relation to that building when carrying on any trade, business, profession or vocation at those premises, or when receiving rent from the letting of those premises, there shall for the purpose of ascertaining the income of the person for that period be allowed a deduction of an amount equal to that expenditure.

(2) Where any person has been allowed a deduction under this section in respect of any approved expenditure, no deduction shall be allowed under any other provision of this Act in respect of that expenditure or by way of depreciation in respect of any asset acquired as a result of that expenditure.

(3) For the purposes of this section —

- (a) “approved expenditure”, in relation to a commercial building, means any expenditure approved by the Minister or such person as he may appoint and incurred in effecting, for the purposes of energy conservation, alteration of the building which results in a reduction of the overall thermal transfer value of the building to 45 watts per square metre or less and, in connection therewith, any alteration of the central air-conditioning plant of the building which results in an improvement to the coefficient of performance of the plant;
- (b) “commercial building” includes any part of the building which is used for residential purposes; and

- (c) “owner” has the same meaning as in the Property Tax Act (Cap. 144).”.

Amendment of section 15

5. Section 15 of the principal Act is amended by deleting the words “or 14E” in subsection (2) and substituting the words “, 14E, 14F or 14G”.

Amendment of section 16

6. Section 16 of the principal Act is amended by inserting, immediately after subsection (3A), the following subsection: —

“(3B) For the purposes of application to any industrial building or structure occupied for the purposes of a hotel on the island of Sentosa and approved by the Minister under subsection (1) of section 18 —

- (a) the reference to twenty-five per cent in subsection (1) shall be read as a reference to twenty per cent;
- (b) the reference to three per cent in subsections (2) and (3) and in the sixteenth line of subsection (5) of section 18 shall be read as a reference to two per cent; and
- (c) the reference to capital expenditure in subsections (1) and (2) shall not include any capital expenditure incurred before 1st January, 1982.”.

Amendment of section 18

7. Section 18 of the principal Act is amended —

- (a) by deleting the comma at the end of paragraph (i) of subsection (1) and substituting the word “; or”, and by inserting immediately thereafter the following paragraph: —

“(j) for the purposes of a hotel on the island of Sentosa and approved by the Minister (referred to in this section as a Sentosa hotel),”; and

- (b) by inserting, immediately after the word “hotel” in the fourth and in the sixth lines of subsection (3), the words “(other than a Sentosa hotel)”.

Amendment of section 19A