

# **Economic Expansion Incentives (Relief from Income Tax) (Amendment) Bill**

## **Table of Contents**

**Bill No: 26/1970**

***Read the first time: 26th June 1970***

**Long Title**

**Enacting Formula**

**1 Short title, commencement and application**

**2 Amendment of section 2**

**3 Amendment of section 3**

**4 Amendment of section 5**

**5 Repeal and re-enactment of section 6**

**6 Amendment of section 8**

**7 Repeal and re-enactment of section 10**

**8 Repeal and re-enactment of section 12**

**9 Amendment of section 14**

**10 Repeal and re-enactment of section 15**

**11 Amendment of section 17**

**12 Repeal and re-enactment of section 18**

**13 New section 18A**

**14 Amendment of section 19**

**15 New section 19A**

**16 Repeal and re-enactment of section 23**

**17 Amendment of section 28**

**18 Amendment of section 29**

**19 Amendment of section 31**

**Explanatory Statement**

**Expenditure of Public Money**

**Economic Expansion Incentives (Relief from Income Tax) (Amendment) Bill**

**Bill No. 26/1970**

*Read the first time on 26th June 1970.*

An Act to amend the Economic Expansion Incentives (Relief from Income Tax) Act, 1967 (No. 36 of 1967).

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

**Short title, commencement and application**

**1.**—(1) This Act may be cited as the Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act, 1970, and shall come into operation on such date as the Minister may, by notification in the *Gazette*, appoint.

(2) This Act shall not apply to any certificate issued under the Economic Expansion Incentives (Relief from Income Tax) Act, 1967, prior to the date of the coming into operation of this Act.

## **Amendment of section 2**

2. Section 2 of the Economic Expansion Incentives (Relief from Income Tax) Act, 1967 (hereinafter in this Act referred to as the “principal Act”) is hereby amended by inserting immediately after the word “shall” appearing in the first line thereof the expression “, unless otherwise expressly provided for in this Act,”.

## **Amendment of section 3**

3. Subsection (1) of section 3 of the principal Act is hereby amended by deleting paragraph (a) of the definition of “royalties or technical assistance fees” appearing therein and substituting therefor the following: —

“(a) any royalties, rentals or other amounts paid as consideration for the use of, or the right to use, copyrights, scientific works, patents, designs, plans, secret processes, formulae, trademarks licences or other like property or rights;”.

## **Amendment of section 5**

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

- (a) by inserting immediately after the word “company” appearing in the first line of subsection (1) thereof the words “which has incurred or is intending to incur a fixed capital expenditure of not less than one million dollars and”; and
- (b) by inserting immediately after subsection (4) thereof the following new subsection: —

“(5) For the purposes of subsection (1) of this section, “fixed capital expenditure” means capital expenditure which has been or is intended to be incurred by the pioneer enterprise, in connection with its pioneer product, on its factory building (excluding land) in Singapore, and on any new plant or new machinery used in Singapore and, subject to the approval of the Minister, on any second-hand plant or second-hand machinery used in Singapore.”.

## **Repeal and re-enactment of section 6**

5. Section 6 of the principal Act is hereby repealed and the following substituted therefor: —

### **“Tax relief period of pioneer enterprise**

6. The tax relief period of a pioneer enterprise shall commence on its production

day and shall continue for a period of five years.”.

### **Amendment of section 8**

6. Section 8 of the principal Act is hereby amended by deleting subsection (3) thereof.

### **Repeal and re-enactment of section 10**

7. Section 10 of the principal Act is hereby repealed and the following substituted therefor: —

#### **“Ascertainment of income in respect of old trade or business**

**10.**—(1) The income of a pioneer enterprise in respect of its old trade or business shall be ascertained in accordance with the provisions of the Income Tax Ordinance (Cap. 166) after making such adjustments as may be necessary in consequence of any direction given under section 9 of this Act:

Provided that in determining the income of the pioneer enterprise, the allowances provided for in sections 16, 17, 18, 19, 20, 21 and 22 of the Income Tax Ordinance shall be taken into account notwithstanding that no claim for such allowances has been made:

And provided further that where in any year of assessment full effect cannot, by reason of an insufficiency of profits for that year of assessment, be given to such allowances, then the balance of the allowances shall be added to, and be deemed to form part of, the corresponding allowances, if any, for the next succeeding year of assessment, and, if no such corresponding allowances fall to be made for that year, shall be deemed to constitute the corresponding allowances for that year, and so on for subsequent years of assessment.

(2) Notwithstanding the provisions of subsection (1) of this section, where a pioneer enterprise has incurred or is intending to incur a fixed capital expenditure of —

- (a) not less than one thousand million dollars; or
- (b) not less than one hundred and fifty million dollars but less than one thousand million dollars, and —
  - (i) more than fifty *per centum* of the paid-up capital of the pioneer enterprise is held by persons permanently resident in Singapore; and
  - (ii) in the opinion of the Minister the pioneer enterprise will

promote or enhance the economic or technological development of Singapore,

and where in either case an asset is used for the purposes of the new trade or business of the pioneer enterprise, any capital expenditure incurred by the pioneer enterprise in respect of such asset within its tax relief period shall, for the purposes of sections 16, 17, 18, 19, 19A, 20, 21 and 22 of the Income Tax Ordinance, be deemed to have been incurred on the day immediately following the last day of its tax relief period:

Provided that where the carrying on of a separate trade or business has been permitted under subsection (1) of section 8 of this Act, and an industrial building, plant or machinery is used both for the purposes of that trade or business and the trade or business relating to the relevant pioneer product, the provisions of this subsection shall apply to such building, plant or machinery:

And provided further that where a pioneer enterprise is the holder of two pioneer certificates in respect of different periods of time, and capital expenditure has been incurred in respect of any industrial building, plant or machinery which is jointly used in carrying on the trade or business of the two pioneer industries, no deduction shall be made in respect of such expenditure under any of the provisions contained in sections 16, 17, 18, 19, 19A, 20, 21 and 22 of the Income Tax Ordinance (Cap. 166) until after the expiration of the tax relief period which is later in time.

(3) For the purposes of subsection (2) of this section, “fixed capital expenditure” shall have the same meaning as is assigned to that expression in subsection (5) of section 5 of this Act.”.

## **Repeal and re-enactment of section 12**

8. Section 12 of the principal Act is hereby repealed and the following substituted therefor: —

### **“Comptroller to issue statement of income**

**12.** For each year of assessment the Comptroller shall issue to the pioneer enterprise a statement showing the amount of income for that year of assessment, and Parts XI and XII of the Income Tax Ordinance (Cap. 166) (relating to objections and appeals), and of any rules made thereunder, shall apply, *mutatis mutandis*, as if such statement were a notice of assessment given under those provisions.”.