

Income Tax (Amendment No. 2) Bill

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Bill No: 52/1975

Read the first time: 11th November 1975

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Expenditure of Public Money

Income Tax (Amendment No. 2) Bill

Bill No. 52/1975

Read the first time on 11th November 1975.

An Act to amend the Income Tax Act (Chapter 14) 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 No. 2) Act, 1975.
- (2) Section 3(a) of this Act shall have effect from the 1st day of April 1975.
- (3) Sections 4 and 8 of this Act shall have effect for the year of assessment 1976 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 word “by” appearing in the fourth line of the definition of “Comptroller” therein the expression “subsection (5) of section 45 and”.

Amendment of section 13

3. Section 13 of the principal Act is hereby amended —
 - (a) by deleting paragraph (a) of subsection (1) thereof; and
 - (b) by inserting immediately after the word “tax” appearing in the eighth line of subsection (2) thereof the words “wholly or in part and”.

Amendment of section 14

4. Section 14 of the principal Act is hereby amended —
 - (a) by inserting immediately after the expression “section 19” appearing in the proviso to paragraph (c) of subsection (1) thereof the expression “or 18A”; and
 - (b) by inserting immediately after subsection (2) thereof the following subsections: —

“(3) Notwithstanding the provisions of subsection (1) of this section where outgoings and expenses falling within that subsection are incurred in respect of a motor car to which this subsection applies the sum to be allowed as a deduction shall be limited to the amount which bears to such outgoings and expenses the same proportions as fifteen thousand dollars bear to the capital expenditure incurred, where such capital expenditure exceeds fifteen thousand dollars:

Provided that any deduction for the cost of renewal of a motor car to which this subsection applies shall not exceed fifteen thousand dollars.

(4) Subsection (3) of this section shall apply to a motor car which is constructed or adapted for the carriage of not more than seven passengers exclusive of the driver and the weight of which unladen does not exceed three tons except —

- (a) a taxi;
- (b) a motor car registered as a private car (school transport); and
- (c) a private hire car which is hired to the same person for not more than six months in any year.”.

Amendment of section 19

5. Section 19 of the principal Act is hereby amended by inserting immediately after subsection (2) thereof the following subsections: —

“(2A) Notwithstanding the provisions of subsection (1) and (2) of this section where a motor car to which this subsection applies is acquired after the 3rd of March, 1975 —

- (a) the initial allowance to be made under subsection (1) of this section shall be calculated on an amount equal to the capital expenditure incurred in respect of that motor car or fifteen thousand dollars whichever is the less;
- (b) the annual allowance to be made under subsection (2) of this section shall be calculated on the basis that the original cost of that motor car is the capital expenditure incurred or fifteen thousand dollars whichever is the less; and
- (c) the aggregate of the initial and annual allowances to be made under

this subsection for all relevant years of assessment shall not exceed fifteen thousand dollars.

(2B) Notwithstanding subsection (2) of this section where the amount of the reducing value of a motor car to which this section applies exceeds fifteen thousand dollars at the end of the basis period immediately after the 3rd day of March 1975, the amount in excess of fifteen thousand dollars shall be disregarded and the reducing value of that motor car at the end of the basis period shall be deemed to be fifteen thousand dollars.

(2C) Subsections (2A) and (2B) of this section shall apply to a motor car which is constructed or adapted for the carriage of not more than seven passengers exclusive of the driver and the weight of which unladen does not exceed three tons except —

- (a) a taxi;
- (b) a motor car registered as a private car (school transport); and
- (c) a private hire car which is hired to the same person for not more than six months in any year.”.

Amendment of section 20

6. Section 20 of the principal Act is hereby amended by inserting immediately after subsection (4) thereof the following subsection: —

“(5) Notwithstanding anything in the preceding provisions of this section, where a balancing allowance or charge falls to be made under subsection (1) of this section in respect of —

- (a) a motor car acquired after the 3rd day of March 1975 to which subsection (2A) of section 19 of this Act applies, the sum to be taken in lieu of the open-market price or sale, insurance, salvage or compensation monies for the purpose of calculating such balancing allowance or charge shall be ascertained in accordance with the formula $\frac{15000A}{B}$; and
- (b) a motor car acquired on or before the 3rd day of March 1975 to which subsection (2B) of section 19 of this Act applies, the sum to be taken in lieu of the open-market price or sale, insurance, salvage or compensation monies for the purpose of calculating such balancing allowance or charge shall be ascertained in accordance with the

$$\text{formula } \frac{(15000 + C) A}{B},$$

where A is the open-market price or sale, insurance, salvage or compensation monies in respect of the motor car; and

B is the capital expenditure incurred in respect of the motor car; and

C is the aggregate of the initial and annual allowances made in respect of the motor car before subsection (2B) of section 19 of this Act has effect in relation to that motor car.

”.

Amendment of section 27

7. Section 27 of the principal Act is hereby amended by inserting immediately after subsection (5) thereof the following subsection: —

“(6) Notwithstanding anything in the preceding provisions of this section, if in computing the profits derived by a resident in Singapore from carrying on the business of a shipowner or charterer, the tax authority of a foreign country determines such profits to be an amount which exceeds five per cent of the full sum receivable on account of the carriage of passengers, mails, livestock and goods shipped in that foreign country, the Minister may if he thinks fit direct that, in computing the profits derived in Singapore by a non-resident shipowner or charterer who is resident in that foreign country, the Comptroller shall determine the amount of such profits in such manner as may be substantially similar to that adopted by the tax authority of that foreign country.”.

Amendment of section 39

8. Section 39 of the principal Act is hereby amended —

(a) by deleting paragraph (b) of subsection (1) thereof and substituting therefor the following: —

“(b) a deduction, in respect of earned income, which shall be —

(i) in the case of an individual not falling within sub-paragraph (ii) or (iii) or Hindu joint family, the sum of one thousand