

Central Provident Fund (Amendment No. 2) Bill

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Bill No: 44/2007

Read the first time: 22nd October 2007

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Expenditure of Public Money

Central Provident Fund (Amendment No. 2) Bill

Bill No. 44/2007

Read the first time on 22nd October 2007.

An Act to amend the Central Provident Fund Act (Chapter 36 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 Central Provident Fund (Amendment No. 2) Act 2007 and shall, with the exception of section 16, come into operation on such date as the Minister may, by notification in the *Gazette*, appoint.

(2) Section 16 shall be deemed to have come into operation on 1st October 2007.

Amendment of section 2

2. Section 2(1) of the Central Provident Fund Act (referred to in this Act as the principal Act) is amended —

- (a) by inserting, immediately before the definition of “Board”, the following definition:

““additional interest” means the interest referred to in section 6(4B);”;

- (b) by deleting the definition of “retirement account” and substituting the following definition:

““retirement account” means a retirement account maintained —

- (a) for the purposes of sections 15(2A)(a), (6C), (7B)(a) and (8A)(a) and 18(1)(c); and
- (b) for the crediting of such contribution (including any amount which is deemed to be a contribution for the purposes of this Act) and interest as the Minister may direct;”.

Amendment of section 6

3. Section 6 of the principal Act is amended by deleting subsection (4) and substituting the following subsections:

“(4) The Board shall pay to a member of the Fund interest —

- (a) at such intervals, and on the amount standing to the credit of the member in the Fund at such time, as the Board may determine; and
- (b) at such rate per annum as the Board may from time to time declare by notification published in the *Gazette*, being a rate of interest which —
 - (i) is not less than 2.5% per annum; and
 - (ii) may exceed 2.5% per annum if the Minister for Finance so approves.

(4A) For the purposes of subsection (4), the Board may declare different rates of interest for different parts of the amount standing to the credit of a member in the Fund.

(4B) The Board may, in its discretion, pay to a member of the Fund interest in addition to that referred to in subsection (4) —

- (a) at such intervals, and on the whole or such part of the amount standing to the credit of the member in the Fund at such time, as the Board may determine; and
- (b) at such rate per annum, and subject to such terms and conditions, as the Board may, with the approval of the Minister for Finance, determine.”.

Amendment of section 12

4. Section 12(2) of the principal Act is amended —

- (a) by deleting the word “and” at the end of paragraph (a); and
- (b) by deleting paragraph (b) and substituting the following paragraphs:
 - “(b) the interest payable to him under section 6(4); and
 - (c) any additional interest payable to him under section 6(4B).”.

Amendment of section 13

5. Section 13 of the principal Act is amended —

- (a) by deleting subsections (4) and (5) and substituting the following subsections:

“(4) The Board shall credit to the accounts of a member specified in subsection (1), in such manner as the Minister may direct, every contribution paid into the Fund for the member under —

- (a) section 7;
- (b) any regulations made under section 77(1)(e); or
- (c) such other provision as the Minister may prescribe.

(4A) The Minister may give different directions in respect of different classes of members under subsection (4).

(5) The Board shall credit to each account of a member the interest referred to in section 6(4) on the amount standing to the credit of the member in that account.

(5A) Where any additional interest is payable to a member under section 6(4B) —

- (a) the Board shall credit the additional interest into one or more of the member’s ordinary account,

- medisave account, special account and retirement account (if any) in such manner as the Board may determine; and
 - (b) the Board may make different determinations under paragraph (a) in respect of different classes of members.”;
- (b) by deleting the words “any interest which would have accrued” in subsection (7) and substituting the words “the whole or such part, as the Board may determine, of any interest that would have been payable”; and
- (c) by deleting the section heading and substituting the following section heading:

“Crediting of contributions and interest into subsidiary accounts, etc.”.

Amendment of section 20

6. Section 20(1) of the principal Act is amended by deleting the words “section 12(2)” and substituting the words “section 6(4) and (4B)”.

Amendment of section 21

7. Section 21 of the principal Act is amended —

- (a) by inserting, immediately after the word “purchase” in subsection (1)(a), (b) and (d)(i) and (ii), the words “or acquisition”;
- (b) by deleting the words “the interest that would have accrued thereto” in the 20th and 21st lines of subsection (1) and substituting the words “the whole or such part, as the Board may determine, of the interest that would have been payable thereon”; and
- (c) by inserting, immediately after the word “purchased” in subsection (1A), the word “, acquired”.

Amendment of section 21A

8. Section 21A of the principal Act is amended —

- (a) by inserting, immediately after the word “purchase” in subsection (1)(a), (b) and (c)(i) and (ii), the words “or acquisition”;
- (b) by deleting the words “the interest that would have accrued thereto” in the 19th and 20th lines of subsection (1) and substituting the words “the whole