

Income Tax (Amendment) Bill

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Bill No: 8/1977

Read the first time: 27th May 1977

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Explanatory Statement

Expenditure of Public Money

Income Tax (Amendment) Bill

Bill No. 8/1977

Read the first time on 27th May 1977.

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, 1977.

(2) Sections 3, 6, 7 and 11 of this Act shall have effect for the year of assessment 1977 and subsequent years of assessment.

Amendment of section 2

2. Section 2 of the Income Tax Act (hereinafter in this Act referred to as “the principal Act”) is hereby amended by inserting immediately after the definition of “local forces” appearing therein the following definition: —

“ “permanent establishment” means a fixed place where a business is wholly or partly carried on including —

(a) a place of management;

- (b) a branch;
- (c) an office;
- (d) a factory;
- (e) a warehouse;
- (f) a workshop;
- (g) a farm or plantation;
- (h) a mine, oil well, quarry or other place of extraction of natural resources;
- (i) a building or work site or a construction, installation or assembly project, and,

without prejudice to the generality of the foregoing, a person shall be deemed to have a permanent establishment in Singapore if that person —

- (j) carries on supervisory activities in connection with a building or work site or a construction, installation or assembly project; or
- (k) has another person acting on that person's behalf in Singapore who —
 - (i) has and habitually exercises an authority to conclude contracts;
 - (ii) maintains a stock of goods or merchandise for the purpose of delivery on behalf of that person; or
 - (iii) habitually secures orders wholly or almost wholly for that person or for such other enterprises as are controlled by that person;”.

Amendment of section 10

3. Section 10 of the principal Act is hereby amended by inserting immediately after subsection (6) thereof the following subsection: —

“(6A) For the purposes of paragraph (e) of subsection (1) of this section, the income derived by a person resident in Singapore from any pension granted under any written law relating to pensions in Singapore or under such other pensions scheme as the Minister may, by notification in the *Gazette*, approve shall be deemed to be an amount equal to fifty per cent of the pension.”.

Amendment of section 12

4. Section 12 of the principal Act is hereby amended by deleting subsection (6) thereof and substituting therefor the following subsections: —

“(6) There shall be deemed to be derived from Singapore —

(a) any interest, commission, fees or any other payments in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which are —

(i) borne directly or indirectly by a person resident in Singapore or a permanent establishment in Singapore except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore; or

(ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

(7) There shall be deemed to be derived from Singapore —

(a) royalty or other payments in one lump sum or otherwise for the use of or the right to use any movable property;

(b) any payment for the use of or the right to use scientific, technical, industrial or commercial knowledge or information or for the rendering of assistance or service in connection with the application or use of such knowledge or information;

(c) any payment for the management or assistance in the management of any trade, business or profession; or

(d) rent or other payments under any agreement or arrangement for the use of any movable property,

which are borne directly or indirectly by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore) or which are deductible against any income accruing in or derived from Singapore.”.

Amendment of section 13

5. Section 13 of the principal Act is hereby amended —

- (a) by deleting the words “issued in Singapore” appearing in the second line of paragraph (v) of subsection (1) thereof;
- (b) by deleting subsection (2) thereof and substituting therefor the following: —

“(2) Where the Minister is of the opinion that any payment in the nature of any income referred to in subsection (6) or (7) of section 12 of this Act is made for any purpose which will promote or enhance the economic or technological development of Singapore, he may, by notification in the *Gazette*, provide that the income shall, subject to such conditions as he may impose, be exempt from tax wholly or in part and either generally or in respect of certain classes of persons; and such income shall as from the date and to the extent specified by the notification be exempt from tax.”; and

- (c) by deleting the definition of “permanent establishment” appearing in subsection (6) thereof.

Amendment of section 39

6. Section 39 of the principal Act is hereby amended by inserting immediately after the word “household” appearing in the second line of paragraph (f) of subsection (2) thereof the words “in Singapore”.

Amendment of section 43A

7. Section 43A of the principal Act is hereby amended by deleting subsection (2) thereof and substituting therefor the following subsections: —

“(2) In subsection (1) of this section,

“off-shore income” means —

- (a) income derived from loans made to persons outside Singapore to be used outside Singapore where the interest on such loans is not borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore; and
- (b) fees, commission or interest received from advising or confirming off-shore letters of credit from transactions in bills drawn on such letters of credit.

(3) For the purpose of paragraph (b) of subsection (2) of this section, an off-shore letter of credit is a letter of credit subject to the following conditions: —