



REPUBLIC OF SINGAPORE

# GOVERNMENT GAZETTE

## ACTS SUPPLEMENT

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The following Act was passed by Parliament on 5 February 2018 and assented to by the President on 2 March 2018:—

### REPUBLIC OF SINGAPORE

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**No. 8 of 2018.**

I assent.



HALIMAH YACOB,  
*President.*  
2 March 2018.

An Act to amend the Economic Expansion Incentives (Relief from Income Tax) Act (Chapter 86 of the 2005 Revised Edition).

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

**Short title and commencement**

1.—(1) This Act is the Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2018 and, except for section 4, comes into operation on a date that the Minister appoints by notification in the *Gazette*.

(2) Section 4 is deemed to have come into operation on 19 April 2016.

**Amendment of section 3**

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

“ “intellectual property income” means any intellectual property income prescribed by the Minister under section 102;”.

**Amendment of section 8**

3. Section 8 of the principal Act is amended by deleting the section heading and substituting the following section heading:

**“Provisions governing separate trade or business”.**

**Amendment of section 15**

4. Section 15 of the principal Act is amended by deleting the words “basis period in which the tax relief expiry date falls” in subsections (2) and (3) and substituting in each case the words “basis period in which the new trade or business commences”.

**New section 19A**

5. The principal Act is amended by inserting, immediately after section 19, the following section:

**“Exclusion of intellectual property income from sections 10 and 15**

**19A.—**(1) In ascertaining the income of a pioneer service company from a qualifying activity under section 10 (as applied

by section 19), any intellectual property income produced by the activity, as well as any allowance for capital expenditure incurred for the purposes of that activity that is attributable to or apportioned by the Comptroller to any intellectual property income, must be excluded.

(2) For the purposes of the application of section 15 (as applied by section 19), a reference to income in section 15(1) excludes any intellectual property income.

(3) To avoid doubt, intellectual property income excluded under subsection (1) remains chargeable to tax under the Income Tax Act (Cap. 134).”.

### **Amendment of section 19J**

6. Section 19J of the principal Act is amended —

(a) by deleting the words “subsection (5D)” in subsection (5C) and substituting the words “subsections (5D), (5DA), (5E) and (5EB) (whichever is applicable)”;

(b) by inserting, immediately after subsection (5D), the following subsections:

“(5DA) The Minister may, on the Minister’s own initiative or on the application of a development and expansion company, amend the company’s certificate by substituting the concessionary rate of tax specified in the certificate in accordance with subsection (5D), with a concessionary rate of either 5% or 10%, and in that event the concessionary rate is the rate as substituted.

(5DB) Subsection (5DA) applies whether the development and expansion company was approved as such before, on or after the date of commencement of section 6(b) of the Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2018.”;

(c) by deleting the word “In” in subsection (5E) and substituting the words “Subject to subsection (5EA), in”;

(d) by inserting, immediately after subsection (5E), the following subsections:

“(5EA) The Minister may, on the Minister’s own initiative or on the application of a development and expansion company mentioned in subsection (5E), amend the company’s certificate for any qualifying activity by substituting the rate of tax specified in the certificate in accordance with that subsection (called in this section the initial rate) for expansion income derived from that activity during a part of the tax relief period, with a rate of tax that complies with subsection (5EC) (called in this section the substituted rate).

(5EB) Where subsection (5EA) applies, then —

- (a) if the date of the substitution is the first day of that part of the tax relief period, the concessionary rate of tax that applies to the expansion income derived from that activity during that part of the tax relief period is the substituted rate; and
- (b) if the date of the substitution is not the first day of that part of the tax relief period —
  - (i) the concessionary rate of tax that applies to the expansion income derived from that activity during the period beginning on the first day of that part of the tax relief period and ending on the day immediately before the date of the substitution is the initial rate; and
  - (ii) the concessionary rate of tax that applies to the expansion income derived from that activity during the balance of that part of the tax relief period is the substituted rate.

(5EC) The substituted rate for a part of the tax relief period mentioned in subsection (5EA) is a rate computed by the formula  $A + B$ , where —

(a) A is the difference between —

(i) the sum arrived at by totalling the concessionary rate of tax that applies to the company's expansion income from that activity on the first day of each part of the tax relief period up to and including that part of the tax relief period for that activity, or would have so applied had it not been substituted under subsection (5DA) or (5EA) (as the case may be); and

(ii) the sum arrived at by totalling the concessionary rate of tax that applies to the company's expansion income from that activity on the day immediately before the first day of each part of the tax relief period up to and including that part of the tax relief period for that activity; and

(b) B is either 5% or 10%, as determined by the Minister.”; and

(e) by deleting the words “subsection (5E)” in subsection (5F) and substituting the words “subsections (5E), (5EA), (5EB) and (5EC)”.

### **Amendment of section 19K**

7. Section 19K(3C) of the principal Act is amended by deleting the words “18th February 2008 and 17th February 2018” and substituting the words “18 February 2008 and 31 December 2023”.