

Income Tax (Amendment) Act 1992
(No. 2 of 1992)

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**REPUBLIC OF SINGAPORE
GOVERNMENT GAZETTE
ACTS SUPPLEMENT**

Published by Authority

NO. 2]

FRIDAY, MARCH 13

[1992

The following Act was passed by Parliament on 27th February 1992 and assented to by the President on 2nd March 1992:—

INCOME TAX (AMENDMENT) ACT 1992

(No. 2 of 1992)

I assent.

WEE KIM WEE
President.
2nd March 1992.

Date of Commencement: 13th March 1992

An Act to amend the Income Tax Act (Chapter 134 of the 1985 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 1992.

(2) Sections 7, 10 and 11 shall have effect for the year of assessment 1992 and subsequent years of assessment.

(3) Sections 13, 14, 16 and 18 shall come into operation on 1st January 1993.

Amendment of section 10

2. Section 10 of the Income Tax Act (referred to in this Act as the principal Act) is amended by deleting subsection (4) and substituting the following subsection:

“(4) Where, under section 17, 20 or 21, a balancing charge falls to be made, the amount thereof shall be deemed to be income chargeable with tax under this Act, except in the case of a balancing charge in respect of —

- (a) a Singapore ship the income derived from the operation of which would be income of a shipping enterprise within the meaning of section 13A; or
- (b) a foreign ship the income derived from the operation of which would be income of an approved international shipping enterprise within the meaning of section 13F.”.

Amendment of section 13

3. Section 13(1) of the principal Act is amended by inserting, immediately after paragraph (n), the following paragraph:

- “(o) payments made on or after 1st April 1991 under any agreement or arrangement approved by the Minister or such other person as he may appoint to a person not resident in Singapore (excluding any permanent establishment in Singapore) by an international shipping enterprise approved under section 13F for the charter of a foreign ship within the meaning of that section, except for any payment attributable to the carriage of passengers, mails, livestock or goods from Singapore.”.

Amendment of section 13B

4. Section 13B of the principal Act is amended by deleting the words “or 43I” in subsections (1), (2) and (8)(a) and substituting in each case the words “, 43I or 43J”.

New sections 13E and 13F

5. The principal Act is amended by inserting, immediately after section 13D, the following sections:

“Exemption of dividends from foreign income

13E.—(1) Where a company resident in Singapore receives income in Singapore from outside Singapore (referred to in this section as the income) for which tax credit has been allowed against the tax payable in respect of such income and pays dividends out of such income, the provisions in this section shall have effect.

(2) As soon as a tax credit has been allowed, an amount of the income computed in accordance with the formula $\frac{A}{B} - C$,

where A is the tax credit allowed;

B is the tax rate applicable to a company under section 43(1); and

C is the foreign tax paid,

shall be credited to a special account (referred to in this section as the account) to be kept by the company for the purposes of this section.

(3) Where the account is in credit at the date on which any dividends are paid by the company out of the income which has been credited to that account, an amount equal to such dividends or to the credit in that account, whichever is the less, shall be debited to the account.

(4) So much of the amount of any dividends debited to the account as is received by a shareholder of the company shall, if the Comptroller is satisfied with the entries in the account, be exempt from tax in the hands of the shareholder.

(5) Section 44 shall not apply to any dividends or part thereof which are exempt from tax under this section.

(6) Where an amount of dividends exempt from tax under subsection (4) has been received by a shareholder, which is a holding company owning, at the time

such dividends are received, not less than 50% beneficial interest in the issued capital of the company, any dividends paid by the holding company to its shareholders, to the extent that the Comptroller is satisfied that those dividends are paid out of such amount, shall be exempt from tax in the hands of those shareholders; and section 44 shall not apply to any such dividends or part thereof.

(7) Notwithstanding subsections (4) and (6), no dividend paid on any share of a preferential nature shall be exempt from tax in the hands of the shareholder.

(8) A company shall deliver to the Comptroller a statement of the account made up to any date specified by him whenever called upon to do so by notice in writing.

(9) Notwithstanding subsections (1) to (8), where it appears to the Comptroller that any dividend, including a dividend paid by a holding company under subsection (6), which has been exempted from tax in the hands of any shareholder, ought not to have been so exempted, the Comptroller may within the year of assessment or within 12 years after the expiration thereof —

- (a) make such assessment or additional assessment upon any such shareholder as may be necessary in order to make good any loss of tax; or
- (b) direct the company to debit the account with such amount as the circumstances require.

(10) For the purposes of this section —

“foreign tax” means —

- (a) Commonwealth income tax within the meaning of section 48(1);
- (b) foreign tax within the meaning of section 50(1); or
- (c) tax payable under the law of any territory outside Singapore in respect of which credit has been given under section 50 by virtue of any regulations made under section 50A,

as the case may be;

“tax credit” means —

- (a) relief from tax under section 48(1);
- (b) credit under section 50(1); or
- (c) credit under section 50 by virtue of any regulations made under