

Income Tax (Amendment) Bill

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Bill No: 29/1998

Read the first time: 29th June 1998

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Explanatory Statement

Expenditure of Public Money

Income Tax (Amendment) Bill

Bill No. 29/1998

Read the first time on 29th June 1998.

An Act to amend the Income Tax Act (Chapter 134 of the 1996 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 1998.

(2) Section 13(a), (e) and (f) shall be deemed to have come into operation on 1st January 1997.

(3) Section 7 shall be deemed to have come into operation on 27th February 1998.

(4) Section 10 shall have effect for the years of assessment 1998 and 1999.

(5) Sections 3(a) to (d) and (f), 4, 5(b), 6, 12, 14, 15, 19 and 20 shall have effect for the year of assessment 1999 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 by deleting “67” in the fifth line of the definition of “Comptroller” and substituting “67(1)(a)”.

Amendment of section 10

3. Section 10 of the principal Act is amended —

- (a) by inserting, immediately after the word “be” in the second line of subsection (4)(b), the words “income of a shipping enterprise within the meaning of section 13A or”;
- (b) by deleting the words “section 13F” in the fourth line and in the fourteenth line of subsection (4)(b) and substituting in each case the words “section 13A or 13F, as the case may be”;
- (c) by inserting, immediately after the word “holder” in the second line of subsection (13A), the words “or by an approved CPF unit trust to any unit holder in respect of any unit purchased with moneys other than those standing to his credit in the Central Provident Fund”;
- (d) by inserting, immediately after the word “trust” in the tenth line of subsection (13A), the words “or approved CPF unit trust”;
- (e) by deleting the words “only an amount equal to 10% of the distribution shall” in the third and fourth lines of subsection (13B) and substituting the words “the distribution, if made on or after 28th February 1998, shall not”; and
- (f) by inserting, immediately before the definition of “designated unit trust” in subsection (13D), the following definition:

“approved CPF unit trust” has the same meaning as in section 35(7C);”.

Amendment of section 10G

4. Section 10G(10) of the principal Act is amended —

- (a) by deleting the word “and” at the end of paragraph (e); and
- (b) by deleting the full-stop at the end of paragraph (f) and substituting the word “; and”, and by inserting immediately thereafter the following paragraph:
 - “(g) any gains or profits derived from the disposal of securities which do not form part of the statutory income of any designated unit trust or approved CPF unit trust under section 35(7A).”.

Amendment of section 13

5. Section 13 of the principal Act is amended —

- (a) by inserting, immediately before paragraph (b) of subsection (1), the following paragraph:
 - “(a) the interest derived from any qualifying debt securities by any person who is not resident in Singapore and who does not have any permanent establishment in Singapore;”;
- (b) by inserting, immediately after the word “dividends” in the fifth line of subsection (1)(j), the words “(other than dividends derived from outside Singapore)”;
- (c) by deleting paragraph (y) of subsection (1) and substituting the following paragraph:
 - “(y) such income as may be prescribed by regulations under section 43A or 43C; and”;
- (d) by deleting the words “15 years” in subsection (1)(z) and substituting the words “20 years”; and
- (e) by inserting, immediately after subsection (2), the following subsection:
 - “(2A) For the purposes of subsection (1)(a) —
 - “financial institution” means an institution licensed or approved by the Monetary Authority of Singapore, and includes an institution approved as an approved Fund Manager under section 43A and an institution approved as

a Finance and Treasury Centre under section 43G;

“qualifying debt securities” means bonds, notes, commercial papers and certificates of deposits which are substantially arranged by any financial institution in Singapore and issued during the period from 28th February 1998 to 27th February 2003.”.

Amendment of section 13A

6. Section 13A of the principal Act is amended —

- (a) by inserting, immediately after the words “Singapore ships” in subsections (1), (4), (10) (definition of “shipping enterprise”) and (11), the words “or foreign ships”;
- (b) by inserting, immediately after the word “exemption” in subsection (1A), the words “in respect of Singapore ships”;
- (c) by inserting, immediately after the words “Singapore ship” in subsections (2), (2A) and (3)(b), the words “or foreign ship”;
- (d) by inserting, immediately before the definition of “holding company” in subsection (10), the following definition:

“ “foreign ship” has the same meaning as in section 13F;”;

- (e) by deleting the definition of “income of a shipping enterprise” in subsection (10) and substituting the following definition:

“ “income of a shipping enterprise” means the income derived by a shipping enterprise from the carriage (other than within the limits of the port of Singapore) of passengers, mails, livestock or goods —

- (a) by sea-going Singapore ships, or from towing or salvage operations carried out (other than within the limits of the port of Singapore) by sea-going Singapore ships, and includes the income from the charter of such ships; or
- (b) shipped in Singapore by foreign ships, excluding such carriage arising solely from transshipment from Singapore;”;

- (f) by deleting the word “of” where it first occurs in the second line of