

SUMMARY TABLE ON PROPOSED NON-BUDGET CHANGES TO THE INCOME TAX ACT 1947 (“ITA”)

S/N 1 to 10: Amendments arising from periodic review of the income tax regime

S/N	Proposed Legislative Changes	Brief Description of Proposed Legislative Changes	Proposed Amendment to ITA [Clause in Draft Income Tax (Amendment) Bill 2023]
1	Tax gains from the sale of foreign assets that are received in Singapore by businesses without economic substance in Singapore	The proposed tax change is to align the treatment of gains from the sale of foreign assets to the EU Code of Conduct Group guidance, which aims to address international tax avoidance risks. The proposed tax will apply to gains from the sale of foreign assets that are received in Singapore by entities of multinational (“MNE”) groups that do not have economic substance in Singapore. The proposed change will apply to gains from the sale of foreign assets received in Singapore on and after 1 January 2024.	S10L [Clause 6]
2	Extend the tax treatment for the transfer of credit-impaired loans on revenue account to such transfer by taxpayers that are not banks, merchant banks or qualifying finance companies (“non-bank taxpayers”)	Currently, banks, merchant banks and qualifying finance companies providing loans as part of their revenue generating activities (e.g. money lending business) are allowed to claim tax deduction on the impairment losses on these loans. If such impairment losses are subsequently reversed, the amount reversed will be taxable. When a bank, merchant bank or qualifying finance company (called “transferor”) transfers a impaired loan to another taxpayer (called “transferee”), a specific tax treatment will be applied to ensure that impairment losses which was previously allowed to the transferor	Sections 34AA and 34AAA [Clauses 27 and 28]

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		<p>as deductions will either be taxed in the hands of the transferor or the transferee.</p> <p>The proposed amendments seek to apply the specific tax treatment to all non-bank taxpayers with such transactions. This is given that in today’s business environment, non-bank taxpayers such as companies with Finance and Treasury Centres and insurers may also lend money and face similar circumstances as banks, merchant banks and qualifying finance companies.</p> <p>The proposed amendments, will take effect from the date the Amendment Act is published in the Gazette.</p>	
3	Mandate submission of income information by intermediaries for Self-Employed Persons (“SEPs”)	The proposed amendments will mandate the submission of SEPs’ income information, by identified intermediaries to IRAS directly. This will facilitate the income tax assessment of SEPs (e.g. commission agents), as well as the administration of schemes that cover SEPs such as the Workfare Income Supplement, and allow the government to roll out SEP schemes more quickly and effectively going forward.	New Section 68A [Clause 44]

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		<p>A phased implementation approach will be adopted based on the readiness of the industries, starting with commission agents in Year of Assessment (“YA”) 2024.</p> <p>The proposed amendments will take effect from YA 2024.</p>	
4	Introduce Fixed Expense Deduction Ratio (“FEDR”) for self-employed delivery workers	<p>Since YA 2019, the FEDR has been introduced for select groups of self-employed persons to simplify the tax filing process. Through the FEDR, eligible groups of self-employed persons can claim the tax deduction of their business expenses using a single ratio.</p> <p>The proposed amendments will introduce the FEDR option for self-employed delivery workers earning gross annual revenue of up to \$50,000, based on a fixed percentage of gross income earned depending on the delivery mode, as follows:</p> <ul style="list-style-type: none"> a. 20% FEDR for bicycles, as well as walkers (including use of public transportation); b. 35% FEDR for personal mobility devices (“PMDs”), power-assisted bicycles (“PABs”), and motorcycles; and c. 60% FEDR for vans. <p>The proposed amendments will take effect from YA 2024.</p>	Section 14ZH [Clause 23]

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5	<p>Amend section 101 of the ITA to provide for:</p> <p>a. The Comptroller of Income Tax (the “Comptroller”), in addition to the Public Prosecutor, to authorise the commencement of the prosecution of Automatic Exchange of Information (“AEOI”) offences; and</p> <p>b. The Comptroller to authorise officers to compound AEOI offences that are compoundable.</p>	<p>Currently, the prosecution of offences under section 105M of the ITA (AEOI offences) can only commence with the authorisation of the Public Prosecutor.</p> <p>Currently, some AEOI offences are compoundable, but the Comptroller does not have the authority to authorise officers to compound these offences, unlike other compoundable offences.</p> <p>The proposed amendments to section 101 of the ITA will allow the Comptroller to (a) authorise the commencement of the prosecution of AEOI offences, and (b) authorise officers to compound AEOI offences that are compoundable. These changes will help to streamline work processes for the prosecution and composition of AEOI offences.</p> <p>The proposed amendment will take effect from the date the Amendment Act is published in the Gazette.</p>	Section 101 [Clause 47]
6	Simplify taxation of estates	Currently, the ITA provides a concession where the income of an Estate Under Administration (“EUA”) may be assessed at the beneficiary level if the income is distributed to the beneficiary within a period of up to 27 months.	Sections 13QA, 35, 43MA, 50BA and 50C

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		<p>The proposed amendments will simplify the taxation of estate income, by shortening the concession period from up to 27 months to within the same year of receipt or a period which the Comptroller is satisfied with.</p> <p>For parity in tax treatment with Estates Held in Trust (“EHT”), the proposed amendments will also accord a resident beneficiary of EUA with the same concessions, exemptions and foreign tax credits as a resident beneficiary of an EHT.</p> <p>The proposed amendments will take effect from the date the Amendment Act is published in the Gazette.</p>	[Clauses 9, 29, 35, 42 and 43]
7	Allow income tax deductions for taxi and private hire car (“PHC”) operators for their disbursement of the \$150 one-off relief payments to their drivers in 2022, as well as any payouts under extensions of existing schemes or new schemes with similar disbursement method.	<p>In August 2022, eligible taxi and PHC drivers received a one-off relief of \$150 as part of the June 2022 \$1.5 billion support package, which was disbursed through taxi and PHC operators. Currently, operators will be taxed on the payout received from the Government as additional income, but cannot claim the subsequent payouts to their drivers as tax-deductible expenses.</p> <p>To ensure taxi and PHC operators do not incur additional tax burden in being intermediaries for this scheme and other payouts with a similar disbursement method, the proposed amendment will allow</p>	Section 14ZC [Clause 21]

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		taxi and PHC operators to claim income tax deduction on payouts to taxi and PHC drivers, if the payouts were received by the operators in connection to a Government scheme where taxi or PHC drivers are beneficiaries.	
8	Amend interest rate peg from Prime Lending Rate to Singapore Overnight Rate Average (“SORA”) for section 93 of the ITA on refund of taxes.	<p>The Prime Lending Rate (“PLR”) is currently legislated as the interest rate to be charged on refund of income taxes under section 93 of the ITA. Section 93 provides that where the Comptroller appeals against an order or decision by the Income Tax Board of Review or court, and withholds a refund of tax arising from such decision, the Comptroller shall pay interest (with effect from the date of the order or decision appealed against) on the amount of refund ultimately determined to be due, as a result of the appeal.</p> <p>MOF proposed a transition from the PLR to the 3-month compounded SORA with a 1.5%-pt spread, because the PLR’s relevance in the market has diminished and it is not currently used by most banks to set interest rates for their products.</p> <p>The proposed amendment to section 93 will seek to update the PLR references for interest on refund of taxes to the SORA.</p>	Section 93 [Clause 46]

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9	Align the law with the current administrative concession to impose withholding tax on chargeable income instead of gross payment for non-resident professionals/foreign firms (“NRP/FF”) and non-resident public entertainers (“NRPE”)	<p>The proposed amendments will align the law with IRAS’ current administrative concession for withholding tax to be computed based on chargeable income instead of gross payments for payments made to:</p> <ul style="list-style-type: none"> a. NRP/FF that have opted to be taxed at the statutory rate of 24% under section 43(5) of the ITA; and b. NRPE at the statutory rate of 15%. <p>The proposed amendments will take effect from the date the Amendment Act is published in the Gazette.</p>	<p>Sections 45F and 45GA</p> <p>[Clauses 40 and 41]</p>
10	Empower IRAS to issue a Notice to Attend Court (“NTAC”)	<p>Today, law enforcement agencies generally initiate criminal proceedings by filing a Magistrate’s Complaint under section 151(1) of the Criminal Procedure Code (“CPC”). If there is sufficient reason to proceed with a complaint from the regulatory agencies, the Magistrate must issue a summons for the attendance of an accused person.</p> <p>The proposed amendment will empower IRAS to commence prosecution by issuing NTACs. This will streamline IRAS’ administration process and optimise the use of court resources.</p>	<p>New Section 102A</p> <p>[Clause 48]</p>

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		The proposed amendment will take effect from the date the Amendment Act is published in the Gazette.	

S/N 11 to 14: Technical amendments to the ITA

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11	Amend the wording and terminologies in the ITA to ensure that they are appropriate in today's context, in particular those in relation to persons with disabilities	<p>The proposed amendments are in response to the public's call to reduce/eliminate the stigma associated with persons with disability and will ensure that the terminologies in the ITA are more appropriate in today's context.</p> <p>The proposed amendments will take effect from the date the Amendment Act is published in the Gazette.</p>	<p>Sections 10G and 39</p> <p>[Clauses 4 and 33]</p>
12	Amend section 10(26) of the ITA	<p>The proposed amendment to section 10(26) of the ITA will update the provision to include the latest relevant references of the Child Development Co-Savings Act ("CDCA") sections.</p> <p>The proposed amendment will be deemed to have taken effect from the day the reference sections in the CDCA took effect.</p>	<p>Section 10(26)</p> <p>[Clause 2]</p>
13	Clarify the tax treatment of write-back of general provisions for doubtful debts and regulatory loss allowances that were excluded from the section 14G tax concession prior	<p>The proposed amendment clarifies that the banks', merchant banks' and qualifying finance companies' write-back of general provisions will not be taxable in and after YA 2022 if the provisions were out-of-scope provisions of section 14G (i.e. do not fall within the scope of section 14G when they were first made and thus not given tax deductions). This is provided that the Comptroller of Income Tax is</p>	<p>Section 14G</p> <p>[Clause 16]</p>

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	to YA 2022 (“out-of-scope provision”)	<p>satisfied that the banks, merchant banks and qualifying finance companies can directly identify and track the write-back to the out-of-scope provisions.</p> <p>The proposed amendment will take effect from YA 2022.</p>	
14	Amend section 80A to replace the phrase “the parties object” with “any party objects”, and make a related amendment to section 53 of the Goods and Services Tax Act to replace the phrase “the parties object” with “any party objects”	<p>This amendment clarifies that under section 80A, where a member of the Board hearing an appeal resigns or is otherwise unable to continue hearing and determining the appeal, any party can object to the remaining members hearing and determining the appeal, in which case, the appeal will be reheard. The same amendment will also be made in relation to the making of any ancillary orders after the appeal is determined.</p> <p>For the same rationale above, a related amendment to replace the phrase “the parties object” with “any party objects” will be made to section 53 of the Goods and Services Tax Act.</p>	Section 80A [Clause 45]