

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

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**Bill No: 10/1979**

*Read the first time: 5th March 1979*

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

**Bill No. 10/1979**

*Read the first time on 5th March 1979.*

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, 1979.

## New Part IVA

2. The Economic Expansion Incentives (Relief from Income Tax) Act is amended by inserting, immediately after Part IV thereof, the following Part: —

### “PART IVA

#### INTERNATIONAL TRADE INCENTIVES

### Interpretation of this Part

37A. For the purposes of this Part, unless the context otherwise requires —

“commencement day”, in relation to an international trading company, means the date specified in the certificate issued to that company as the date from which that company shall be entitled to tax relief under this Part;

“export sales” means export sales free on board but shall exclude the costs of samples, gifts, test-market materials, trade exhibits and other promotional materials;

“international trading company” means a company which has been issued with a certificate under section 37B;

“qualifying commodities” means any commodities other than —

- (a) tin in the form of ore, ingots or slabs;
- (b) natural rubber;
- (c) crude palm oil, palm kernel oil and palm kernels;
- (d) crude coconut oil, copra and coconuts;
- (e) logs including sawn timber;
- (f) crude petroleum and petroleum products;
- (g) spices (raw and unprocessed);
- (h) pepper; and
- (i) such other commodities as may be excluded by the Minister by

notification in the *Gazette*;

“qualifying manufactured goods” means Singapore manufactured goods in respect of which one or more certificates of origin or other documents indicating that the goods are manufactured in Singapore have been issued by the Department of Trade for the purpose of the export of such goods;

“relevant export sales” means the export sales of an international trading company in respect of qualifying manufactured goods and Singapore domestic produce or in respect of qualifying commodities, as the case may be;

“Singapore domestic produce” means eggs, chicken, orchids and aquarium fish produced in Singapore and such other domestic produce as may be approved by the Minister.

### **International trading company**

**37B.**—(1) Where a company is engaged in —

- (a) international trade in qualifying manufactured goods or Singapore domestic produce and the export sales of such goods or produce separately or in combination exceed or are expected to exceed ten million dollars per annum; or
- (b) entrepot trade in any qualifying commodities and the export sales of such qualifying commodities exceed or are expected to exceed twenty million dollars per annum,

the company may apply in the prescribed form to the Minister for approval as an international trading 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) The Minister may issue separate certificates to an international trading company for the purposes of paragraphs (a) and (b) of subsection (1).

(4) Every certificate issued under this section shall specify a date as the commencement day from which the company shall be entitled to tax relief under this Part.

(5) The Minister may in his discretion upon the application of an international trading 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.

(6) A company shall furnish to the Minister at the time of application to be an international trading company a statement of all its associated companies and export agents and the activities they are engaged in and such other particulars as may be required; and where there is any change in such particulars the company shall notify the Minister as soon as possible of such change.

### **Tax relief period of international trading company**

**37C.** The tax relief period of an international trading company, in relation to any certificate issued to that company, shall commence on the commencement day and shall continue for a period of five years.

### **Power to give direction**

**37D.** For the purposes of the Income Tax Act (Cap. 141) and this Act, the Comptroller may direct that —

- (a) any sums payable to an international trading company in any accounting period which but for the provisions of this Act might reasonably and properly have been expected to be payable, in the normal course of business, after the end of that period shall be treated as not having been payable in that period but as having been payable on such date, after that period, as the Comptroller thinks fit and, where that date is after the end of the tax relief period of the international trading company, as having been so payable on that date as a sum payable in respect of its post tax relief trade or business; and
- (b) any expenses incurred by an international trading company within one year after the end of its tax relief period which but for the provisions of this Act might reasonably and properly have been expected to be incurred, in the normal course of business, during its tax relief period shall be treated as not having been incurred within that year but as having been incurred on such date, during its tax relief period, as the Comptroller thinks fit.

### **Application of Part X of Income Tax Act (Cap. 141)**

**37E.**—(1) Part X of the Income Tax Act (relating to returns of income) applies in all respects as if the whole of the income of an international trading company were chargeable to tax.

(2) The annual return of income shall be accompanied by such evidence as, in the opinion of the Comptroller, is necessary to verify the income derived from the export sales of qualifying manufactured goods, Singapore domestic produce and qualifying commodities.

### **Ascertainment of income in respect of other trade or business**

**37F.** Where during its tax relief period an international trading company carries on any trade or business which is distinct from the trade or business which includes its relevant export sales, separate accounts shall be maintained in respect of that distinct trade or business and in respect of the same accounting period, and the income from that distinct trade or business shall be computed and assessed in accordance with the provisions of the Income Tax Act (Cap. 141) with such adjustments as the Comptroller thinks reasonable and proper.

### **Computation of export income and exemption from tax**

**37G.**—(1) The total income of an international trading company, in respect of its trade or business which includes its relevant export sales, shall be ascertained (after making such adjustments as may be necessary in consequence of any direction given under section 37D), for any accounting period during its tax relief period in accordance with the provisions of the Income Tax Act, and in particular the following provisions shall apply: —

- (a) income from any commissions and other non-trading sources shall be excluded and separately assessed;
- (b) the allowances provided for in sections 16, 17, 18, 19, 20, 21 and 22 (where applicable) of the Income Tax Act shall be taken into account notwithstanding that no claim for such allowances has been made, and where in any year of assessment full effect cannot, by reason of an insufficiency of profits for that year of assessment, be given to such allowances, the provisions of section 23 of the Income Tax Act shall apply;
- (c) the amount of any unabsorbed allowances in respect of any year of assessment immediately preceding the tax relief period which would otherwise be available under subsections (2) and (3) of section 23 of the Income Tax Act (Cap. 141) shall be taken into account;