

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

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Bill No: 32/1984

Read the first time: 19th October 1984

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

Bill No. 32/1984

Read the first time on 19th October 1984.

An Act to amend the Economic Expansion Incentives (Relief from Income Tax) Act
(Chapter 135 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. This Act may be cited as the Economic Expansion Incentives (Relief from Income Tax) (Amendment No. 2) Act 1984.

New Part VID

2. The Economic Expansion Incentives (Relief from Income Tax) Act is amended by renumbering section 46AA as section 46ZA, and by inserting immediately thereafter the following Part:

“PART VID

INVESTMENTS IN NEW TECHNOLOGY COMPANIES

Interpretation

46ZB. For the purposes of this Part, unless the context otherwise requires —

“eligible holding company”, in relation to a technology company, means a company incorporated in Singapore —

- (a) which is resident in Singapore;
- (b) which holds shares in the technology company; and
- (c) in respect of which not less than 50% of the paid-up capital is beneficially owned by citizens or permanent residents of Singapore throughout the whole of the qualifying period of the technology company, unless the Minister otherwise decides;

“qualifying period”, in relation to a technology company, means a period of 3 years from the day it commences, for the purposes of the Income Tax Act (Cap. 141), to carry on its relevant trade or business;

“relevant trade or business”, in relation to a technology company, means the trade or business to which the certificate, issued to the company under section 46ZC(2), relates;

“technology company” means a company approved as a technology company under section 46ZC(2).

Application for and issue of certificate to technology company

46ZC.—(1) Any company incorporated in Singapore which is desirous of using in Singapore a new technology in relation to a product, process or service

may make an application in the prescribed form to the Minister to be approved as a technology company.

(2) Where the Minister is satisfied that the technology, if introduced in Singapore, would promote or enhance the economic or technological development of Singapore, he may approve the company as a technology company and issue a certificate to that company subject to such conditions as he thinks fit.

(3) Every certificate issued under this section shall specify a percentage, not exceeding 50%, of such amount of the paid-up capital of the technology company as is held by any eligible holding company for the purpose of determining the deduction under section 46ZD.

Deductions allowable to eligible holding company

46ZD.—(1) Where a technology company has incurred an overall loss in respect of its relevant trade or business at the end of its qualifying period it may, within 5 years from that date, by notice in writing to the Comptroller elect for the overall loss (less any amount which has been deducted up to the date of the notice) and the amount of any unabsorbed capital allowances (less any amount which has been deducted up to the date of the notice) to be made available to an eligible holding company as a deduction against the statutory income of the eligible holding company.

(2) The deduction to be made available to an eligible holding company under subsection (1) shall be an amount to be ascertained by multiplying the overall loss (less any amount which has been deducted up to the date of the notice) or the unabsorbed capital allowances (less any amount which has been deducted up to the date of the notice), as the case may be, by the percentage of the paid-up capital of the technology company held by that eligible holding company throughout the whole of the qualifying period of the technology company:

Provided that the deduction shall not in the aggregate exceed such percentage as may be specified in the certificate issued to the technology company under section 46ZC of the paid-up capital of the technology company held by the eligible holding company (excluding any shares acquired from other shareholders of the technology company) as at the end of such qualifying period.

(3) Notwithstanding subsection (2), where the percentage of the paid-up capital of the technology company held by an eligible holding company is increased at any time during the qualifying period of the technology company, the Minister may, upon the application by the eligible holding company, if he considers it just