

**Economic Expansion Incentives (Relief from Income Tax) (Amendment No. 2)
Bill**

Table of Contents

Bill No: 56/2004

Read the first time: 19th October 2004

Long Title

Enacting Formula

- 1 Short title and commencement**
- 2 Amendment of section 3**
- 3 Repeal and re-enactment of section 4**
- 4 Amendment of section 6**
- 5 Amendment of section 10**
- 6 Amendment of section 18**
- 7 Amendment of section 19J**
- 8 Amendment of section 19K**
- 9 Amendment of section 66**
- 10 Amendment of section 70**
- 11 Repeal and re-enactment of section 72**
- 12 Amendment of heading to Part XIIC**

13 Amendment of section 97U

14 Repeal and re-enactment of section 97Z

15 Miscellaneous amendments

16 Consequential amendment to Income Tax Act

Explanatory Statement

Expenditure of Public Money

Economic Expansion Incentives (Relief from Income Tax) (Amendment No. 2) Bill

Bill No. 56/2004

Read the first time on 19th October 2004.

An Act to amend the Economic Expansion Incentives (Relief from Income Tax) Act (Chapter 86 of the 2001 Revised Edition) and to make a consequential amendment to the Income Tax Act (Chapter 134 of the 2004 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 No. 2) Act 2004.

(2) Sections 4, 6, 9 and 12 to 15 shall be deemed to have come into operation on 27th February 2004.

Amendment of section 3

2. Section 3 of the Economic Expansion Incentives (Relief from Income Tax) Act (referred to in this Act as the principal Act) is amended by deleting the word “declared” in the definitions of “pioneer industry” and “pioneer product” and substituting in each

case the word “approved”.

Repeal and re-enactment of section 4

3. Section 4 of the principal Act is repealed and the following section substituted therefor:

“Power and procedure for approving an industry and a product as a pioneer industry and a pioneer product

4.—(1) The Minister may, if he considers it expedient in the public interest to do so, approve an industry, which is not being carried on in Singapore on a scale adequate to the economic needs of Singapore and for which in his opinion there are favourable prospects for development, to be a pioneer industry and any specific product of that industry to be a pioneer product.

(2) The Minister may revoke any approval given under this section but any such revocation shall not affect the operation of any pioneer certificate issued to any pioneer enterprise before the revocation.

(3) Any industry which has been approved as a pioneer industry or any product which has been approved as a pioneer product before the date of commencement of the Economic Expansion Incentives (Relief from Income Tax) (Amendment No. 2) Act 2004 shall be deemed to have been approved under this section.”.

Amendment of section 6

4. Section 6 of the principal Act is amended by deleting the words “10 years” and substituting the words “15 years”.

Amendment of section 10

5. Section 10 of the principal Act is amended —

- (a) by deleting the words “sections 16, 17, 18, 19,” in subsections (1A) and (1B) (6th line) and substituting in each case the words “sections 16, 17, 18, 19, 19A, 19B,”;
- (b) by inserting, immediately after the words “more than 50%” in subsection (3)(a), the words “, or such other percentage as the Minister may determine,”;
- (c) by deleting the word “fixed” in subsections (3) (3rd line) and (3B);
- (d) by deleting the words “sections 16, 17, 18, 19, 19A,” in subsections (3) (14th and 15th lines) and (4) and substituting in each case the words “sections 16, 17, 18, 19, 19A, 19B,”; and

(e) by deleting subsection (5) and substituting the following subsection:

“(5) In subsections (3) and (3B), “capital expenditure” means capital expenditure in connection with a pioneer product, on factory building (excluding land) in Singapore, on any new plant or new machinery used in Singapore and on intellectual property rights for use in Singapore and, subject to the approval of the Minister, on any secondhand plant or secondhand machinery used in Singapore.”.

Amendment of section 18

6. Section 18 of the principal Act is amended by deleting the words “10 years” and substituting the words “15 years”.

Amendment of section 19J

7. Section 19J of the principal Act is amended by deleting subsection (8) and substituting the following subsections:

“(8) Where a development and expansion company which has been granted a tax relief period of at least 10 years is granted an extension or a further extension of its tax relief period under section 19K(1)(b) or (2), the Minister shall compute the average corresponding income for each such extension or further extension in accordance with subsection (9).

(9) The average corresponding income for each extension or further extension referred to in subsection (8) shall be determined by taking one-third of the total of the corresponding qualifying income for the 3 years immediately preceding the date of that extension or further extension of its tax relief period, as the case may be.

(10) Notwithstanding subsections (7), (8) and (9), the Minister may, if he thinks fit, specify any amount to be the average corresponding income in substitution of the amount determined under those subsections.”.

Amendment of section 19K

8. Section 19K of the principal Act is amended —

(a) by deleting subsections (1) and (2) and substituting the following subsections:

“(1) Subject to subsection (2A), the tax relief period of a development and expansion company shall commence on its commencement day and shall continue —

(a) for such period not exceeding 10 years as the