

Income Tax (Amendment) Bill

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Bill No: 25/2001

Read the first time: 11th July 2001

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Explanatory Statement

Expenditure of Public Money

Income Tax (Amendment) Bill

Bill No. 25/2001

Read the first time on 11th July 2001.

An Act to amend the Income Tax Act (Chapter 134 of the 1999 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 2001.

(2) Section 8(*b*) shall be deemed to have come into operation on 1st October 2000.

(3) Sections 10(*a*) and (*c*) and 13 shall have effect for the year of assessment 2001 and subsequent years of assessment.

(4) Sections 7 (in relation to new section 10L), 8(*d*), 11 (in relation to new section 13M), 14, 18, 19, 20, 21, 22, 23, 25(*a*), 26(*a*), 27(*a*), 28, 29, 30(*a*) and 31 shall have effect for the year of assessment 2002 and subsequent years of assessment.

Amendment of section 2

2. Section 2(1) of the Income Tax Act (referred to in this Act as the principal Act) is amended —

(*a*) by inserting, immediately after the definition of “incapacitated person”, the following definition:

“ “life annuity” means an annuity payable under a policy issued to an SRS member for a term ending with, or at a time ascertainable only by reference to, the end of his life;”;

(*b*) by inserting, immediately after the definition of “prescribed”, the following definition:

““prescribed retirement age” has the same meaning as in the Retirement Age Act (Cap. 274A);” and

(c) by inserting, immediately after the definition of “return”, the following definitions:

““SRS account” means an account opened with an SRS operator by an SRS member;

“SRS contribution cap”, in relation to an SRS member, means the maximum contribution prescribed under section 10L that may be made by the member to his SRS account in any year under the SRS;

“SRS member” means a member of the Supplementary Retirement Scheme;

“SRS operator” means any company approved by the Minister, or such other person as he may appoint, for the purposes of the Supplementary Retirement Scheme;

“Supplementary Retirement Scheme” or “SRS” means the Supplementary Retirement Scheme established by regulations made under section 10L;”.

Amendment of section 10

3. Section 10 of the principal Act is amended —

(a) by inserting, immediately after subsection (6A), the following subsection:

“(6B) Subsection (6) shall not apply to any annuity purchased under the SRS.”; and

(b) by inserting, immediately after subsection (15), the following subsection:

“(16) Any payment accrued to a self-employed woman under section 9(2) of the Children Development Co-Savings Act 2001 (Act 13 of 2001) shall be deemed to be income from her trade, business, profession or vocation chargeable to tax under subsection (1)(a).”.

Amendment of section 10I

4. Section 10I(1) of the principal Act is amended by deleting the words “and 10K” and substituting the words “, 10K and 10M”.

Amendment of section 10J

5. Section 10J(7) of the principal Act is amended —

- (a) by inserting, immediately after the word “applies” in the 4th line of paragraph (b), the words “or any purchase or acquisition of shares or stocks of a preferential nature to which section 10M applies”; and
- (b) by deleting the full-stop at the end of paragraph (d) and substituting a semi-colon, and by inserting immediately thereafter the following paragraph:

“(e) “shares” includes stocks but does not include shares or stocks of a preferential nature.”.

Amendment of section 10K

6. Section 10K(5)(b) of the principal Act is amended by inserting, immediately after the words “section 10J(2)” in the 4th line, the words “or 10M”.

New sections 10L and 10M

7. The principal Act is amended by inserting, immediately after section 10K, the following sections:

“Withdrawals from Supplementary Retirement Scheme

10L.—(1) Where the amount of withdrawals made by an SRS member from his SRS account in any year exceeds the amount he contributed to his SRS account in that year, the excess amount withdrawn from his SRS account shall, subject to subsections (3), (6), (7), (8) and (9), be deemed to be income of the SRS member chargeable to tax under section 10(1)(g).

(2) Except where a withdrawal is made by the Official Assignee or the trustee in bankruptcy of an SRS member who is a bankrupt or where a withdrawal is made under subsection (3), (4) or (8) or deemed to be withdrawn under subsection (6), (7) or (9), a penalty of 5% of the amount withdrawn which is deemed to be income of an SRS member under subsection (1) shall be payable by the SRS member and shall be deducted by the SRS operator from the amount so withdrawn.

(3) Only 50% of the following withdrawals made by an SRS member from his SRS account shall be deemed to be income of the SRS member chargeable to tax under section 10(1)(g):

- (a) withdrawal of all the funds standing in his SRS account at the same time if the SRS member is neither a citizen of Singapore nor a Singapore permanent resident and has maintained his SRS account