Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 1993
(No. 36 of 1993)

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REPUBLIC OF SINGAPORE

GOVERNMENT GAZETTE

ACTS SUPPLEMENT

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The following Act was passed by Parliament on 10th November 1993 and assented to

by the President on 15th November 1993:—

ECONOMIC EXPANSION INCENTIVES (RELIEF FROM INCOME TAX) (AMENDMENT) ACT 1993

(No. 36 of 1993)

I assent.

ONG TENG CHEONG
President.
15th November 1993.

Date of Commencement: 26th November 1993

An Act to amend the Economic Expansion Incentives (Relief from Income Tax) Act (Chapter 86 of the 1992 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 Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 1993.

(2) Section 5 shall be deemed to have come into operation on 1st April 1993.

(3) Section 2 shall have effect for the year of assessment 1993 and subsequent years of assessment.

(4) Sections 3, 4 and 6 shall have effect for the year of assessment 1994 and subsequent years of assessment.

Amendment of section 10

2. Section 10 of the Economic Expansion Incentives (Relief from Income Tax) Act (referred to in this Act as the principal Act) is amended by inserting, immediately after subsection (1), the following subsection:

"(1A) Where the tax relief period of a pioneer enterprise referred to in

subsection (1) expires during the basis period for any year of assessment, for the purpose of determining the income in respect of its old trade or business and its new trade or business for that year of assessment, there shall be deducted allowances provided for in sections 16, 17, 18, 19, 20, 21 and 22 of the Income Tax Act (Cap. 134) notwithstanding that no claim for such allowances has been made; and for the purpose of computing such allowances —

(*a*) the allowances for that year of assessment shall be computed as if the old trade or business of the pioneer enterprise had not been deemed to have permanently ceased at the end of the tax relief period; and

(*b*) the allowances computed in accordance with paragraph (*a*) shall be apportioned between the old trade or business and the new trade or business of the pioneer enterprise in such manner as appears to the Comptroller to be reasonable in the circumstances.".

Amendment of section 19H

3. Section 19H of the principal Act is amended —

(*a*) by deleting the words "subsection (2)" in the second line of subsection (1) and substituting the words "subsections (2) and (3)"; and

(*b*) by deleting subsections (2), (3) and (4) and substituting the following subsections:

"(2) In determining the qualifying income of the post-pioneer company for the basis period for any year of assessment —

(*a*) the allowances provided for in sections 16, 17, 18, 19, 19A, 20, 21 and 22 of the Income Tax Act (Cap. 134) shall be taken into account notwithstanding that no claim for such allowances has been made;

(*b*) the allowances referred to in paragraph (*a*) for that year of assessment shall firstly be deducted against the qualifying income, and any unabsorbed allowances shall be deducted against the other income of the company subject to tax at the rate of tax under section 43(1)(*a*) of the Income Tax Act in accordance with subsection (3);

(*c*) the balance, if any, of the allowances after the deduction in paragraph (*b*) shall be available for deduction for any subsequent year of assessment in accordance with section 23 of the Income Tax Act

and shall be made in the manner provided in paragraph (*b*);

(*d*) any loss incurred for that basis period shall be deducted in accordance with subsection (3) against the other income of the company subject to tax at the rate of tax under section 43(1)(*a*) of the Income Tax Act; and

(*e*) the balance, if any, of the losses after the deduction in paragraph (*d*) shall be available for deduction for any subsequent year of assessment in accordance with section 37 of the Income Tax Act firstly against the qualifying income, and any balance of the losses shall be deducted against the other income of the company subject to tax at the rate of tax under section 43(1)(*a*) of the Income Tax Act (Cap. 134) in accordance with subsection (3).

(3) Section 37B of the Income Tax Act shall apply with such modifications as may be necessary in relation to the deduction of the allowances provided for in sections 16, 17, 18, 19, 19A, 20, 21 and 22 of that Act or the losses under section 37 of that Act in respect of the qualifying income of the post-pioneer company and such part of its income as is subject to tax at the rate of tax under section 43(1)(*a*) of that Act; and for the purpose of such application any reference in section 37B of that Act to —

(*a*) concessionary income shall be read as a reference to its qualifying income; and

(*b*) normal income shall be read as a reference to such part of its income as is subject to tax at the rate of tax under section 43(1)(*a*) of that Act.

(4) In this section, "qualifying income" means the income of a post-pioneer company in respect of its qualifying activities.".

Amendment of section 77

4. The principal Act is amended by renumbering section 77 as subsection (1) of that section, and by inserting immediately thereafter the following subsection:

"(2) The Minister may, where he is satisfied that it is expedient in the public interest to do so and subject to such terms and conditions as he may impose, extend the tax relief period of any warehousing company or servicing company for such

further periods, not exceeding 5 years at any one time, as he thinks fit.".

New section 97G

5. The principal Act is amended by inserting, immediately after section 97F, the following section:

"**Deduction of losses incurred overseas by eligible investment company**

97G.—(1) Any company, incorporated and resident in Singapore, desirous of investing in an overseas company —

(*a*) which is developing or using a new technology in relation to a product, process or service; or

(*b*) for the purpose of acquiring for use in Singapore any technology from the overseas company or for the purpose of gaining access to any overseas market for itself or any of its subsidiaries,

may make an application in respect of the investment in that overseas company in the prescribed form to the Minister to be approved as an eligible investment company.

(2) Where the Minister is satisfied in respect of any application under subsection (1) that —

(*a*) the technology, if introduced in Singapore, or the access which would be gained to any overseas market, would promote or enhance the economic or technological development of Singapore; and

(*b*) not less than 50% of the paid-up capital of the company which makes the application is beneficially owned by citizens or permanent residents of Singapore unless the Minister otherwise decides,

he may approve the company as an eligible investment company and issue a certificate to the company subject to such conditions as he may impose.

(3) Any company approved by the Minister under subsection (2) shall maintain the shareholding referred to in subsection (2)(*b*) throughout the period during which it holds shares in the overseas company.

(4) Where, in the basis period for any year of assessment, an eligible investment company incurs any loss on the sale of any share in, or from the liquidation of, an overseas company, that loss shall be treated as if it were a loss incurred from a trade or business carried on by the eligible investment company.

(5) The loss referred to in subsection (4) in relation to any overseas company shall be allowed as a deduction against the statutory income of the eligible