

Table 1 Major Tax Changes for Businesses Since 2001

Tax Initiative	Effective from	Cost per year(\$m)
Budget 2005		
<u>One year loss carry-back</u> Businesses (including unincorporated enterprises) will be allowed to carry back up to \$100,000 of losses and unutilised capital allowances to offset profits of the preceding year	YA 2006	-
Budget 2004		
<u>Corporate tax rate lowered from 22% to 20%</u> See chart below for movement of corporate tax rates in the 15 years.	YA 2005	800
<u>Reduction of withholding tax rates</u> Withholding tax rate on royalties reduced from 15% to 10%	1 Jan 2005	44
<u>Tax exemption for start-ups</u> Start-up companies fully exempt from tax on the first \$100,000 of normal chargeable income for up to 3 YAs.	YA 2005	11
Budget 2003		
<u>Foreign-sourced income</u> Foreign-sourced dividends, branch profits and services income exempt from tax if these are received by tax residents from jurisdictions with headline tax rates of at least 15% and tax was paid in those countries	1 Jun 2003	-
Unilateral tax credit for all other types of income remitted from non-treaty countries if tax is paid in these countries	YA2004	
Introduction of Limited Liability Partnerships	1 Apr 2005	-

Budget 2002		
Corporate tax rate lowered from 24.5% to 22%	YA2003	700
Introduction of Group Relief allowing companies to transfer losses, unutilised capital allowances and donation expenditure to other group companies.	YA 2003	170
One-tier corporate taxation system introduced to replace the imputation system, which was complex and not suited for sophisticated financial transactions. Under the one-tier system, the tax collected from corporate profits is final and dividends are exempt.	1 Jan 2003	-
<p><u>Introduction of “Not Ordinarily Resident” scheme</u></p> <p>To attract talent who have spent a significant amount of time abroad in the past few years and encourage them to relocate to Singapore, the incentives under the NOR scheme include:</p> <ul style="list-style-type: none"> • Time apportionment of Singapore employment income based on the number of days an individual works in Singapore. (for individuals who spend at least 90 days out of Singapore for business); • Tax exemption on the remittance of pre-assignment income into Singapore; and • Tax exemption on employer's contribution to a non-mandatory overseas pension fund or social security in the hands of the employee. 	YA2003	-
Budget 2001		
<p><u>Partial tax exemption for corporations:</u></p> <p>75% exemption for up to the first \$10,000 of chargeable income; and 50% exemption for up to the next \$90,000 of chargeable income</p>	YA 2002	680

<u>Reduction of property tax rate</u> Property tax rate was reduced from 12% to 10%	1 July 2001	30
<u>Writing-down allowances for intellectual property</u> Companies are allowed to write down expenditure on certain categories of intellectual property over 5 years.	YA2002	-
<i>Total</i>		1,805

