

ANNEX D: TAX ASSISTANCE TO HOUSEHOLDS AND SUPPORT FOR COMMUNITY EFFORTS

S/N	Name of Tax Change	Current Treatment	New Treatment
1.	Personal Income Tax (PIT) rebate	Nil	<p>A PIT rebate of 20% capped at \$2,000 will be introduced for tax resident individuals for the Year of Assessment 2009.</p> <p>This will provide immediate reduction in individuals' tax payable for last year's income.</p> <p>We will also allow tax resident individuals who lost their jobs in 2008 or do so in 2009 to pay their PIT for Year of Assessment 2009 in monthly instalments of up to 24 months. Taxpayers can apply to IRAS for this instalment assistance.</p>
2.	Property Tax (PT) rebate for owner-occupied residential properties	<p>Currently, owners of owner-occupied residential properties enjoy two PT rebates:</p> <p>(a) The on-going PT rebate given since 1994, when GST was introduced. The quantum of rebate depends on the Annual Value (AV) of a property.</p> <p>(b) The additional PT rebate of up to \$100 (or the actual PT, whichever is lower) per year for 2008 and 2009 as part of the 2007 GST Offset Package, which is given to all owner-occupied residential properties irrespective of the AV.</p>	<p>A 40% PT rebate will be given for owner-occupied residential properties for calendar year 2009.</p> <p>The rebate is targeted to help households cope with the economic downturn.</p>

3.	Removal of income tax on Net Annual Value (NAV)	The NAV of a property is taxable if it is used by the owner or on behalf of the owner for residential purposes and not for business purposes. An annual exemption threshold of up to \$150,000 is allowed on the NAV of one owner-occupied property only. Any excess of NAV above \$150,000 is subject to income tax.	The income tax on NAV will be removed with effect from Year of Assessment 2010. This will benefit property owners who are paying the income tax on NAV while not collecting any gain or profit from the occupation of their residential property.
4.	Enhancement of Tax Deduction on Donations	Under the current treatment, all donations to Institutions of Public Character (IPCs) and other approved recipients (such as approved museums, prescribed schools, etc) qualify for double tax deduction.	Tax deduction on these donations made during 1 Jan 2009 to 31 Dec 2009 will be enhanced from the current 200% to 250%. This is to encourage greater charitable giving in Singapore during the downturn. All existing rules to qualify for the enhanced tax deduction will remain the same.
5.	Enhancement of start-up exemption scheme	Under the start-up exemption scheme, a newly incorporated company can claim for full tax exemption on the first \$100,000 of chargeable	The start-up exemption scheme will be extended to companies limited by guarantee, subject to the same conditions imposed on companies limited by shares

		<p>income and 50% exemption for the next \$200,000 of their chargeable income, for their first three Years of Assessment upon incorporation.</p> <p>A company that</p> <ul style="list-style-type: none"> (a) Is incorporated in Singapore; (b) Is a tax resident of Singapore; and (c) Has total share capital which is beneficially held directly by no more than 20 shareholders <ul style="list-style-type: none"> (i) all of whom are individuals; or (ii) at least one of whom is an individual holding at least 10% of the total number of issued ordinary shares of the company throughout the basis period relating to the Year of Assessment of claim <p>can qualify for the start-up exemption scheme. A company limited by guarantee is currently excluded from this scheme.</p>	<p>(with suitable modifications to apply to companies limited by guarantee), with effect from Year of Assessment 2010.</p> <p>This measure is intended to support the growth of companies limited by guarantee set up by social entrepreneurs.</p>
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