

Income Tax (Amendment) Bill

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Bill No: 42/1973

Read the first time: 11th July 1973

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Expenditure of Public Money

Income Tax (Amendment) Bill

Bill No. 42/1973

Read the first time on 11th July 1973.

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, 1973.

(2) This Act shall, except as provided in subsection (3) of this section, have effect for the year of assessment 1973 and subsequent years of assessment.

(3) Section 10(a) of this Act shall have effect for the year of assessment 1972 and subsequent years of assessment; sections 5(a), 10(b) and 16 of this Act shall have effect for the year of assessment 1974 and subsequent years of assessment.

Amendment of section 2

2. Section 2 of the Income Tax Act (hereinafter referred to as “the principal Act”) is hereby amended by deleting the definition of “resident in Singapore” and substituting therefor the following: —

“ “resident in Singapore” —

- (a) in relation to an individual, means a person who, in the year preceding the year of assessment, resides in Singapore except for such temporary absences therefrom as may be reasonable and not inconsistent with a claim by such person to be resident in Singapore, and includes a person who is physically present or who exercises an employment (other than as a director of a company) in Singapore for 183 days or more during the year preceding the year of assessment; and
- (b) in relation to a company or body of persons, means a company or body of persons the control and management of whose business is exercised in Singapore;”.

Amendment of section 10

3. Section 10 of the principal Act is hereby amended —

- (a) by deleting paragraph (c) of subsection (2) thereof and substituting therefor the following: —

“(c) the annual value of any place of residence provided by the employer and for the purposes of this paragraph —

- (i) if the place of residence is “premises” within the Control of Rent Act (Cap. 266) and is provided to a director of a company, or, if the remuneration received by a director of a company is less than the annual value of the premises, the full annual value shall be deemed to be gains or profits of the employment;
- (ii) except as provided in sub-paragraph (i) of this paragraph, if the annual value of the premises exceeds ten per cent of the gains or profits from the employment mentioned in paragraphs (a) and (b) of this subsection less the rent, if any, paid by the employee for the use of the premises, the excess shall be disregarded;
- (iii) where the premises are shared, “place of residence” means the part of the premises

occupied by the person chargeable.”; and

- (b) by inserting immediately after subsection (4) thereof the following subsection: —

“(5) Any gains or profits directly or indirectly derived by any person by the exercise, assignment or release of a right or benefit whether granted in his name or in the name of his nominee or agent to acquire shares in a company shall, where the right or benefit is obtained by that person by reason of any office or employment held by him, be deemed to be income and for the purposes of this subsection —

- (a) such gains or profits shall be the price of the shares in the open market at the time of the exercise, assignment or release of the right or benefit, less the amount paid for such shares;
- (b) if it is not possible to determine the gains or profits under paragraph (a) of this subsection, the Comptroller may use the net asset value of the shares, less the amount paid for the shares, as the basis for determining the gains or profits; and
- (c) “shares” includes stocks.”.

Amendment of section 12

4. The principal Act is hereby amended by inserting immediately after subsection (5) of section 12 thereof the following subsection: —

“(6) Any income derived from loans where —

- (a) the interest is borne directly or indirectly by a person resident in Singapore or a permanent establishment in Singapore; or
- (b) the funds provided by such loans are brought into or used in Singapore,

shall be deemed to be derived in Singapore.”.

Amendment of section 13

5. Section 13 of the principal Act is hereby amended —

- (a) by deleting paragraph (g) of subsection (1) thereof and substituting therefor the following: —

“(g) the income of any charitable institution or of any body of persons or trust established for charitable purposes only:

Provided that —

- (a) where a trade or business is carried on by any such institution, body of persons or trust, the income derived from such trade or business shall be exempt from tax only if such income is applied solely for charitable purposes and either —
 - (i) the trade or business is exercised in the course of the actual carrying out of a primary purpose of such institution, body of persons or trust; or
 - (ii) the work in connection with the trade or business is mainly carried on by persons for whose benefit such institution, body of persons or trust was established;
- (b) the institution, body of persons or trust applies in any year of assessment not less than eighty per cent of its income (after providing for allowable deductions) in the preceding year unless the Comptroller otherwise permits;
- (c) if the institution, body of persons or trust applies any amount of its income which, otherwise than in accordance with its charitable objects the institution, body of persons or trust shall pay to the Comptroller tax on that amount of its income and a determination and assessment under this sub-paragraph shall be treated as a notice of assessment and shall be subject to the provisions of Parts XI and XII of this Act;”;