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The following Act was passed by Parliament on 11th November 2003 and assented to by the President on 22nd November 2003:—

**REPUBLIC OF SINGAPORE**

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**No. 21 of 2003.**

I assent.

(LS)

S R NATHAN,  
*President.*  
22nd November 2003.

An Act to amend the Income Tax Act (Chapter 134 of the 2001 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 may be cited as the Income Tax (Amendment) Act 2003.

(2) Sections 4(*a*), 5, 6, 8, 15(*b*) (in relation to section 14M(8G)), 25, 26 (except in relation to transfer to claimant company) and 29 shall be deemed to have come into operation on 10th December 2002.

(3) Sections 10, 42 and 43 shall be deemed to have come into operation on 1st January 2003.

(4) Section 40 shall be deemed to have come into operation on 28th February 2003.

(5) Sections 9, 30(*c*) (in relation to delegation of approving authority), (*e*), (*h*) and (*i*), 31, 35, 44(*a*) and 45 shall be deemed to have come into operation on 1st April 2003.

(6) Sections 3(*e*) and (*f*) and 18 (in relation to insertion of section 14P) shall be deemed to have come into operation on 1st June 2003.

(7) Section 30(*c*) (in relation to tax deduction for donation of sculpture) shall be deemed to have come into operation on 1st July 2003.

(8) Section 23 shall be deemed to have come into operation on 1st November 2003.

(9) Sections 49, 50 and 52(*b*) shall come into operation on 1st January 2004.

(10) Sections 12, 14, 15(*b*) (except in relation to section 14M(8G)), 26 (in relation to transfer to claimant company), 30 (*a*), (*b*), (*g*), (*j*), (*k*) and (*l*), 38, 46 (*a*) (in relation to section 50A(1)(*a*)), (*b*), (*c*) and (*d*) and 52 (*c*), (*d*) and (*e*) shall have effect for the year of assessment 2003 and subsequent years of assessment.

(11) Sections 3(*d*) (in relation to section 13(1)(*zb*)) and (*l*), 4(*b*), 7, 16 (*c*), 27, 28, 32 (*a*) and (*b*), 33, 37, 46 (*a*) (in relation to section 50A(1)(*aa*)), 51 and 52 (*h*) and (*i*) shall have effect for the year of assessment 2004 and subsequent years of assessment.

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**Amendment of section 10C**

2. Section 10C of the Income Tax Act (referred to in this Act as the principal Act) is amended by deleting subsections (1C) and (1D) and substituting the following subsections:

“(1C) Notwithstanding subsection (1)(a), where on or after 1st January 2003, contributions are made by any employer for any year to the medisave account of an employee maintained under the Central Provident Fund Act (Cap. 36) in lieu of hospitalisation or outpatient medical benefits which the employer is obliged to provide by reason of a contract of employment, such contributions up to \$1,500 for that year shall, subject to subsections (1D) and (1E), not be deemed to be income accruing to the employee.

(1D) Where contributions referred to in subsection (1C) are made in respect of an employee by 2 or more employers for any year, the amount of such contributions not deemed to be income accruing to the employee shall not exceed \$1,500 for that year.”.

**Amendment of section 13**

3. Section 13 of the principal Act is amended —

(a) by deleting the words “27th February 2003” wherever they appear in subsections (1)(a) and (2) and substituting in each case the words “31st December 2008”;

(b) by deleting paragraph (p) of subsection (1) and substituting the following paragraph:

“(p) for a period of 5 years from 1st January 2003, such income of the Singapore Commodity Exchange Limited as may be prescribed;”;

(c) by deleting the word “and” at the end of subsection (1)(z);

(d) by deleting the full-stop at the end of paragraph (za) of subsection (1) and substituting a semi-colon, and by inserting immediately thereafter the following paragraphs:

- “(zb) any subsidy, allowance or benefit provided by an employer to an employee for the attendance by any child of the employee at a child care centre licensed under the Child Care Centres Act (Cap. 37A);
- (zc) the prescribed amount of interest derived during the period 1st January 2003 to 31st December 2004 by any individual from the deposit in any standard savings, current or fixed deposit account with an approved bank or a finance company licensed under the Finance Companies Act (Cap. 108); and
- (zd) the interest derived on or after 1st January 2005 by any individual from the deposit in any standard savings, current or fixed deposit account with an approved bank or a finance company licensed under the Finance Companies Act.”;
- (e) by inserting, immediately above subsection (8) under the sub-heading “*Income received from outside Singapore*”, the following subsections:
- “(7A) Where the conditions specified in subsection (7B) are satisfied, there shall be exempt from tax the following income received in Singapore on or after 1st June 2003 from any territory outside Singapore by any person resident in Singapore:
- (a) any dividend derived from any territory outside Singapore;
- (b) any profit derived from any trade or business carried on by a branch in any territory outside Singapore of a company resident in Singapore; and
- (c) any income derived from any professional, consultancy and other services rendered in

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any territory outside Singapore only if the Comptroller is satisfied that the income is derived, for the purposes of this Act, from outside Singapore.

(7B) The conditions referred to in subsection (7A) are —

- (a) the income is subject to tax of a similar character to income tax (by whatever name called) under the law of the territory from which the income is received;
- (b) at the time the income is received in Singapore by the person resident in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15%; and
- (c) the Comptroller is satisfied that the tax exemption would be beneficial to the person resident in Singapore.

(7C) Where the income referred to in subsection (7A) consists of dividends paid by a company, the tax referred to in subsection (7B)(a) shall be —

- (a) where the company is resident in the territory from which the dividends are received, the tax paid in that territory by the company in respect of its income out of which the dividends are paid; and
- (b) the tax paid on the dividends in the territory from which the dividends are received.