

Budget Statement 2003

Annex D – Tax Measures to Promote Entrepreneurship and Singapore Companies

Concession for Enterprise Development

1. Businesses that incur expenses before trade revenue is earned may not be able to claim a tax deduction for these expenses.
2. To promote enterprise, the first day of the accounting year in which a business earns its first dollar of trade revenue will be regarded as the point at which the business starts trading. This administrative concession will provide businesses with greater certainty about the deductibility of their expenses.
3. This concession will take effect from YA 2004. Businesses will benefit from tax deductions for all revenue expenses incurred during that accounting year. If a business is able to prove that it started trading and incurred revenue expenses even earlier, it will continue to be allowed to deduct these expenses as well.

Revised Overseas Investment Incentive

4. Currently, the Overseas Investment Incentive allows an approved Singapore company to deduct losses arising from the sale of shares or liquidation of an approved overseas investment against its statutory income.
5. To help our companies expand overseas, this incentive has been revised to allow an approved Singapore-based company to defer its income taxes for two years if its approved overseas investment incurs operating losses during the first three years of the approved investment. The revamped incentive will cover new investments made from 1 January 2004.
6. International Enterprise Singapore (IES) will release further details by July 2003.