

# **Income Tax (Amendment) Bill**

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**Bill No: 25/1986**

***Read the first time: 27th October 1986***

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**Income Tax (Amendment) Bill**

**Bill No. 25/1986**

*Read the first time on 27th October 1986.*

An Act to amend the Income Tax Act (Chapter 141 of the Revised Edition).

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

**Short title**

- 1.—(1) This Act may be cited as the Income Tax (Amendment) Act 1986.
- (2) Section 12(a) shall be deemed to have come into operation on 1st January 1986.
- (3) Sections 4, 6, 7, 8(a), 9, 15 and 16 shall have effect for the year of assessment 1987 and subsequent years of assessment.

**Amendment of section 2**

2. Section 2 of the Income Tax Act (referred to in this Act as the principal Act) is amended by deleting the definition of “prescribed” and substituting the following definition:

“ “prescribed” means prescribed by rules or regulations made under this Act;”.

### **New section 13C**

3. The principal Act is amended by inserting, immediately after section 13B, the following section:

#### **“Exemption of income of nonresident arising from funds managed by Asian Currency Unit**

**13C.**—(1) There shall be exempt from tax such income as the Minister may by regulations prescribe of a person not resident in Singapore arising from funds managed by any Asian Currency Unit of a financial institution or other fund manager approved in either case by the Minister or such other person as he may appoint.

(2) The Minister may apply any regulations made under subsection (1) to income derived after 1st May 1983.”.

### **Amendment of section 14**

4. Section 14(1)(e) of the principal Act is amended —

(a) by deleting paragraph (i) of the proviso and substituting the following paragraphs:

“(i) a deduction for any such contributions for any period commencing on or after 1st April 1986 by the employer in respect of the employee shall not exceed the prescribed amount; and in this paragraph “prescribed amount” means the amount of contributions prescribed to be payable by the employer in respect of the employee under the Central Provident Fund Act (Cap. 121) which is not recoverable from the employee, and in relation to any fund or society other than the Central Provident Fund the equivalent amount that would have been so payable if the contributions had been made to the Central Provident Fund;

(ii) where the employer has made such contributions to more than one approved fund or society, the total deduction shall not exceed the prescribed amount in respect of one fund;”; and

(b) by renumbering the existing paragraph (ii) of the proviso as paragraph (iii).

### **Amendment of section 35**

5. Section 35 of the principal Act is amended by inserting, immediately after subsection (2), the following subsection:

“(2A) Notwithstanding any other provisions of this Act, where any dividend derived from Singapore by any person is assessed to tax on a basis period ending on a date other than 31st December, any such dividend derived during the period from 1st January 1985 to 31st December 1985 shall be treated as his statutory income for the year of assessment 1986 and be charged to tax at the rate applicable to him for that year of assessment.”.

### **Amendment of section 37**

6. Section 37 of the principal Act is amended —

(a) by inserting, immediately after paragraph (a) of subsection (2), the following paragraph:

“(b) an amount equivalent to the value, to be determined by the Minister, of any gift made to the National Museum in the year preceding the year of assessment which has been approved by the Minister;”;

(b) by deleting the words “, not exceeding the statutory income, if any, remaining after the deduction authorised by paragraph (a) has been made,” in subsection (2)(c); and

(c) by inserting, immediately after subsection (2), the following subsection:

“(2A) A deduction under this section to any person in respect of any sum allowable under subsection (2)(b) and (c) shall only be allowed to the extent that it is not in excess of the statutory income, if any, remaining after the deduction authorised by subsection (2)(a).”.

### **Amendment of section 39**

7. Section 39 (2) of the principal Act is amended by inserting, immediately after paragraph (e), the following paragraph:

“(ea) has carried on a trade, business, profession or vocation and has made contributions to the Central Provident Fund on his own account, there shall be allowed a deduction, in respect of such contributions made on or after 1st August 1986, of an amount not exceeding 10% of his

assessable income for that year of assessment derived from such trade, business, profession or vocation or \$7,200 whichever is the less:

Provided that —

- (i) where the contributions to any approved pension or provident fund or society under paragraph (e) and this paragraph do not exceed \$5,000, the total deductions allowable under paragraph (e) and this paragraph shall not exceed \$5,000, and where such contributions exceed \$5,000 no deduction shall be allowed in respect of premiums for life insurance;
- (ii) the total deductions allowable under paragraph (e) and this paragraph in respect of contributions to any approved pension or provident fund or society shall not exceed \$7,200 where the deduction allowable under paragraph (e) is less than \$7,200 in respect of such contributions;
- (iii) no deduction shall be allowed under this paragraph where a deduction of \$7,200 or more has been allowed under paragraph (e) in respect of contributions to any approved pension or provident fund or society;”.

### **Amendment of section 42**

8. Section 42 of the principal Act is amended —

- (a) by deleting “40%” wherever it appears in subsection (2) and substituting in each case “33%”; and
- (b) by deleting subsection (3) and substituting the following subsection:

“(3) The tax payable by any individual or Hindu joint family resident in Singapore shall be reduced —

- (a) for the year of assessment 1986 by 10% of the tax payable on the first \$10,000 of the chargeable income; and
- (b) for the year of assessment 1987 and subsequent years of assessment by 15% of the tax payable on the first \$10,000 of the chargeable income.”.

### **Amendment of section 43**