# Finance (Income Taxes) Bill

**Bill No. /2025.**

*Read the first time on .*

A BILL

*i n t i t u l e d*

An Act to amend the Income Tax Act 1947 and the Multinational Enterprise (Minimum Tax) Act 2024.

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

**Short title and commencement**

**1.**—(1) This Act is the Finance (Income Taxes) Bill 2025.

***Commencement dates for Part 1***

(2) *Please see the dates specified in square brackets in the provisions.*

***Commencement date for Part 2***

(3) The provisions of Part 2 —

(*a*) are deemed to have come into operation on the same date as that of the provisions of the Multinational Enterprise (Minimum Tax) Act 2024 (except sections 85 and 86), as specified in the Multinational Enterprise (Minimum Tax) Act 2024 (Declaration under Section 1(3)) Order 2024 (G.N. No. S 1060/2024); and

(*b*) have effect in relation to an MNE group starting from the first financial year of that MNE group as specified in that Order.

(4) To avoid doubt, section 1(5) and (6) of that Act (order declaring that an Act provision ceases to be in force) applies to a provision of that Act that is amended or inserted by a provision of Part 2.

# PART 1

## AMENDMENT OF INCOME TAX ACT 1947

### Amendment of section 2

**2.** In the Income Tax Act 1947 (called in this Part the ITA), in section 2 —

(*a*) in subsection (1), after the definition of "related party", insert —

" "renewable energy" means —

(*a*) thermal power;

(*b*) geothermal power;

(*c*) solar power;

(*d*) wind power;

(*e*) osmotic power;

(*f*) tidal power;

(*g*) wave power; or

(*h*) hydropower;"; and

*[19 Feb 2025]*

(*b*) after subsection (3A), insert —

"(3B) In this Act, a ship (as defined in section 2(1) of the Merchant Shipping Act 1995) is used for renewable energy activity if it is used for the subsea distribution, exploration or exploitation of renewable energy, or to support any activity that is ancillary to such distribution, exploration or exploitation.".

*[19 Feb 2025]*

### Amendment of section 10

**3.** In the ITA, in section 10, after subsection (7), insert —

"(7AA) Despite subsection (7), if —

(*a*) within 5 years after the year in which the later of the dates mentioned in subsection (7)(*c*) falls, either the individual (X) exercises, assigns, releases or acquires the right or benefit, or (if the right or benefit is subject to any restriction on the sale of the shares so acquired) the restriction ceases to apply;

(*b*) any gains or profits of X computed in accordance with subsection (6) would have been lower than the amount computed under subsection (7); and

(*c*) X makes an application under subsection (7AC),

then X's gains or profits from the right or benefit are computed in accordance with subsection (6)(*a*) to (*d*) (whichever is applicable) and treated as income derived on the later of the dates mentioned in subsection (7)(*c*) falls, and that is chargeable to tax under subsection (1)(*b*).

(7AB) Subsection (7) does not apply if —

(*a*) within 5 years after the year in which the later of the dates mentioned in subsection (7)(*c*) falls, the right or benefit of the individual (also called X) to acquire the shares is forfeited; and

(*b*) X makes an application under subsection (7AC).

(7AC) In a case mentioned in subsection (7AA)(*a*) and (*b*) or subsection (7AB)(*a*), X may, within 5 years after the year in which the later of the dates mentioned in subsection (7)(*c*) falls, apply to the Comptroller to revise any assessment made on X in respect of such gains or profits.".

*[Gazette date]*

## Amendment of section 13

**4.** In the ITA, in section 13 —

(*a*) in subsection (1), after paragraph (*zp*), insert —

"(*zpa*) any payment known as the Workfare Training Support Training Allowance received under the public scheme known as the Workfare Training

Support scheme (or any name that replaces that name), or any payment made under any public scheme that succeeds or replaces that scheme, for attending a course that is specified on, or specified on an Internet website that is accessible from, a prescribed Internet website on the date of commencement of the course, as a course that is eligible for such payment;";

*[1 Jan 2013]*

(*b*) in subsection (1)(*zt*), delete "and" at the end;

*[Gazette date]*

(*c*) in subsection (1)(*zu*), replace the full-stop at the end with a semi-colon;

*[Gazette date]*

(*d*) in subsection (1), after paragraph (*zu*), insert —

"(*zv*) any payment known as the SkillsFuture Mid-Career Training Allowance received under the public scheme known as the SkillsFuture Level-Up Programme, for attending a course that is specified on, or specified on an Internet website that is accessible from, a prescribed Internet website on the date of commencement of the course, as a course that is eligible for such payment with effect from —

(i) for a course that commences before 1 April 2025 — 1 April 2025; or

(ii) for a course that commences on or after 1 April 2025 — the date of commencement of the course;

(*zw*) any payment known as the Workfare Skills Support (Level-Up) Full Time Training Allowance received under the public scheme known as the Workfare Skills Support (Level-Up) scheme, for attending a course that is specified on, or specified on an Internet website that is accessible from, a prescribed Internet

website on the date of commencement of the course, as a course that is eligible for such payment;

(*zx*) any amount payable from the public scheme known as the Workforce Singapore's SkillsFuture Jobseeker Support scheme, that is part of the Budget Statement of the Government dated 18 February 2025; and

(*zy*) any contribution to the Central Provident Fund in respect of an individual made by the Government under the Earn and Save Bonus (ESB) that is part of the public scheme known as the Majulah Package.";

*[Gazette date; (zv) - wef YA 2026 onwards; (zw) - wef YA 2027 onwards; (zx) - wef YA 2026 onwards; (zy) – wef YA 2026 onwards]*

(*e*) after subsection (4), insert —

"(5) A notification made under subsection (4) may exempt from tax any payment in the nature of any income referred to in section 12(6) or (7) that is made —

(*a*) by a shipping financing arrangement enterprise that is approved by the Minister or an authorised body for the purpose of this subsection; and

(*b*) to a person that is not resident in Singapore and either —

(i) does not (alone or in association with others) carry on a business in Singapore, and does not have a permanent establishment in Singapore; or

(ii) carries on a business in Singapore (alone or in association with others) or has a permanent establishment in Singapore, but the arrangement, management, guarantee or service relating to the loan or indebtedness concerned as described in section 12(6)(*a*) is not performed or

given, or the act for which the royalty or other payment as described in section 12(7) is made is not performed, through that business or that permanent establishment.

(5A) An approval of a shipping financing arrangement enterprise for the purposes of subsection (5) may be granted between 1 January 2025 and 31 December 2031 (both dates inclusive), and is —

(*a*) subject to any condition specified by the Minister or authorised body; and

(*b*) for a period not exceeding 5 years specified by the Minister or authorised body, except that the Minister or authorised body may extend the period for such further periods that the Minister or authorised body thinks fit.

(5B) For the purposes of subsections (5) and (5A) —

"approved special purpose vehicle", in relation to a shipping financing arrangement enterprise, means a company, a partnership or a registered business trust that undertakes or intends to undertake any activity mentioned in paragraph (*a*) or (*b*) of the definition of "shipping financing arrangement enterprise" involving ships or containers controlled and managed by the enterprise, and is approved by the Minister or authorised body to be an approved special purpose vehicle of the enterprise;

"finance leasing" has the meaning given by section 13A(16);

"shipping financing arrangement enterprise" means —

(*a*) a company resident in Singapore that owns or operates a ship, or intends to own or

operate a ship, either directly or using an approved special purpose vehicle; or

(*b*) a company incorporated and resident in Singapore, a partnership registered under any written law in Singapore or a registered business trust that undertakes or intends to undertake, either directly or using an approved special purpose vehicle, the chartering or leasing (including by finance leasing) of a ship, or a container as defined under section 43P(7).";

*[1 Jan 2025]*

(*f*) in subsections (12A), (12B)(*a*) and (12C), replace "2026" with "2031";

*[Gazette date]*

(*g*) in subsection (12A)(*c*), delete "incorporated in Singapore"; and

*[Gazette date]*

(*h*) after subsection (13A), insert —

"(14) Any order made under subsection (12) in relation to any income received in Singapore by a company the share capital of which is 100% owned (whether directly or indirectly) by the trustee of a real estate investment trust may be made to come into force on 19 February 2025.".

*[19 Feb 2025]*

**Amendment of section 13A**

**5.** In the ITA, in section 13A —

(*a*) in subsections (1CH)(*a*) and (1CI)(*a*), after "offshore renewable energy activity", insert "(which is carried out before 19 February 2025), renewable energy activity (which is carried out on or after 19 February 2025)";

(*b*) in subsection (3)(*b*), replace "or (1CK)" with ", (1CK) or (1CL)";

(*c*) in subsection (16), in the definitions of "holding" and "mobilisation", after "offshore renewable energy activity", insert ", renewable energy activity"; and

(*d*) in subsection (16), in the definition of "operation", in paragraph (*a*), replace sub-paragraph (v) with —

"(v) the use, from 25 March 2016 to 18 February 2025 (both dates inclusive), outside the limits of the port of Singapore of the ship for offshore renewable energy activity;

(v*a*) the use, on or after 19 February 2025, outside the limits of the port of Singapore of the ship for renewable energy activity;

(v*b*) the use, on or after 25 March 2016, outside the limits of the port of Singapore of the ship for offshore mineral activity; or".

*[(b) - Gazette date;*
*(a), (c) and (d) - 19 Feb 2025]*

**Amendment of section 13E**

**6.**—(1) In the ITA, in section 13E —

(*a*) in subsection (1)(*l*), replace "on or after 25 March 2016" with "during the period from 25 March 2016 to 18 February 2025 (both dates inclusive)";

(*b*) in subsection (1)(*l*)(i) and (ii), delete "or offshore mineral activity";

(*c*) in subsection (1)(*l*)(i), replace "and" at the end with "or";

(*d*) in subsection (1), after paragraph (*l*), insert —

"(*la*) on or after 19 February 2025 from —

(i) the operation outside the limits of the port of Singapore of any foreign ship for renewable energy activity; or

(ii) the charter of any foreign ship for renewable energy activity to any person, where such ship is used by the person for the person's operation outside the limits of the port of Singapore;

(*lb*) on or after 25 March 2016 from —

(i) the operation outside the limits of the port of Singapore of any foreign ship for offshore mineral activity; or

(ii) the charter of any foreign ship for offshore mineral activity to any person, where such ship is used by the person for the person's operation outside the limits of the port of Singapore;";

(*e*) in subsection (1)(*m*), replace "on or after 25 March 2016" with "during the period from 25 March 2016 to 18 February 2025 (both dates inclusive)";

(*f*) in subsection (1)(*m*)(i), (ii) and (iii)(A), delete "or offshore mineral activity";

(*g*) in subsection (1), after paragraph (*m*), insert —

"(*ma*) on or after 19 February 2025 from —

(i) the sale of a foreign ship used for renewable energy activity;

(ii) the assignment to another of all its rights as the buyer under a contract for the construction of a ship for renewable energy activity that, at the time of assignment, is intended to be a foreign ship to be used for that activity or any prescribed purpose; or

(iii) the sale of all of the issued ordinary shares in a special purpose company of the approved international shipping enterprise where, at the time of the sale of

the shares, the special purpose company —

(A) owns any foreign ship that is used for renewable energy activity; or

(B) is the buyer under a contract for the construction of a foreign ship for that activity and that is intended to be used for that activity or any prescribed purpose;

(*mb*) on or after 25 March 2016 from —

(i) the sale of a foreign ship used for offshore mineral activity;

(ii) the assignment to another of all its rights as the buyer under a contract for the construction of a ship for offshore mineral activity that, at the time of assignment, is intended to be a foreign ship to be used for that activity or any prescribed purpose; or

(iii) the sale of all of the issued ordinary shares in a special purpose company of the approved international shipping enterprise where, at the time of the sale of the shares, the special purpose company —

(A) owns any foreign ship that is used for offshore mineral activity; or

(B) is the buyer under a contract for the construction of a foreign ship for that activity and that is intended to be used for that activity or any prescribed purpose;";

(*h*) in subsection (1)(*n*), replace "on or after 25 March 2016" with "during the period from 25 March 2016 to 18 February 2025 (both dates inclusive)";

(*i*) in subsection (1)(*n*)(i), delete ", or offshore mineral activity,";

(*j*) in subsection (1), after paragraph (*n*), insert —

"(*na*) on or after 19 February 2025 from —

(i) any mobilisation or holding of any ship used or to be used for renewable energy activity outside the limits of the port of Singapore; or

(ii) the demobilisation of any ship after it has been so used,

where the mobilisation, holding or demobilisation is undertaken by the approved international shipping enterprise itself using a foreign ship;

(*nb*) on or after 25 March 2016 from —

(i) any mobilisation or holding of any ship used or to be used for offshore mineral activity outside the limits of the port of Singapore; or

(ii) the demobilisation of any ship after it has been so used,

where the mobilisation, holding or demobilisation is undertaken by the approved international shipping enterprise itself using a foreign ship;";

(*k*) in subsection (1)(*o*), replace "on or after 25 March 2016" with "during the period from 25 March 2016 to 18 February 2025 (both dates inclusive)";

(*l*) in subsection (1)(*o*)(i), delete ", or offshore mineral activity,";

(*m*) in subsection (1), after paragraph (*o*), insert —

"(*oa*) on or after 19 February 2025 from —

(i) any mobilisation or holding of a foreign ship owned or operated by the approved international shipping enterprise and used or to be used for renewable energy activity outside the limits of the port of Singapore; or

(ii) the demobilisation of a foreign ship owned or operated by the approved international shipping enterprise after it has been so used;

(*ob*) on or after 25 March 2016 from —

(i) any mobilisation or holding of a foreign ship owned or operated by the approved international shipping enterprise and used or to be used for offshore mineral activity outside the limits of the port of Singapore; or

(ii) the demobilisation of a foreign ship owned or operated by the approved international shipping enterprise after it has been so used;";

(*n*) in subsection (1)(*p*), replace "(*n*) or (*o*)" with "(*lb*), (*n*), (*nb*), (*o*) or (*ob*)";

(*o*) in subsection (1)(*r*), replace sub-paragraph (iv) with —

"(iv) the finance leasing of any foreign ship to any person where the ship is used by the person for any of the following activities outside the limits of the port of Singapore:

(A) offshore renewable energy activity carried out before 19 February 2025;

(B) renewable energy activity carried out on or after 19 February 2025; or

(C) offshore mineral activity;";

(*p*) in subsection (1)(*s*), delete "and" at the end;

(*q*) in subsection (1)(*t*), insert "and" at the end;

(*r*) in subsection (1), after paragraph (*t*), insert —

"(*u*) on or after 19 February 2025 from foreign exchange and risk management activities which are carried out in connection with and incidental to an activity mentioned in paragraph (*la*), (*na*) or (*oa*).";

(*s*) in subsection (1AC), replace "Subsection (1)(*m*) does" with "Subsections (1)(*m*), (*ma*) and (*mb*) do";

(*t*) in subsection (1AC)(*b*), replace "used for either of those activities" with "used for offshore renewable energy activity, renewable energy activity or offshore mineral activity";

(*u*) in subsection (1AC)(*b*), replace "foreign ships for either of those activities" with "foreign ships for any of those activities";

(*v*) in subsection (2A), replace "2026" with "2031";

(*w*) in subsection (4), replace "(*l*) and (*n*) to (*s*)" with "(*lb*), (*n*) to (*s*) and (*u*)";

(*x*) in subsection (4A), replace "subsection (1)(*g*) or (*m*)" with "subsection (1)(*g*), (*m*), (*ma*) or (*mb*)";

(*y*) in subsection (4A), replace "either subsection (1)(*g*) or (*m*)" with "subsection (1)(*g*), (*m*), (*ma*) or (*mb*)";

(*z*) in subsection (6), in the definition of "special purpose company", in paragraph (*c*), replace "on or after 25 March 2016" with "during the period from 25 March 2016 to 18 February 2025 (both dates inclusive)";

(*za*) in subsection (6), in the definition of "special purpose company", in paragraph (*c*), delete "or" at the end;

(*zb*) in subsection (6), in the definition of "special purpose company", after paragraph (*c*), insert —

"(*ca*) any operation or activity mentioned in subsection (1)(*la*), (*na*) or (*oa*) that takes place on or after 19 February 2025;

(*cb*) any operation or activity mentioned in subsection (1)(*lb*), (*nb*) or (*ob*) that takes place on or after 25 March 2016; or"

(*zc*) in subsection (7)(*a*), after "company", insert "other than one mentioned in paragraph (*b*)";

(*zd*) in subsection (7)(*a*)(i) and (*d*)(i), delete "incorporated and"; and

(*ze*) in subsection (7)(*d*)(i), after "Singapore", insert "and is not one mentioned in sub-paragraph (ii)".

*[Subsection (1) - 19 Feb 2025]*

(2) In the ITA, in section 13E, in subsection (4) (as amended by subsection (1)(*w*)), replace ", (*n*) to (*s*) and (*u*)" with "and (*n*) to (*u*)".

*[Subsection (2) - Gazette date]*

**Amendment of section 13P**

**7.** In the ITA, in section 13P —

(*a*) replace subsection (1D) with —

"(1D) Subsection (1)(*ca*) and (*cc*) does not apply to —

(*a*) income derived between 12 December 2018 and 18 February 2025 (both dates inclusive) from the chartering or finance leasing of a seagoing ship that is acquired by the approved shipping investment enterprise or the approved related party by way of a finance lease entered into with an entity that is not an approved related party; or

(*b*) income derived on or after 19 February 2025 from the chartering or finance leasing of a

seagoing ship that is acquired by the approved shipping investment enterprise or the approved related party by way of a finance lease not treated as a sale under section 10C, entered into with an entity that is not an approved related party.";

(*b*) in subsections (2) and (3)(*b*), replace "2026" with "2031"; and

(*c*) in subsection (4)(*b*), after "offshore renewable energy activity", insert ", renewable energy activity".

*[(a) to (c) - 19 Feb 2025]*

## Amendment of section 13U

**8.** In the ITA, in section 13U(5), in the definition of "eligible SPV", in paragraph (*d*), replace "or an approved foreign government-owned entity" with ", an approved foreign government-owned entity, a prescribed international organisation or an approved international organisation".

*[7 Feb 2024]*

## Amendment of section 13W

**9.** In the ITA, in section 13W —

(*a*) in the section heading, after "**shares**", insert "**or preference shares**";

(*b*) in subsection (1), replace "the divesting company" wherever it appears with "divesting company A";

(*c*) in subsection (1), replace "the investee company" with "investee company A";

(*d*) in subsection (1)(*a*), replace "2027" with "2025";

(*e*) in subsection (1)(*b*), replace "that investee company" with "investee company A";

(*f*) after subsection (1), insert —

"(1A) There is exempt from tax any gains or profits derived by a company (called in this section divesting

company A1) from the disposal of ordinary shares or preference shares (or both) in another company (called in this section investee company B1) which are legally and beneficially owned by divesting company A1 immediately before the disposal, if —

(*a*) the disposal is made on or after 1 January 2026; and

(*b*) the disposal is made after divesting company A1 has, at all times during a continuous period of at least 24 months ending on the date immediately before the date of disposal of such shares —

(i) legally and beneficially owned at least 20% of the ordinary shares in investee company B1; or

(ii) legally and beneficially owned ordinary shares or preference shares (or both) in investee company B1 the value of which is at least 20% of the total amount of paid-up share capital of ordinary shares and preference shares in investee company B1 under the applicable accounting principles adopted by investee company B1.

(1B) There is exempt from tax any gains or profits derived by a company (called in this section divesting company A2) from the disposal of ordinary shares or preference shares (or both) in another company (called in this section investee company B2) which are legally and beneficially owned by divesting company A2 immediately before the disposal (called in this section the subject shares), if —

(*a*) the disposal is made on or after 1 January 2026; and

(*b*) at the beginning (called the start date) of the period of 24 months ending on the date

immediately before the date of the disposal, divesting company A2 together with one or more companies in the same group as divesting company A2 —

(i) legally and beneficially owned ordinary shares in investee company B2 (which included the subject shares) that (in total) represent at least 20% of the ordinary shares in investee company B2 as of the start date; or

(ii) legally and beneficially owned ordinary shares or preference shares or both in investee company B2 (which included the subject shares) the value of which is at least 20% of the total amount of paid-up share capital of ordinary shares and preference shares in investee company B2 as of the start date under the applicable accounting principles adopted by investee company B2,

and divesting company A2 and the other company or companies in the same group did not dispose of any of those shares during that period which resulted in the legal and beneficial ownership described in sub-paragraph (i) or (ii) (as the case may be) falling below the percentage specified in that sub-paragraph.

(1C) For the purpose of subsection (1B) —

(*a*) shares in investee company B2 are treated as having disposed of by a company on a first-in-first-out basis; and

(*b*) companies are in the same group if —

(i) more than 50% of the total number of issued ordinary shares in one company

are beneficially owned by the other company; or

(ii) more than 50% of the total number of issued ordinary shares in each of those companies are beneficially owned by a common company.

(1D) For the purpose of subsection (1C)(*b*), if —

(*a*) a company beneficially owns (including by virtue of one or more applications of this subsection) issued ordinary shares in another company (called in this subsection a 1st level company); and

(*b*) the 1st level company beneficially owns issued ordinary shares in another company (called in this subsection a 2nd level company),

then the firstmentioned company is taken to beneficially own issued ordinary shares of the 2nd level company; and the percentage of such beneficial ownership is computed by the formula A × B, where —

(*c*) A is the percentage which the number of issued ordinary shares of the 1st level company beneficially owned by the firstmentioned company bears to the total number of all issued ordinary shares of the 1st level company; and

(*d*) B is the percentage which the number of issued ordinary shares of the 2nd level company beneficially owned by the 1st level company bears to the total number of all issued ordinary shares of the 2nd level company.

(1E) Any reference to divesting company A2 in subsection (1B) does not include a registered business trust (despite section 36B(1)) or VCC.";

(*g*) in subsection (2), after "Subsection (1)", insert ", (1A) or (1B)";

(*h*) in subsections (2) and (3), replace "the divesting company" wherever it appears with "divesting company A, A1 or A2";

(*i*) in the following provisions, after "subsection (1)", insert ", (1A) or (1B)":

Subsection (3)

Subsection (5)(*a*)

Subsection (7)(*a*);

(*j*) replace subsection (4) with —

"(4) For the purposes of subsections (1), (1A) or (1B), a company (X) is treated as legally and beneficially owning any shares in another company (Y) during the borrowing period when the legal interest in such shares had been transferred by X to another under a securities lending or repurchase arrangement."; and

(*k*) in subsection (9), after the definitions of "FRS 109" and "SFRS(I) 9", insert —

" "preference shares" means shares accounted for as equity by the investee company under the applicable accounting principles adopted by the investee company;".

*[Gazette date]*

**Amendment of section 14**

**10.** In the ITA, in section 14 —

(*a*) in subsection (1), replace paragraph (*d*) (including the proviso) with —

"(*d*) any bad debt incurred in any trade, business, profession or vocation that has become bad during the period for which the income is being ascertained, and any of the following to the extent that it has been estimated, to the Comptroller's satisfaction, to have become bad during that period:

(i) any doubtful debt;

(ii) any other debt for which provisions have been made for impairment or expected credit losses (called in this paragraph provisioned debt),

even if the bad debt, doubtful debt or provisioned debt was due and payable before the commencement of that period, but only if —

(iii) all sums recovered during that period on account of amounts previously written off or allowed in respect of bad debts, doubtful debts or provisioned debts (other than debts incurred before the commencement of the basis period for the first year of assessment under this Act) are for the purposes of this Act treated as receipts of the trade, business, profession or vocation for that period;

(iv) the bad debts, doubtful debts or provisioned debts in respect of which a deduction is claimed were included as a trading receipt in the income of the year within which they were incurred;"; and

(*b*) in subsection (8), after the definition of "deductible", insert —

" "expected credit loss" has the meaning given by section 14G(7);".

*[Gazette date; Applies wef YA 2027 onwards]*

**Amendment of section 14B**

**11.** In the ITA, in section 14B, in the following provisions, replace "2025" with "2030":

Subsection (2AA)

Subsection (2AB)

Subsection (12).

*[Gazette date]*

**New section 14EB**

**12.** In the ITA, after section 14EA, insert —

"**Deduction for payment under innovation cost-sharing agreement**

**14EB.**—(1) Subject to this section, where a company carrying on a trade or business has made, in the period specified under subsection (2) for that agreement, any payment under an innovation cost-sharing agreement approved by the Minister or an authorised body on or after 19 February 2025 in respect of one or more qualifying innovation activities carried out under that agreement, there is allowed a deduction of the amount of such payment for the purpose of ascertaining the income of the company.

(2) The Minister or authorised body may —

(*a*) impose such conditions as the Minister or authorised body thinks fit when approving an innovation cost-sharing agreement; and

(*b*) specify the period during which any payment made under the innovation cost-sharing agreement is allowed a deduction under this section.

(3) The Minister or authorised body may approve an innovation cost-sharing agreement only if —

(*a*) the agreement provides that any benefit arising from the agreement accrues, whether wholly or partly, to the company;

(*b*) there is an undertaking by the company that at least one of the qualifying innovation activities is to be carried out by or on behalf of the company in Singapore; and

(*c*) such other requirements as the Minister or authorised body specifies, are satisfied.

(4) A deduction is not allowed under subsection (1) if —

(*a*) no benefit arising from the approved innovation cost-sharing agreement accrues to the company; or

(*b*) no qualifying innovation activity is carried out by or on behalf of the company in Singapore.

(5) No approval under this section may be granted after 31 December 2030.

(6) If any benefit that arose from an approved innovation cost-sharing agreement during the period specified for it under subsection (2)(*b*) is sold, assigned or otherwise disposed of at any time by the company to whom a deduction has been allowed under subsection (1), the lower of the following is treated as a trading receipt of the company's trade or business for the year of assessment which relates to the basis period in which the sale, assignment or disposal occurs:

(*a*) the amount of deduction that has been allowed under subsection (1) that is attributable to the benefit;

(*b*) the amount or value of the consideration received by the company from the sale, assignment or disposal.

(7) If, for any reason, the deduction cannot be attributed to that benefit, the full amount of the deduction that has been allowed under subsection (1) is treated as being attributable to that benefit.

(8) A sale, assignment or disposal of any benefit that occurs after the date on which the company permanently ceases its trade or business is treated as having occurred immediately before the cessation.

(9) The payment mentioned in subsection (1) does not include any payment to the extent that it is or is to be subsidised by grants or subsidies from the Government or a statutory board.

(10) Where a company to whom a deduction has been allowed for any payment made under this section becomes entitled to any royalty or other payments (in one lump sum or otherwise) for the use of or right to use any technology, know-how or intellectual

property developed from a qualifying innovation activity carried out under the innovation cost-sharing agreement, such royalty or payments are treated as income of that company that is derived from Singapore for the year of assessment which relates to the basis period in which that company becomes entitled to the royalty or payments.

(11) Where an innovation cost-sharing agreement has been approved by the Minister or authorised body for the purposes of this section, then during the period specified under subsection (2)(*b*) for the agreement —

(*a*) a company is only allowed a deduction under this section in respect of any payment made under the agreement; and

(*b*) no deduction or allowance is allowed under section 14A, 14C, 14D, 14EA, 14U or 19B in respect of such payment despite anything in that section.

(12) For the purposes of this section, any payment made by a company prior to the commencement of that company's trade or business is treated as having been made by that company on the first day that the company carries on that trade or business, but a deduction for such payment is subject to section 14X.

(13) In this section —

(*a*) a reference to a payment made by a company under an innovation cost-sharing agreement is a reference to the expenditure that is allocated to the company to bear under the agreement, and the time the payment for any part of the expenditure becomes payable by the company or (if no such payment is needed) the time of the allocation, is treated as the time the payment is made; and

(*b*) a reference to a payment made by a company under an innovation cost-sharing agreement excludes any payment for the right to be a party to the agreement.

(14) In this section —

"benefit", in relation to an innovation cost-sharing agreement, means —

(*a*) any right arising from the agreement;

(*b*) any technology, know-how, intellectual property or software developed from any qualifying innovation activity carried out under the agreement; or

(*c*) any asset acquired under the agreement;

"innovation cost-sharing agreement" means any agreement or arrangement made by 2 or more related parties to share the expenditure of qualifying innovation activities to be carried out under the agreement or arrangement (and no other expenditure);

"qualifying innovation activity" means an activity falling within any of the following categories of activities, being categories specified in the document entitled "Oslo Manual 2018 — Guidelines for Collecting, Reporting and Using Data on Innovation" that is published by the Organisation for Economic Co-operation and Development on 22 October 2018:

(*a*) research and experimental development activities;

(*b*) engineering, design and other creative work activities;

(*c*) intellectual property-related activities;

(*d*) software development and database activities;

(*e*) marketing and brand equity activities;

(*f*) employee training activities;

(*g*) activities related to the acquisition or lease of tangible assets;

(*h*) innovation management activities.".

*[19 Feb 2025]*

**Amendment of section 14G**

**13.** In the ITA, in section 14G —

(*a*) replace the section heading with —

> **"Provisions by banks and qualifying finance companies for impairment losses, etc. from non-credit-impaired loans and securities"**;

(*b*) in subsection (1), replace "the provision for doubtful debts arising from its loans and the provision for diminution in the value of its investments in securities, made in that basis period" with "provisions made in that basis period by a bank or qualifying finance company for impairment losses or expected credit losses arising from its loans or investments in securities, or both, where the loans or securities are not credit-impaired (each called in this section provision for losses)";

(*c*) in subsections (2)(*a*) and (*b*) and (2B), replace "provisions" with "provisions for losses";

(*d*) in subsection (2A) and (2E), replace "provisions for doubtful debts arising from its loans and for the diminution in the value of its investments in securities," with "provisions for losses";

(*e*) in subsection (2C)(*a*)(i) and (ii) and (*b*)(i) and (ii), replace "provisions made for expected credit losses arising" with "provisions for losses that are made for expected credit losses that arose";

(*f*) in subsection (2CA)(*a*) and (*b*), replace "provision made for expected credit losses of" with "provision for losses that are made for expected credit losses that arose from";

(*g*) in subsection (4A), replace paragraph (*c*) with —

> "(*c*) a provision for losses made for impairment losses or expected credit losses that arose from those loans or investments in those securities, is

also transferred by the transferor to the transferee; and";

(*h*) in subsection (6A), replace "provision for doubtful debts arising from loans, or for diminution in the value of investments in securities," with "provision for losses";

(*i*) in subsection (7), delete the definition of "provisions"; and

(*j*) in subsection (7), replace the definition of "qualifying profit" with —

" "qualifying profit" means the net profit as shown in the audited accounts of the bank or qualifying finance company before deducting —

(*a*) any provision for taxation;

(*b*) any tax paid; and

(*c*) any provision for losses;".

*[Gazette date; Applies wef YA 2027 onwards]*

**Amendment of section 14H**

**14.** In the ITA, in section 14H(1A)(*a*)(ii) and (8), replace "2025" with "2030".

*[Gazette date]*

**Amendment of section 14M**

**15.** In the ITA, in section 14M —

(*a*) in subsection (1)(*a*), replace "the year of assessment 2012 or any subsequent year of assessment" with "any year of assessment between the year of assessment 2012 and the year of assessment 2025 (both years inclusive)";

(*b*) after subsection (2), insert —

"(2A) Where —

(*a*) a special purpose vehicle has acquired treasury shares or previously issued shares in a company and, in the basis period for the year of assessment 2026 or any subsequent year of assessment, transfers those shares to any person

under a stock option scheme or a share award scheme by reason of any office or employment held in Singapore by that person in the company; and

(*b*) payment by the company for the shares transferred to the person has become due and payable,

then the company is allowed a deduction for the relevant year of assessment of an amount referred to in subsection (2B).

(2B) The amount of deduction under subsection (2A) is —

(*a*) where the transferred shares are previously issued shares, the lower of the following:

(i) the amount paid or payable by the company for the shares, less any amount paid or payable by the person for the shares, to the extent the amount so paid or payable has not been deducted from the firstmentioned amount;

(ii) the cost to the special purpose vehicle of acquiring the shares, less any amount paid or payable by the person for the shares; or

(*b*) where the transferred shares are treasury shares, the cost to the company of acquiring the shares, less any amount paid or payable by the person for the shares.";

(*c*) in subsection (3), replace "subsection (2)(*a*)(ii) and (*b*)(i)(B)" with "subsections (2)(*a*)(ii) and (*b*)(i)(B) and (2B)(*a*)(ii)";

(*d*) in subsection (4)(*c*), after "subsection (1)", insert "or (2A) (as the case may be)";

(*e*) in subsection (4)(*c*), in the definition of "D", after "subsection (1)", insert "or (2A) (as the case may be)";

(*f*) in subsection (5), replace "subsection (2)(*b*)(i)(C) and (ii)" with "subsections (2)(*b*)(i)(C) and (ii) and (2B)(*b*)";

(*g*) in subsection (7), replace "the subsidiary company" wherever it appears with "subsidiary X";

(*h*) in subsection (7)(*a*), replace "the year of assessment 2012 or any subsequent year of assessment" with "any year of assessment between the year of assessment 2012 and the year of assessment 2025 (both years inclusive)";

(*i*) in subsection (8)(*a*)(i) and (*b*)(i)(A), replace "the subsidiary company" with "subsidiary X";

(*j*) after subsection (8), insert —

"(8A) Where —

(*a*) a special purpose vehicle has acquired treasury shares or previously issued shares in the holding company of another company (called in this section subsidiary Y) and, in the basis period for the year of assessment 2026 or any subsequent year of assessment, transfers those shares to a person under a stock option scheme or a share award scheme by reason of any office or employment held in Singapore by that person in subsidiary Y; and

(*b*) payment by subsidiary Y for the shares transferred to the person has become due and payable,

then subsidiary Y is allowed a deduction for the relevant year of assessment of an amount mentioned in subsection (8B).

(8B) The amount of deduction under subsection (8A) is —

(*a*) where the transferred shares are previously issued shares, the lower of the following:

(i) the amount paid or payable by subsidiary Y for the shares, less any amount paid or payable by the person for the shares, to the extent the amount so paid or payable has not been deducted from the firstmentioned amount;

(ii) the cost to the special purpose vehicle of acquiring the shares, less any amount paid or payable by the person for the shares; or

(*b*) where the transferred shares are treasury shares, the lower of the following:

(i) the amount paid or payable by subsidiary Y for the shares, less any amount paid or payable by the person for the shares, to the extent the amount so paid or payable has not been deducted from the firstmentioned amount;

(ii) the cost to the holding company of acquiring the shares, as determined in accordance with section 14L(8A), less any amount paid or payable by the person for the shares.";

(*k*) in subsection (9), replace "subsection (8)" with "subsections (8)(*a*)(ii) and (*b*)(i)(B) and (8B)(*a*)(ii)";

(*l*) in subsection (9), replace "the subsidiary company" with "subsidiary X or subsidiary Y (as the case may be)";

(*m*) in subsection (10)(*a*), delete "and" at the end;

(*n*) in subsection (10)(*b*), insert "and" at the end;

(*o*) in subsection (10), after paragraph (*b*), insert —

"(*c*) a reference to subsection (2A) is a reference to subsection (8A).";

(*p*) in subsection (13), in the definition of "regular interval", in paragraph (*b*)(i), replace "or subsidiary company" with ", subsidiary X or subsidiary Y";

(*q*) in subsection (13), in the definition of "relevant year of assessment", in paragraph (*a*), replace "or (7)" with ", (2A), (7) or (8A)";

(*r*) in subsection (13), in the definition of "relevant year of assessment", in paragraphs (*a*) and (*b*), replace "or subsidiary company" with ", subsidiary X or subsidiary Y";

(*s*) in subsection (13), in the definition of "special purpose vehicle", in paragraph (*a*), after "subsection (1)", insert "or (2A)";

(*t*) in subsection (13), in the definition of "special purpose vehicle", in paragraph (*a*)(ii), delete "or" at the end;

(*u*) in subsection (13), in the definition of "special purpose vehicle", in paragraph (*b*), replace "subsidiary company referred to in that subsection" with "subsidiary X";

(*v*) in subsection (13), in the definition of "special purpose vehicle", in paragraph (*b*), insert "or" at the end; and

(*w*) in subsection (13), in the definition of "special purpose vehicle", after paragraph (*b*), insert —

"(*c*) in the case of subsection (8A), shares in one company within a group of companies to which both the holding company and subsidiary Y belong, are to be used for the remuneration of a person by reason of any office or employment held by that person in a company within the same group of companies.".

*[Gazette date]*

## New section 14MA

**16.** In the ITA, after section 14M, insert —

**"Deduction for new shares issued by a holding company under employee equity-based remuneration scheme**

**14MA.**—(1) Where —

(*a*) in the basis period for the year of assessment 2026 or any subsequent year of assessment —

(i) a company issues new shares; or

(ii) a special purpose vehicle that was issued new shares of a company (whether or not those shares were issued in that basis period) transfers those shares,

to a person (called in this section an employee) under a stock option scheme or a share award scheme by reason of any office or employment held in Singapore by that employee in a subsidiary of the company; and

(*b*) payment by the subsidiary for the shares issued or transferred to the employee has become due and payable,

then the subsidiary is allowed a deduction of an amount mentioned in subsection (2) in the year of assessment relating to the basis period in which paragraph (*a*) or (*b*) occurs, whichever is later.

(2) The amount of deduction under subsection (1) is the lower of —

(*a*) the amount paid or payable by the subsidiary for the shares, less any amount paid or payable by the employee for the shares to the extent the secondmentioned amount has not been deducted from the firstmentioned amount; and

(*b*) the value of the shares at the time of issue under subsection (1)(*a*)(i) or transfer under subsection (1)(*a*)(ii) (as the case may be) of the shares to the employee, less any amount paid or payable by the employee for the shares.

(3) For the purpose of subsection (2)(*b*), the value of the shares is —

(*a*) the price of the shares in the open market; or

(*b*) if it is not possible to determine that price, the net asset value of the shares at the time of their issue under subsection (1)(*a*)(i) or transfer under subsection (1)(*a*)(ii) (as the case may be) to the employee.

(4) For the purpose of this section, shares are issued or transferred to an employee when the employee acquires the legal and beneficial interest in the shares.

(5) No deduction is allowed to a subsidiary under this section if a deduction has already been allowed to the subsidiary under any other provision of this Act in respect of the shares issued or transferred to the employee.

(6) In this section —

"group of companies" means 2 or more companies each of which is either a holding company or subsidiary of the other or any of the others;

"shares" includes stocks but does not include redeemable or convertible shares or shares of a preferential nature;

"special purpose vehicle" means a trustee of a trust (when acting in such capacity) that is set up solely for the administration of a stock option scheme or share award scheme under which shares in one company within a group of companies to which both the company and subsidiary mentioned in subsection (1) belong, are to be used for the remuneration of a person by reason of any office or employment held by that person in a company within that group of companies.".

*[Gazette date]*

**Amendment of section 14X**

**17.** In the ITA, in section 14X(2)(*c*) —

(*a*) after "14EA,", insert "14EB,"; and

(*b*) after "14EA(8),", insert "14EB(12),".

*[19 Feb 2025]*

**Amendment of section 15**

**18.** In the ITA, in section 15 —

(*a*) in subsection (1)(*i*), after sub-paragraph (ii), insert —

"(ii*a*) such payment made on or after 1 January 2026 by an employer on behalf of the employer's employee directed to be paid to the medisave account of that employee in accordance with section 13B of the Central Provident Fund Act 1953;";

(*b*) in subsection (1)(*i*), reletter the existing sub-paragraphs (ii*a*) and (ii*b*) as sub-paragraphs (ii*b*) and (ii*c*), respectively;

(*c*) in subsection (1)(*p*), delete "or" at the end;

(*d*) in subsection (1)(*q*), after "section 14M(7)", insert ", 14M(8A) or 14MA(1)";

(*e*) in subsection (1)(*q*), insert "or" at the end;

(*f*) subsection (1), after paragraph (*q*), insert —

"(*r*) any payment made, or any outgoings and expenses incurred, by the person in furtherance of, or in connection with, the commission of an offence under Part 3 of the Prevention of Corruption Act 1960 or section 161, 162, 163, 164, 165, 213 or 215 of the Penal Code 1871.";

(*g*) in subsection (2), after "14EA,", insert "14EB,"; and

(*h*) in subsection (2C), after "section 14C(1)(*g*)", insert "or 14EB".

*[(a) - Applies wef YA 2027 onwards;*
*(g) and (h) - 19 Feb 2025; the rest - Gazette date]*

**Amendment of section 18C**

**19.** In the ITA, in section 18C —

(*a*) in subsection (1B), replace "2025" with "2030"; and

(*b*) in subsection (15)(*b*), replace sub-paragraphs (i) to (v) with —

"(i) where the application for planning permission or conservation permission is made between 25 March 2016 and 31 December 2025 (both dates inclusive) and the application under subsection (1) or (1A) is made on or after 25 March 2016 —

(A) one of those persons beneficially holds, directly or indirectly, at least 75% of the total number of issued ordinary shares of the other person (being a company);

(B) one of those persons is entitled, directly or indirectly, to at least 75% of the income of the other person (being a partnership);

(C) a third person beneficially holds, directly or indirectly, at least 75% of the total number of issued ordinary shares of each of those persons (being companies);

(D) a third person is entitled, directly or indirectly, to at least 75% of the income of each of those persons (being partnerships); or

(E) a third person beneficially holds, directly or indirectly, at least 75% of the total number of issued ordinary shares of one of those persons (being a company), and is entitled, directly or indirectly, to at least 75% of the income of the

other person (being a partnership); or

(ii) where the application for planning permission or conservation permission and the application under subsection (1) or (1A) are made on or after 1 January 2026 —

(A) one of those persons beneficially holds, directly or indirectly, more than 50% of the total number of issued ordinary shares of the other person (being a company);

(B) one of those persons is entitled, directly or indirectly, to more than 50% of the income of the other person (being a partnership);

(C) a third person beneficially holds, directly or indirectly, more than 50% of the total number of issued ordinary shares of each of those persons (being companies);

(D) a third person is entitled, directly or indirectly, to more than 50% of the income of each of those persons (being partnerships); or

(E) a third person beneficially holds, directly or indirectly, more than 50% of the total number of issued ordinary shares of one of those persons (being a company), and is entitled, directly or indirectly, to more than 50% of the income of the other person (being a partnership).".

*[Gazette date]*

## Amendment of section 19B

**20.** In the ITA, in section 19B(10A)(*a*)(i), after "14EA", insert ", 14EB".

*[19 Feb 2025]*

## Amendment of section 34AA

**21.** In the ITA, in section 34AA —

(*a*) in subsection (3), replace paragraph (*h*) with —

"(*h*) despite paragraph (*g*), section 14G applies in relation to a provision made by a qualifying person that is a bank or qualifying finance company for an expected credit loss arising from its loans or investments in securities, or both, where the loans or securities are not credit impaired;"; and

(*b*) in subsection (15), after the definition of "debt securities", insert —

" "expected credit loss" has the meaning given by FRS 109 or SFRS (I) 9;".

*[Gazette date; Applies wef YA 2027 onwards]*

## Amendment of section 34CA

**22.** In the ITA, in section 34CA —

(*a*) in subsection (1)(*c*), after "after date A", insert "(or such other period as may be allowed under subsection (1A))";

(*b*) after subsection (1), insert —

"(1A) The Minister or Comptroller may, in a particular case, extend the period of 12 months before or after date A that date B must fall."; and

(*c*) in subsection (3)(*d*), after "prescribed date", insert "or such later date as the Minister or Comptroller may allow in a particular case".

*[Gazette date]*

**Amendment of section 34D**

**23.** In the ITA, in section 34D, after subsection (2A), insert —

"***Transactions with partnerships***

(3) In subsections (1)(*a*) and (*b*), (1B), (1C) and (2) —

(*a*) a reference to a person includes a partnership; and

(*b*) a person (X) is treated as a related party of another person (Y) that is a partnership if X is related to Y in such manner as may be prescribed by rules made under section 7.

(4) In a case where a related party is a partnership, a reference to the person in subsections (1)(*c*) and (1A) is to a partner of the partnership.

***Transactions involving trusts***

(5) In subsections (1)(*a*) and (*b*), (1B), (1C) and (2) —

(*a*) a reference to a person includes the trustee of a trust (excluding a registered business trust) when acting in that capacity; and

(*b*) a person (X1) is treated as a related party of another person (Y1) that is a trustee of a trust (excluding a registered business trust) if X1 is related to Y1 in such manner as may be prescribed by rules made under section 7.

(6) In a case where a related party is the trustee of a trust (excluding a registered business trust), a reference to the person in subsections (1)(*c*) and (1A) is to the person in whose hands the income, deduction or loss concerned is taxable or deductible under this Act.

(7) In subsections (1)(*a*) and (2) —

(*a*) a reference to a person includes a registered business trust; and

(*b*) a person (X2) is treated as a related party of another person (Y2) that is a registered business trust, if X2 is related to Y2 in such manner as may be prescribed by rules made under section 7.

(8) In a case where a related party is the registered business trust (Y2) —

(*a*) a reference in subsections (1)(*b*), (1B) and (1C) to commercial or financial relations Y2 has with another party, is to commercial or financial relations entered into by its trustee-manager (Z) (for or on behalf of Y2) with the other party, and a reference in those provisions to conditions made or imposed in those commercial or financial relations is to conditions made or imposed by Z (for or on behalf of Y2) and the other party;

(*b*) a reference to the person in subsections (1)(*c*) and (1A) is to the registered business trust; and

(*c*) a reference to the carrying on of business by a person in subsection (2) that is Y2 is to the trustee-manager carrying on business for or on behalf of Y2.

(9) This section does not apply where the related parties are parties to a trust mentioned in subsection (10), and the transaction in question is for the carrying out of the trust.

(10) Subsection (9) applies to a trust that is established by an individual for the benefit of members of the individual's household or family, and that is not one of the following:

(*a*) a real estate investment trust within the meaning of section 43(10);

(*b*) a unit trust within the meaning of section 10A;

(*c*) a business trust within the meaning of section 2 of the Business Trusts Act 2004;

(*d*) any other trust that is established for the purpose of carrying out a business or commercial activity.

(11) In this section, "registered business trust" has the meaning given by section 2 of the Business Trusts Act 2004.".

*[Gazette date]*

**Amendment of section 34F**

**24.** In the ITA, in section 34F, after subsection (10), insert —

"(11) For the purposes of this section, a related party of a partnership, trustee of a trust, or a registered business trust is determined by reference to section 34D(3), (5) or (7), as the case may be.

(12) Subsection (3) does not apply to a transaction between parties to a trust mentioned in section 34D(10).

(13) To avoid doubt, a reference to a company in this section includes (by reason of section 36B(1)) a "registered business trust" as defined by section 2 of the Business Trusts Act 2004.".

*[Gazette date]*

**Amendment of section 36B**

**25.** In the ITA, in section 36B(1) —

(*a*) replace paragraph (*d*) with —

"(*d*) for the purposes of section 13W(1) and (1A), any reference in those provisions to ordinary shares or preference shares in investee company B and B1 which are legally and beneficially owned by divesting company A and A1 respectively, is a reference to ordinary shares or preference shares in the investee company which are trust property of the registered business trust;

(*da*) section 13W(1B) does not apply to a registered business trust";

(*b*) in paragraph (*e*), replace "section 92J" with "sections 92J and 92K";

(*c*) in paragraph (*e*), replace "section 92J(7)" with "sections 92J(7) and 92K(7)"; and

(*d*) in paragraph (*e*), in the definition of "local employee", in paragraph (*b*), after "2023", insert "(for the purposes of section 92J) or 2024 (for the purposes of section 92K)".

*[Gazette date]*

**Amendment of section 37O**

**26.** In the ITA, in section 37O, in the following provisions, replace "2025" with "2030":

Subsection (1)

Subsection (1A)(*b*)

Subsection (4A)(*a*), (*b*) and (*c*).

*[Gazette date]*

**Amendment of section 37Q**

**27.** In the ITA, in section 37Q(2)(*a*), after "14EA(10),", insert "14EB(9),".

*[19 Feb 2025]*

**Amendment of section 37R**

**28.** In the ITA, in section 37R, after subsection (31), insert —

"(31A) Where an amount of cash payout is to be made to an eligible person under this section, and an amount is recoverable from the eligible person as a debt due to the Government under subsection (20), (21), (22) or (30) —

(*a*) the amount of cash payout must be reduced by the amount due from the eligible person under that subsection; and

(*b*) the amount of the reduction is treated as a repayment of the debt by the eligible person.

(31B) Where the amount of cash payout to be made to an eligible person under this section is less than the sum of the amount of tax, duty, interest or penalty due by the eligible person under subsection (28) and the amount recoverable as a debt due to the Government under subsection (20), (21), (22) or (30), the Comptroller may determine the amount of reduction to be made

under subsection (28)(*a*) or (31A)(*a*), or both, in a manner that he or she considers reasonable.".

*[Gazette date]*

**Amendment of section 39**

**29.** In the ITA, in section 39 —

(*a*) in subsection (2)(*c*), replace "a wife from whom he" with "a spouse from whom the individual";

(*b*) in subsection (2)(*d*)(v), replace "(being his wife) from whom he" with "from whom the individual";

(*c*) in subsection (2)(*ga*)(i), replace "the individual's life or, in the case of a male individual, on the life of the individual's wife" with "the life of the individual or the individual's spouse";

*[Gazette date; Applies wef YA 2026 onwards]*

(*d*) in subsection (2), replace paragraph (*ha*) with —

"(*ha*) has carried on a trade, business, profession or vocation and has made voluntary contributions to the Central Provident Fund then, subject to subsection (10B), there is to be allowed for the year of assessment 2026 or a subsequent year of assessment a deduction in respect of such contributions of an amount to be determined by the formula A – B where —

(i) A is the lower of —

(A) 37%, or such other rate as may be prescribed, of the amount of his or her income derived in the basis period for that year of assessment from his or her trade, business, profession or vocation on which contributions were obligatory under the Central Provident Fund Act 1953 (excluding any income on which contributions are

obligatory as a Group A worker); and

(B) $37,740, or such other amount as may be prescribed, and

(ii) B is the amount of any deduction allowed under paragraph (*haa*),

except that if A – B is less than or equal to zero, the amount of deduction is treated as zero;

(*haa*) has made obligatory contributions under the Central Provident Fund Act 1953 in respect of income derived in any year from a trade, business, profession or vocation to the Central Provident Fund then, subject to subsection (10B), there is to be allowed for the year of assessment (being the year of assessment 2026 or a subsequent year of assessment) a deduction in respect of such contributions (excluding obligatory contributions on his or her income derived as a Group A worker).";

(*e*) in subsection (2)(*hb*), replace "sub-paragraphs (*ga*) and (*ha*)" with "paragraphs (*ga*), (*ha*) and (*haa*)";

(*f*) in subsection (2)(*hb*), replace "sub-paragraph (*ha*)" with "paragraph (*ha*)";

*[(d), (e) and (f) - YA 2026]*

(*g*) in subsection (3)(*c*)(ii), after "medisave contributions", insert "(after deducting the prescribed amount of any MMSS grant, or the total of the prescribed amounts of any MMSS grant, given or to be given in connection with that payment or those payments if the payment or payments was or were made on or after 1 January 2026)";

*[Gazette date; Applies wef YA 2027 onwards]*

(*h*) in subsection (3A)(*b*), after "section 39(2)(*h*)", insert "for the year of assessment 2025 or any preceding year of assessment, or under section 39(2)(*ha*) for the year of assessment 2026 or any subsequent year of assessment";

*[Gazette date; Applies wef YA 2026 onwards]*

(*i*) in subsection (3A)(*c*)(ii), after "medisave self-contributions", insert "(after deducting the prescribed amount of any MMSS grant, or the total of the prescribed amounts of any MMSS grant, given or to be given in connection with that payment or those payments if the payment or payments was or were made on or after 1 January 2026)";

*[Gazette date; Applies wef YA 2027 onwards]*

(*j*) replace subsection (3C) with —

"(3C) In subsections (3) and (3A) —

"prescribed amount of any MMSS grant" means —

(*a*) the full amount of a grant under the public scheme known as the Matched MediSave Scheme, as described on the website https://cpf.gov.sg; or

(*b*) if an amount of such grant is prescribed by rules made under section 7 for the purposes of this subsection — that amount;

"prescribed amount of any MRSS grant" means —

(*a*) the full amount of a grant under the public scheme known as the Matched Retirement Savings Scheme, as described on the website https://cpf.gov.sg; or

(*b*) if an amount of such grant is prescribed by rules made under section 7 for the purposes of this subsection — that amount.";

*[Gazette date; Applies wef YA 2027 onwards]*

(*k*) in subsection (10B), replace "and (*ha*)" with ", (*ha*) and (*haa*)";

(*l*) in subsection (10B)(*a*)(i) and (ii) and (*b*), replace "and (*ha*)" with ", (*ha*) and (*haa*)";

(*m*) in subsection (10B)(*d*), replace "subsection (2)(*ha*) (in respect of contributions which are obligatory under the Central Provident Fund Act 1953)" with "subsection (2)(*haa*)";

(*n*) in subsection (10B)(*d*), replace "paragraphs (*b*) and (*c*) do" with "paragraph (*b*) does"; and

(*o*) in subsection (10B)(*d*), replace "subsection (2)(*ha*)." with "subsection (2)(*haa*).".

*[Gazette date; (k) to (o) - Applies wef YA 2026 onwards]*

## Amendment of section 43

**30.** In the ITA, in section 43 —

(*a*) in subsection (2A)(*a*)(i) and (*b*)(i), replace "or income from the management or holding of immovable property" with ", income from the management or holding of immovable property, co-location income or co-working space income,";

*[1 Jul 2025]*

(*b*) in subsection (2A)(*a*)(ii) and (*b*)(ii), after "holding of immovable property", insert ", or that is ancillary to co-location income or co-working space income,";

*[1 Jul 2025]*

(*c*) in subsection (2A)(*a*)(iii), after "immovable property in Singapore,", insert "or co-location income or co-working space income in relation to immovable property in Singapore,";

*[1 Jul 2025]*

(*d*) in subsection (2A)(*ba*), replace "in the period between 1 July 2018 and 31 December 2025 (both dates inclusive)" with "on or after 1 July 2018";

*[Gazette date]*

(*e*) in the following provisions, replace "2025" with "2030":

Subsection (3B)

Subsection (3C)(*b*)

Subsection (3D)

Subsection (3E);

*[Gazette date]*

(*f*) in subsection (3F), after paragraph (*a*), insert —

"(*aa*) a partner of an approved limited partnership under section 13OA;";

*[1 Jan 2025]*

(*g*) in subsection (3F)(*w*), replace "or an approved foreign government-owned entity under section 13V." with ", an approved foreign government-owned entity, a prescribed international organisation or an approved international organisation under section 13V.";

*[7 Feb 2024]*

(*h*) in subsection (10), after the definition of "captive insurer", insert —

" "co-location income" means any income that is derived from the undertaking of both of the following:

(*a*) the provision of a physical space within any immovable property for use by one or more persons to house any computer server equipment or other computer hardware belonging to that person or those persons;

(*b*) the provision of the infrastructure, facilities or services, within the immovable property that are necessary for the housing of such computer server equipment or other computing hardware;

*[1 Jul 2025]*

"co-working space income" means any income that is derived from the undertaking of both of the following:

(*a*) the provision of a physical space within any immovable property for one or more persons to carry out their respective trades or businesses, and to use the communal facilities, within the physical space;

(*b*) the provision of the infrastructure, facilities or services within the immovable property for use by that person or those persons for the purposes mentioned in paragraph (*a*);".

*[1 Jul 2025]*

## Amendment of section 43C

**31.** In the ITA, in section 43C —

(*a*) in subsection (1)(*aa*), after "10%", insert "or 15%";

(*b*) in subsection (1)(*c*), in the table, under the heading "*Approved insurer*", in paragraph (ii), replace "on or after 1 April 2018" with "between 1 April 2018 and 18 February 2025 (both dates inclusive)";

(*c*) in subsection (1)(*c*), in the table, after the item relating to "10%", insert —

| | |
|---|---|
| "10% or 15% | An approved captive insurer whose approval is granted on or after 19 February 2025"; and |

(*d*) after subsection (2), insert —

"(2A) Each of the following:

(*a*) regulations made under subsection (1)(*aa*) to provide for tax at the rate of 15% to be levied and paid be made for each year of assessment upon income mentioned in that provision that is derived by an approved insurer;

(*b*) regulations made under subsection (1)(*c*) to provide for tax at the rate of 15% to be levied and paid for each year of assessment upon income mentioned in that provision that is derived by a captive insurer whose approval is granted on or after 19 February 2025,

may be made to take effect from (and including) 1 January 2025.".

*[19 Feb 2025]*

## Amendment of section 43J

**32.**—(1) In the ITA, in section 43J —

(*a*) replace subsection (1) with —

"(1) Despite section 43, the Minister may by regulations —

(*a*) provide that tax at the rate of 5%, 10%, 12% or 13.5% is to be levied and paid for each year of assessment upon any income specified by the Minister that is derived on or after 1 January 2004 by a financial sector incentive company from one or more prescribed qualifying activities; and

(*b*) provide that tax at the rate of 15% is to be levied and paid for each year of assessment upon any income specified by the Minister that is derived on or after 1 January 2025 by a financial sector incentive company from one or more prescribed qualifying activities,

and those regulations may provide for the deduction of losses otherwise than in accordance with section 37(3).";

(*b*) after subsection (2), insert —

"(2AA) Regulations made for the purpose of this section may provide the last date by which approval for a financial sector incentive company or a specified class of financial sector incentive companies may be given or extended."; and

(*c*) after subsection (2A), insert —

"(2B) Regulations made for the purposes of subsection (1)(*b*) may be made to take effect from (and including) 1 January 2025.".

*[Subsection (1) – 1 Jan 2025]*

(2) In the ITA, in section 43J (as amended by subsection (1)) —

(*a*) in subsection (1), in paragraph (*a*), delete "and" at the end;

(*b*) in subsection (1), in paragraph (*b*), replace the comma at the end with a semi-colon;

(*c*) in subsection (1), after paragraph (*b*), insert —

"(*c*) provide that tax at the rate of 5% is to be levied and paid for each year of assessment upon any income specified by the Minister that is derived on or after 19 February 2025 by a financial sector incentive company (X) that satisfies all of the following requirements, from one or more prescribed qualifying activities:

(i) X is listed, or its holding company that holds directly or indirectly the prescribed percentage of ownership interests in X, is listed on a stock exchange in Singapore;

(ii) X is not an approved company under section 43Y(5), or an approved nominee under section 43Y(12)(*a*), (15) or (16); and

(*d*) provide for exemption from tax of any income specified by the Minister that is derived on or after 19 February 2025 by a financial sector incentive company from one or more prescribed qualifying activities,"; and

(*d*) after subsection (2B), insert —

"(2C) Regulations made for the purposes of subsection (1)(*c*) and (1)(*d*) may be made to take effect from (and including) 19 February 2025.".

*[Subsection (2) – 19 Feb 2025]*

**Amendment of section 43L**

**33.** In the ITA, in section 43L(4A), replace "2026" with "2031".

*[19 Feb 2025]*

**Amendment of section 43P**

**34.** In the ITA, in section 43P —

(*a*) replace subsection (2C) with —

"(2C) Subsection (1)(*a*), (*c*), (*e*) and (*f*) does not apply to —

(*a*) income derived between 12 December 2018 and 18 February 2025 (both dates inclusive) from the leasing of a container or intermodal equipment that is acquired by the approved container investment enterprise or the approved related party by way of a finance lease entered into with an entity that is not an approved related party; or

(*b*) income derived on or after 19 February 2025 from the leasing of a container or intermodal equipment that is acquired by the approved container investment enterprise or the approved related party by way of a finance lease not treated as a sale under section 10C, entered into with an entity that is not an approved related party."; and

*[19 Feb 2025]*

(*b*) in subsections (3) and (4)(*b*), replace "2026" with "2031".

*[19 Feb 2025]*

**Amendment of section 43Q**

**35.** In the ITA, in section 43Q(4A), replace "2026" with "2031".

*[19 Feb 2025]*

**Amendment of section 43R**

**36.** In the ITA, in section 43R —

(*a*) in subsection (1), after "10%", insert "or 15%"; and

(*b*) after subsection (2), insert —

"(2A) Regulations made under subsection (1) to provide for the tax rate of 15% to be levied and paid upon any income specified by the Minister that is derived by an approved insurance broker may be made to take effect from (and including) 1 January 2025.".

*[19 Feb 2025]*

**Amendment of section 43U**

**37.** In the ITA, in section 43U —

(*a*) in subsection (2), replace "2026" with "2031";

(*b*) after subsection (5J), insert —

"***Application of section to approved SPVs of approved companies***

(5K) A company may at the time of making its application or at any time during the period of its approval, apply to the Minister or authorised body for its SPV to be approved in respect of any shipping-related support service provided in or from Singapore by the SPV for the purposes of this section.

(5L) The Minister or authorised body may —

(*a*) approve an SPV of an approved company between 19 February 2025 and 31 December 2031 (both dates inclusive), subject to such conditions as the Minister or authorised body may impose;

(*b*) approve for the SPV one or more shipping-related support services; and

(*c*) specify the period for which the SPV is approved, which must expire on the date of expiry of the period of approval of the approved company or, if an extension is granted for the approved company under subsection (5A), the expiry of the extension.

(5M) Despite section 43, tax at the rate mentioned in subsection (5N) is to be levied and paid for each year of assessment upon the amount of income in subsection (5O) of an approved SPV derived on or after the service approval date and during the period of the SPV's approval under subsection (5L), from providing in or from

Singapore any shipping-related support service approved for the SPV under subsection (5L).

(5N) In subsection (5M), the rate of tax is that which is applicable to the income of the approved company derived during the same period under subsection (1), (5C) or (5CA).

(5O) In subsection (5M), the amount of the income is that which exceeds the base amount calculated in accordance with subsection (4) or (5I) (whichever is applicable), subject to the following modifications:

(*a*) a reference in subsection (4) or (5I) to the approved company is to the approved SPV;

(*b*) a reference in subsection (4) or (5I) to shipping-related support services approved for the approved company is to the shipping-related support services approved for the approved SPV;

(*c*) a reference in subsection (4) or (5I) to any audited accounts of the approved company or other accounts of the approved company approved by the Minister or authorised body is to the audited accounts of the approved SPV or other accounts of the approved SPV approved by the Minister or authorised body;

(*d*) a reference in subsection (4) to the date of approval of the approved company is to the date of approval of the approved SPV;

(*e*) a reference in subsection (5I) to the date that the extension is granted under subsection (5A) to an approved company is to the date that the extension is granted to the approved SPV under subsection (5Q).

(5P) Unless the Minister otherwise decides —

(*a*) the base amount determined in accordance with subsection (4) (as applied by subsection (5O)) applies to the approved SPV for the entire period of its approval; or

(*b*) the base amount determined in accordance with subsection (5I) (as applied by subsection (5O)) applies to the approved SPV for any extended period of its approval under subsection (5Q).

(5Q) Where the Minister or authorised body —

(*a*) has approved an SPV of an approved company; and

(*b*) has granted an extension of the period of approval of the approved company under subsection (5A),

the Minister or authorised body may —

(*c*) extend the period of approval of the approved SPV by the same period in paragraph (*b*); and

(*d*) approve one or more shipping-related support services for the purposes of subsection (5M) at the time of granting the extension, and may approve any additional shipping-related support services for the approved SPV during the extended period of the SPV's approval,

but only if the SPV satisfies such conditions as the Minister or authorised body has imposed on it at the time of granting the extension or approval of additional shipping-related support services.";

(*c*) above subsection (6), insert —

**"*General provisions*";**

(*d*) in subsection (6), after "company", insert "or approved SPV";

(*e*) in subsection (8), after the definition of "approved related company", insert —

" "approved special purpose vehicle" or "approved SPV", in relation to an approved company, means a company —

(*a*) that is incorporated and resident in Singapore;

(*b*) at least 50% of the total number of the issued ordinary shares of which are beneficially owned, directly or indirectly, by —

(i) the approved company; or

(ii) a company which beneficially owns (whether directly or indirectly) at least 50% of the total number of issued ordinary shares of the approved company; and

(*c*) carries on the business of providing shipping-related support services; and

(*d*) is approved for the purpose of this section;";

(*f*) in subsection (8), in the definition of "corporate service", after "an approved company", insert "or its approved SPV";

(*g*) in subsection (8), in the definition of "corporate service", after "the approved company", insert "or approved SPV";

(*h*) in subsection (8), in the definition of "corporate service", after "(5I)", insert "(or those provisions as applied by subsection (5O))";

(*i*) in subsection (8), after the definition of "freight forwarding and logistics service", insert —

" "maritime technology service" means —

(*a*) any service relating to the provision or use of maritime drones;

(*b*) any service relating to autonomous vessel systems;

(*c*) any service relating to maritime cybersecurity; or

(*d*) any service relating to any other maritime technology prescribed by the Minister;";

(*j*) in subsection (8), in the definition of "service approval date", after "(5B)", insert "or an approved SPV under subsection (5L) or (5Q)";

(*k*) in subsection (8), in the definition of "service approval date", after "that company", insert "or SPV";

(*l*) in subsection (8), in the definition of "service approval date", replace "the company to its approved related company" with "the company or SPV to the company's approved related company";

(*m*) in subsection (8), in the definition of "shipping-related business", in paragraph (*q*), after "offshore renewable energy activity", insert ", renewable energy activity";

(*n*) in subsection (8), in the definition of "shipping-related business", after paragraph (*q*), insert —

"(*r*) maritime technology service;";

(*o*) in subsection (8), in the definition of "shipping-related support service", in paragraph (*f*), replace the full-stop at the end with a semi-colon;

(*p*) in subsection (8), in the definition of "shipping-related support service", after paragraph (*f*), insert —

"(*g*) maritime technology service.";

*[all paras - 19 Feb 2025]*

**New section 43Y**

**38.** In the ITA, after section 43X, insert —

**"Rebate for company for listing shares on stock exchange in Singapore**

**43Y.**—(1) This section applies to a company —

(*a*) the ordinary shares of which are first listed on a stock exchange in Singapore and offered for public subscription; or

(*b*) the ordinary shares of which are already listed on a stock exchange outside Singapore, and which issues new ordinary shares which are first listed on a stock exchange in Singapore and offered for public subscription,

where the date of listing on the stock exchange in Singapore in paragraph (*a*) or (*b*) (called the listing date) falls within the period from 19 February 2025 to 31 December 2027 (both dates inclusive).

(2) The company may apply to the Minister or an authorised body to be approved for the purposes of this section.

(3) An application under subsection (2) must be made within 90 days after the listing date or such further period as the Minister or authorised body may allow, and must be accompanied by such information and documents as the Minister or authorised body may require.

(4) A financial sector incentive company that is approved as such under section 43J(1)(*c*) is not eligible to make an application under subsection (2).

(5) The Minister or authorised body may, subject to such conditions (including conditions subsequent) as the Minister or authorised body may impose, approve a company as an approved company for the purposes of this section.

(6) An approval under subsection (5) is for a single period of 5 years (called in this section the incentive period) starting from the first day of the month in which the listing date falls.

(7) No approval under this section may be granted after 31 December 2027.

(8) The following is to be made to an approved company:

(*a*) in a case mentioned in subsection (1)(*a*) — a rebate of 20% of the tax payable by the approved company for

each year of assessment the basis period of which falls within its incentive period;

(*b*) in a case mentioned in subsection (1)(*b*) — a rebate of 10% of the tax payable by the approved company for each year of assessment the basis period of which falls within its incentive period.

(9) If only a part of the basis period of an approved company for any year of assessment falls within its incentive period, the rebate for that year of assessment is computed using the formula $A \times \frac{B}{C}$, where —

(*a*) A is the rebate mentioned in subsection (8)(*a*) or (*b*) (as the case may be) for that year of assessment;

(*b*) B is the number of months in that part of the basis period, rounded up to the nearest number of months; and

(*c*) C is the total number of months in the basis period for that year of assessment.

(10) The rebate to be made for each year of assessment must not exceed —

(*a*) if the approved company has a market capitalisation of at least $1 billion on the listing date — $6 million; or

(*b*) if the approved company has a market capitalisation of less than $1 billion on the listing date — $3 million.

(11) The rebate to be made to an approved company under this section for any year of assessment is on the tax payable by the approved company before the deduction of any tax remission under any provision in Part 19.

(12) A company making an application under subsection (2) may, at the time of making the application —

(*a*) nominate for the approval of the Minister or authorised body, no more than 3 of its subsidiaries that are wholly owned (directly or indirectly) by the company (each

called in this section a wholly-owned subsidiary) to which the rebate is to be made; and

(*b*) specify the order of priority in which the rebate is to be made to the nominees under subsection (20).

(13) If any nominee approved by the Minister or authorised body is in liquidation, ceases to carry on a trade or business in Singapore or ceases to exist at any time in the basis period of a year of assessment, then the nomination of that nominee is treated as revoked as of the first day of that basis period in which the date of commencement of the liquidation or cessation falls.

(14) If any nominee approved by the Minister or authorised body is not a wholly-owned subsidiary of the approved company concerned at any time in the basis period of a year of assessment, then the nomination of that nominee is treated as revoked as of the first day of that basis period.

(15) In a case mentioned in subsection (13), the approved company may within 30 days after the date on which the nominee commences liquidation or the date of the cessation, or such further period as the Minister or authorised body may allow, apply to the Minister or authorised body for the approval of another of its wholly-owned subsidiaries as a nominee.

(16) In a case mentioned in subsection (14), the approved company may within 30 days after the date on which the nominee first ceases to be a wholly-owned subsidiary of the company, or such further period as the Minister or authorised body may allow, apply to the Minister or authorised body for the approval of another of its wholly-owned-subsidiaries as a nominee.

(17) An approval of the replacement nominee is effective from the date the original nomination is treated as revoked.

(18) A financial sector incentive company that is approved as such under section 43J(1)(*c*) may not be nominated under subsection (12)(*a*), (15) or (16).

(19) The application under subsection (15) or (16) must be accompanied by such information and documents as the Minister or authorised body may require.

(20) Where an approval is granted in respect of one or more nominees of an approved company, the rebate to be made to the approved company (as determined by subsections (8) to (10)) is instead to be made —

(*a*) first against the tax payable by the approved company in a year of assessment; and

(*b*) then against the tax payable by those approved nominees in the same year of assessment in the order of priority specified by the company under subsection (12)(*b*),

until the applicable maximum amount of rebate under subsection (10)(*a*) or (*b*) is reached; and subsections (8) and (9) apply with the necessary modifications to the making of the rebate to the tax payable by a nominee as they apply to the making of the rebate to the tax payable by the company.

(21) Any rebate of tax made to an approved company or any of its nominees is recoverable by the Comptroller from the approved company or the nominee as a debt due to the Government if the shares of the approved company are delisted from the stock exchange in Singapore at any time during its incentive period.

(22) For the purpose of subsection (21) —

(*a*) the amount recoverable is payable within one month after the service of a notice on the approved company or the nominee or such further time as the Comptroller may allow, subject to such terms and conditions as the Comptroller may impose, and in the manner stated in the notice; and

(*b*) sections 87(1) and (2), 89 and 90 apply to the collection and recovery by the Comptroller of that amount as they apply to the collection and recovery of tax.

(23) Section 105R applies to a failure to comply with a condition of approval of an approved company under this section with the following modifications:

(*a*) a reference to a tax incentive is to a rebate under this section;

(*b*) a reference to the application of a tax incentive to a person's income is to the making of a rebate under this section to any tax payable by the approved company or its nominee;

the following subsection applies in place of section 105R(6):

"(6) Where —

(*a*) a rebate has been made against the tax payable by the approved company or its nominee for a year of assessment;

(*b*) the rebate would not have been so made if the company had not been an approved company under this section on any date in the basis period for that year of assessment; and

(*c*) the approval is revoked under this section with effect from and including that date,

any rebate of the tax so made is recoverable by the Comptroller as a debt due to the Government by the company or the nominee.".

(24) In this section, the first listing of ordinary shares of a company on a stock exchange includes a relisting of ordinary shares of that company on that stock exchange for public subscription, at any time after ordinary shares of that company have been delisted from that stock exchange.

*[Gazette date]*

## Amendment of section 45G

**39.** In the ITA, in section 45G(2)(*a*) and (*b*) and (5), replace "2025" with "2030".

*[Gazette date]*

**New section 92K**

**40.** In the ITA, after section 92J, insert —

**"Remission of tax for companies for year of assessment 2025 and cash grant for companies**

**92K**—(1) Where the Comptroller is satisfied that the remission of tax would be beneficial to a company, then there is to be remitted the tax payable for the year of assessment 2025 by the company of an amount equal to the lower of the following:

(*a*) 50% of the tax payable for that year of assessment (excluding any tax levied under section 43(3), (3A), (3B) and (3C)), less the cash grant of $2,000 made to the company under subsection (3), where applicable;

(*b*) $40,000, less the cash grant of $2,000 made to the company under subsection (3), where applicable.

(2) However, where 50% of the tax payable under subsection (1)(*a*) is less than the cash grant of $2,000, the amount in subsection (1)(*a*) is nil.

(3) Subject to subsection (4), where a company has made a CPF contribution in respect of at least one local employee in the calendar year 2024 in accordance with regulation 2(1) of the Central Provident Fund Regulations (Rg 15) (called in this section the time requirement), there is to be made to the company a cash grant of $2,000.

(4) Unless the Comptroller otherwise permits, no cash grant may be made to a company (X) if, at the time of disbursement —

(*a*) X is not carrying on a trade or business (including the activity of holding any investments);

(*b*) X is in liquidation;

(*c*) X is under receivership in respect of all of its properties; or

(*d*) X has ceased to exist as a result of an amalgamation with another company.

(5) The Comptroller may waive the time requirement under subsection (3) if the Comptroller is satisfied that it is just and equitable to do so.

(6) The cash grant under subsection (3) is exempt from tax in the hands of the company.

(7) For the purpose of subsection (3) —

"central hirer" and "central hiring arrangement" have the meanings given by section 14ZG(5);

"CPF contribution" means a contribution to the Central Provident Fund that is obligatory under section 7(1) of the Central Provident Fund Act 1953;

"employee", in relation to a company, means —

(*a*) an individual who is an employee of the company for any period in the calendar year 2024 and is on the payroll of the company for that period;

(*b*) an individual —

(i) who is engaged by the central hirer of a central hiring arrangement for a group of related parties that includes the company;

(ii) who is deployed to work solely for the company for any period in the calendar year 2024;

(iii) who is on the payroll of the central hirer or the company for that period; and

(iv) whose salary and other remuneration for that period (including any CPF contribution in respect of the individual) is borne (directly or indirectly) by the company; or

(*c*) an individual —

(i) who, being an employee of another person that is a related party of the company (called in this subsection and subsection (8) the employer), is seconded to a position in the

company under a bona fide commercial arrangement to work solely for the company for any period in the calendar year 2024;

(ii) who is on the payroll of the employer or the company for that period; and

(iii) whose salary and other remuneration for that period (including any CPF contribution in respect of the individual) is borne (directly or indirectly) by the company,

but excludes any individual who is a shareholder and also a director of the company;

"local employee" means a Singapore citizen or Singapore permanent resident who is an employee of the company.

(8) For the purpose of determining whether the individual mentioned in paragraph (*b*) or (*c*) of the definition of "employee" in subsection (7) is also an employee of the central hirer or the employer by virtue of paragraph (*a*) of that definition, the period mentioned in paragraph (*b*) or (*c*) (as the case may be) is to be disregarded for the purpose of paragraph (*a*) of that definition.".

*[Gazette date]*

**New section 93AA**

**41.** In the ITA, after section 93, insert —

**"Modification of section 93 for repayment of tax for training allowance under Workfare Training Support scheme**

**93AA.**—(1) Section 93 (Repayment of tax) applies to enable a person who had paid tax paid by the person in respect of any payment mentioned in section 13(1)(*zpa*) that ought not to have been paid because of the backdating of the date of commencement of section 4(*a*) of the Income Tax (Amendment) Act 2025.

(2) In the application of section 93 under subsection (1), subsection (2) is replaced with the following:

(3) A claim for repayment must be made to the Comptroller by 31 December 2029.".

*[Gazette date]*

**New section 93C**

**42.** In the ITA, after section 93B, insert —

**"Recovery of cash grant from companies**

**93C**.—(1) Where a company receives a cash grant under any provision of this Part (other than a grant given under section 92B, 92C, 92J or 93B) —

(*a*) without having satisfied all the requirements to qualify for the cash grant; or

(*b*) that is in excess of that which may be given to the company under that provision,

the amount of the cash grant or the excess amount of the cash grant (as the case may be) is recoverable by the Comptroller from the company as a debt due to the Government.

(2) The Comptroller must send the company a notice specifying the amount to be repaid under subsection (1), and the company must pay the amount at the place stated in the notice within one month after the service of the notice.

(3) The Comptroller may, in his or her discretion and subject to such terms and conditions as the Comptroller may impose, extend the time limit within which payment under subsection (2) is to be made.

(4) Sections 87(1) and (2), 89 and 90 apply with the necessary modifications to the collection and recovery by the Comptroller of the amounts recoverable under subsection (1) as they apply to the collection and recovery of tax.

(5) Without affecting subsections (2) to (4), where an amount of cash grant (other than a grant under section 93B) (amount *A*) is to be made to a company under a provision of this Part and an amount of another cash grant (other than a grant under section 93B) (amount *B*) that was previously made to a company

under another provision of this Part is recoverable by the Comptroller as a debt due to the Government under subsection (1), section 92B(4), 92C(5) or 92J(6), then —

(*a*) despite that other provision, amount *A* is reduced by amount *B*; and

(*b*) the amount of the reduction is treated as a repayment by the company of the debt due to the Government.

(6) In addition, where an amount of cash grant (other than a grant under section 93B) is to be made to the company under a provision of this Part and any tax, duty, interest or penalty is due by the company —

(*a*) under this Act to the Comptroller of Income Tax;

(*b*) under the Goods and Services Tax Act 1993 to the Comptroller of Goods and Services Tax;

(*c*) under the Property Tax Act 1960 to the Comptroller of Property Tax; or

(*d*) under the Stamp Duties Act 1929 to the Commissioner of Stamp Duties,

then —

(*e*) despite that provision, the amount of cash grant to be made to the company must be reduced by the amount so due; and

(*f*) the amount of the reduction is treated as tax, duty, interest or penalty paid by the company under the relevant Act and must (if it is due under an Act other than this Act) be paid by the Comptroller to the Comptroller of Goods and Services Tax, the Comptroller of Property Tax or the Commissioner of Stamp Duties, as the case may be.

(7) Where the amount of cash grant to be made to the company is less than the total amount of cash grant recoverable by the Comptroller from the company under subsection (5) and the amount of tax, duty, interest or penalty due by the company

under subsection (6), the Comptroller may determine the amount of reduction to be made under subsection (5) or (6), or both, in a manner that he or she considers reasonable.".

*[Gazette date]*

**Amendment of section 105I**

**43.** In the ITA, in section 105I, after the definition of "country-by-country report", insert —

" "crypto-asset reporting framework agreement" or "CARF agreement" means a bilateral or multilateral agreement that is based on the International Standards for Automatic Exchange of Information in Tax Matters pursuant to the Crypto-Asset Reporting Framework developed by the Organisation for Economic Co-operation and Development;".

*[Gazette date]*

**Amendment of section 105K**

**44.** In the ITA, in section 105K(1) —

(*a*) after paragraph (*ab*), insert —

(*ac*) a CARF agreement between —

(i) the Government and —

(A) the government of another country; or

(B) the governments of 2 or more countries; or

(ii) the Minister or the Minister's authorised representative and —

(A) the authority of another country that exercises a power or carries out a duty corresponding to a power or duty of the Minister or representative; or

(B) the authorities of 2 or more countries that exercise powers or carry out duties corresponding to a power or duty of the Minister or representative;";

(*b*) in paragraph (*b*), replace "or (*ab*)" with ", (*ab*) or (*ac*)"; and

(*c*) in paragraph (*c*), after "(*ab*)", insert ", (*ac*)".

*[Gazette date]*

**Amendment of section 107**

**45.** In the ITA, in section 107 —

(*a*) in subsection (11), after "14EA,", insert "14EB,";

(*b*) in subsection (17)(*a*), replace "ordinary shares" with "ordinary shares or preference shares (or both)";

(*c*) after subsection (18), insert —

"(18A) Section 13W(1A) applies for the purpose of determining the exempt income of a company (including a non-umbrella VCC but excluding an umbrella VCC) from the disposal of shares in a VCC (whether or not an umbrella VCC) (called X) with the following modifications:

(*a*) all references to preference shares in X are omitted;

(*b*) the reference in paragraph (*b*)(ii) to the paid-up share capital of ordinary shares and preference shares in X is to the paid-up share capital of ordinary shares in X.";

(*d*) after subsection (20), insert —

"(20A) In subsection (17), "preference shares", in relation to a company, means shares accounted for as equity by the company under the applicable accounting principles adopted by the company.";

(*e*) in subsection (28), in the subsection heading, replace "***and 92J***" with "***, 92J and 92K***";

(*f*) in subsection (28A), after "Section 92J", insert "or 92K";

(*g*) in subsection (28A), after "section 92J(7)", insert "or 92K(7) (as the case may be)"; and

(*h*) in subsection (28A)(*b*), after "2023", insert "(for the purposes of section 92J) or 2024 (for the purposes of section 92K)".

*[(a) - 19 Feb 2025; the rest - Gazette date]*

## Amendment of Third Schedule

**46.** In the ITA, in the Third Schedule, in Part 1 —

(*a*) in the Part heading, after "ORDINARY SHARES", insert "OR PREFERENCE SHARES (OR BOTH)";

(*b*) in section 13W, in the section heading, after "**ordinary shares**", insert "**or preference shares**";

(*c*) in section 13W(1), replace "the divesting VCC" wherever it appears with "divesting VCC 1";

(*d*) in section 13W(1)(*a*), replace "2027" with "2025";

(*e*) in section 13W, after subsection (1), insert —

"(1A) There is exempt from tax any gains or profits derived by an umbrella VCC (called in this section divesting VCC 2) for the purpose of a sub-fund from the disposal of ordinary shares or preference shares (or both) in a company (called in this section company Y) or of ordinary shares in a VCC (called in this section VCC Y) that are legally and beneficially owned by divesting VCC 2 for the purpose of that sub-fund immediately before the disposal, if —

(*a*) the disposal is made on or after 1 January 2026; and

(*b*) the disposal is made after divesting VCC 2 has, at all times during a continuous period of at least 24 months ending on the date immediately before the date of disposal of such shares —

(i) legally and beneficially owned (for the purpose of that sub-fund) at least 20% of the ordinary

shares in company Y or VCC Y, as the case may be; or

(ii) in the case of company Y only — legally and beneficially owned (for the purpose of that sub-fund) ordinary shares or preference shares (or both) in company Y, the value of which is at least 20% of the total amount of paid-up share capital of ordinary shares and preference shares in company Y under the applicable accounting principles adopted by company Y.";

(*f*) in section 13W(2), after "Subsection (1)", insert "or (1A)";

(*g*) in the following provisions, replace "the divesting VCC" wherever it appears with "divesting VCC 1 or 2":

Section 13W(2)

Section 13W(3)

Section 13W(7)(*a*);

(*h*) in the following provisions, after "subsection (1)", insert "or (1A)":

Section 13W(3)

Section 13W(5)(*a*)

Section 13W(7)(*a*)

(*i*) in section 13W, replace subsection (4) with —

"(4) For the purposes of subsection (1) or (1A), divesting VCC 1 or 2 remains the legal and beneficial owner of any shares in another entity (Y) for the purpose of the sub-fund mentioned in that subsection during the borrowing period when the legal interest in such interests had been transferred by divesting VCC 1 or 2 (as the case may be) to another person under a securities lending or repurchase arrangement.";

(*j*) in section 13W(5)(*a*), replace "company X or VCC X by the divesting VCC" with "company X or Y or VCC X or Y by divesting VCC 1 or 2"; and

(*k*) in section 13W(9), after the definition of "ordinary share", insert —

" "preference shares" means shares accounted for as equity by the company concerned under the applicable accounting principles adopted by the company;".

*[Gazette date]*

## Amendment of Fourth Schedule

**47.** In the ITA, in the Fourth Schedule, after "14E,", insert "14EB,".

*[19 Feb 2025]*

## Remission of tax for Year of Assessment 2025

**48.**—(1) There is to be remitted the tax payable for the year of assessment 2025 by an individual resident in Singapore an amount equal to the lower of the following:

(*a*) 60% of the tax payable by that individual for that year of assessment;

(*b*) $200.

(2) The amount of such remission is to be determined by the Comptroller.

*[Gazette date]*

# PART 2

## AMENDMENT OF MULTINATIONAL ENTERPRISE (MINIMUM TAX) ACT 2024

### Amendment of section 2

**49.** In the Multinational Enterprise (Minimum Tax) Act 2024 (called in this Part the MMTA), in section 2 —

(*a*) in subsection (1), in the definition of "excluded equity gain or loss", in paragraph (*a*), after "another entity", insert ", or the impairment of such interest,";

(*b*) in subsection (1), in the definition of "multi-parent group", replace paragraph (*b*) with —

"(*b*) at least one entity or permanent establishment of all the entities and permanent establishments of those groups is located in a different jurisdiction from that of the other entities and permanent establishments of those groups;";

(*c*) in subsection (1), in the definition of "portfolio shareholding", delete "constituent"; and

(*d*) after subsection (6), insert —

***"Prescription of qualified domestic minimum top-up tax, etc.***

(6A) Subsections (6B) and (6C) apply to the regulations prescribing a tax as a "qualified domestic minimum top-up tax", "qualified IIR" or "qualified UTPR".

(6B) The regulations may provide that a tax is a qualified domestic minimum top-up tax, qualified IIR or qualified UTPR with effect from a particular date, and the tax is deemed to be such only with effect from that date.

(6C) The regulations may provide that a tax ceases to be a qualified domestic minimum top-up tax, qualified IIR or

qualified UTPR with effect from a particular date, and the tax ceases to be such with effect from that date.

***"Reference entity"***

(6D) A constituent entity (A) of a group is a "reference entity" in relation to another constituent entity (B) of the group that is a flow-through entity if A —

(*a*) is not a flow-through entity; and

(*b*) either —

(i) holds a direct ownership interest in B; or

(ii) holds an indirect ownership interest in B through one or more flow-through entities only.

(6E) If no constituent entity of a group is a reference entity in relation to B under subsection (6D), then any flow-through entity that is the ultimate parent entity of the group is a "reference entity" in relation to B.

***"Securitisation entity"***

(6F) In this Act, "securitisation entity" means any entity —

(*a*) that is a participant in a securitisation arrangement (arrangement A);

(*b*) that only carries out activities that facilitate one or more securitisation arrangements;

(*c*) that grants security over its assets in favour of its creditors or the creditors of another securitisation entity; and

(*d*) that pays out all cash received from its assets to its creditors, or the creditors of another securitisation entity, on an annual or more frequent basis, other than —

(i) cash retained to meet an amount of profit for a financial year required by the documentation of arrangement A, for eventual distribution to equity holders (or equivalent) being an amount of profit that is negligible relative to the revenues of the entity for that financial year; or

(ii) cash reasonably required under the terms of arrangement A for either or both of the following purposes:

(A) to make provision for future payments which are required, or will likely be required, to be made by the entity under the terms of arrangement A;

(B) to maintain or enhance the creditworthiness of the entity.

(6G) In subsection (6F), "securitisation arrangement" means an arrangement that satisfies both of the following conditions:

(*a*) it is implemented for the purpose of pooling and repackaging a portfolio of assets (or exposures to assets) held by a member of an MNE group for investors that are not members of the MNE group, in a manner that legally segregates one or more identified pools of assets;

(*b*) it seeks through contractual agreements to limit the exposure of those investors to the risk of insolvency of an entity holding the legally segregated assets by controlling the ability of identified creditors of that entity (or of another entity in the arrangement) to make claims against it, through legally binding documentation entered into by those creditors.".

**Amendment of section 3**

**50.** In the MMTA, in section 3 —

(*a*) after subsection (1), insert —

"(1A) In this Act, an entity that is not a tax resident of any jurisdiction, and is not subject to DTT (if it is established, formed, incorporated or registered under the laws of Singapore), or any covered tax or qualified domestic minimum top-up tax in the jurisdiction under whose laws it is established, formed, incorporated or registered, is also a "flow-through entity" to the extent that —

(*a*) it is fiscally transparent with respect to any of its income, expenditure, profit or loss that is attributable to any holder of ownership interests in it, under the laws of the jurisdiction where that holder is located;

(*b*) it does not have a place of business in the jurisdiction under whose laws it is established, formed, incorporated or registered; and

(*c*) its income, expenditure, profit or loss is not attributable to a permanent establishment."; and

(*b*) replace subsections (2) and (3) with —

"(2) In this Act, a flow-through entity (A) is a "reverse hybrid entity" with respect to any of its income, expenditure, profit or loss that is attributable to its reference entity (B), if A, or any flow-through entity through which B holds its ownership interest in A, is not fiscally transparent with respect to that income, expenditure, profit or loss under the law of the jurisdiction in which B is located.

(3) In this Act, an entity (X) is "fiscally transparent" with respect to any of its income, expenditure, profit or loss, or that of another entity in which X holds ownership interest, under the law of a jurisdiction if that law treats

the income, expenditure, profit or loss as if it were derived or incurred by a direct owner of X in proportion to that owner's interest in X.".

**Amendment of section 8**

**51.** In the MMTA, in section 8(3) —

(*a*) in paragraph (*a*), delete "and" at the end; and

(*b*) after paragraph (*a*), insert —

"(*aa*) to provide, in the case of an MNE group which results from a demerger as defined in the regulations, a modification of the conditions in subsection (1) for the purpose of determining if this Act applies to the MNE group for a financial year beginning on or after 1 January 2025; and".

**Amendment of section 20**

**52.** In the MMTA, in section 20, replace subsections (3) and (4) with —

"(3) An election under subsection (1)(*b*) must be made in accordance with the GloBE rules and the regulations.

(4) An election is not effective for the purpose of subsection (1)(*b*) if made under such circumstances as the regulations made for the purposes of this section may prescribe.";

**Amendment of section 22**

**53.** In the MMTA, in section 22, after subsection (1), insert —

"(1A) In determining the jurisdictional top-up amount in section 16(4) as applied by subsection (1), there is to be further deducted from the amount determined in accordance with section 16(4) as modified by that subsection, any amount of DTT imposed on the stateless entity if it is also a section 29(*b*) entity.".

**Amendment of section 25**

**54.** In the MMTA, in section 25(3)(*c*) and (6)(*c*), delete "or a flow-through entity".

**Amendment of section 26**

**55.** In the MMTA, in section 26, replace "this Part applies" with "the provisions of this Act apply".

**Amendment of section 27**

**56.** In the MMTA, in section 27(1), replace "GloBE Rules" with "GloBE rules".

**Amendment of section 30**

**57.** In the MMTA, in section 30 —

(*a*) in subsection (2), after paragraph (*c*), insert —

"(*ca*) in paragraph 1 of the First Schedule (which defines "adjusted covered taxes" for the purposes of section 17), sub-paragraph (5)(*b*), (*c*) and (*d*) is omitted;";

(*b*) in subsection (4)(*b*), replace the full-stop at the end with a semi-colon; and

(*c*) in subsection (4), after paragraph (*b*), insert —

"(*c*) subsection (1A) is omitted.".

**Amendment of section 33**

**58.** In the MMTA, in section 33(2)(*a*), after "on behalf of", insert "the".

**Amendment of section 34**

**59.** In the MMTA, in section 34 —

(*a*) after subsection (1), insert —

"(1A) In subsection (1), a constituent entity excludes a securitisation entity unless it is the only constituent entity of the MNE group located in Singapore."; and

(*b*) after subsection (3), insert —

"(3A) In subsection (3), a constituent entity excludes a securitisation entity unless it is the only constituent entity of the MNE group located in Singapore.".

**Amendment of section 49**

**60.** In the MMTA, in section 49(4), in the *Example*, replace "transitional" with "transition".

**Amendment of section 59**

**61.** In the MMTA, in section 59, after subsection (3), insert —

"(3A) A reference to an entity in subsection (2) or (3) excludes a securitisation entity.".

**Amendment of First Schedule**

**62.** In the MMTA, in the First Schedule —

(*a*) in paragraph 1(1)(*a*), replace "sub-paragraph (5)" with "sub-paragraph (5)(*a*)";

(*b*) in paragraph 1(1), after sub-paragraph (*a*), insert —

"(*aa*) taking into account any qualifying current tax expense and qualifying deferred tax expense of a constituent entity that is allocated to a flow-through entity in which A holds an ownership interest in that financial year, and that is allocated to A under sub-paragraph (5)(*b*), (*c*) and (*d*);";

(*c*) in paragraph 1(3)(*d*)(ii), after "entities", insert "only";

(*d*) in paragraph 1(4), replace "expense of the permanent establishment" with "expense in respect of the permanent establishment";

(*e*) in paragraph 1, replace sub-paragraph (5) with —

(5) In sub-paragraph (1)(*a*) and (*aa*), where a proportion of the FANIL for a financial year of a flow-through entity (A) of an MNE group is allocated to another constituent entity (B) of the same MNE group under paragraph 6(9) or (12) —

(*a*) the same proportion of the qualifying current tax expense and qualifying deferred tax expense of A for the financial year is also allocated to B;

(*b*) a proportion described in sub-paragraph (5A) of the qualifying current tax expense and qualifying deferred tax expense of B that is allocated to A for the financial year, is allocated to B, if B had in accordance with the regulations allocated that qualifying current tax expense and qualifying deferred tax expense to A for that financial year;

(*c*) a proportion described in sub-paragraph (5B) of the qualifying current tax expense and qualifying deferred tax expense of another constituent entity (C) that holds ownership interest in A through B that is allocated to A for the financial year, is also allocated to B, if C had in accordance with the regulations allocated that qualifying current tax expense and qualifying deferred tax expense to A for that financial year; and

(*d*) a proportion described in sub-paragraph (5C) of the qualifying current tax expense and qualifying deferred tax expense of another constituent entity (D), through which B holds ownership interest in A, that is allocated to A for the financial year, is also allocated to B, if D had in accordance with the regulations allocated that qualifying current tax expense and qualifying deferred tax expense to A for that financial year.

(5A) The proportion in sub-paragraph (5)(*b*) is 100%.

(5B) The proportion in sub-paragraph (5)(*c*) is that which C's ownership interests held in A through B bears to C's total ownership interests in A.

(5C) The proportion in sub-paragraph (5)(*d*) is that which B's ownership interests in D bears to the total direct ownership interests in D.";

(*f*) in paragraph 4(2), replace "an MNE group" with "a group";

(*g*) in paragraph 6(1)(*a*), replace "sub-paragraph (9), (11) or (12)" with "sub-paragraph (9) or (12)";

(*h*) in paragraph 6(6), after "for the permanent establishment", insert "(prepared in accordance with an authorised financial accounting standard that is either an acceptable financial

accounting standard or another financial accounting standard that is adjusted to prevent any material competitive distortion)";

(*i*) in paragraph 6(9)(*a*)(ii), replace "(each of which is treated as fiscally transparent in the jurisdiction where B is located and none of which is the ultimate parent entity of that MNE group)" with "only (none of which is the ultimate parent entity of that MNE group)";

(*j*) in paragraph 6(9), replace sub-paragraph (*c*) with —

"(*c*) then, the part of any remaining FANIL that is attributable to a reference entity (C) in relation to A —

(i) is allocated to C in accordance with its ownership interest in the profits of A and to the extent that the law of the jurisdiction in which C is located treats A, and each entity through which C holds its ownership interest in A, as fiscally transparent with respect to A's FANIL; and

(ii) is allocated to A if not allocated to any reference entity under sub-paragraph (i).";

(*k*) in paragraph 6, replace sub-paragraphs (10) and (11) with —

"(10) However, sub-paragraph (9) applies with the omission of sub-paragraph (*a*) of that sub-paragraph to the extent that the ownership interests in A are held by a flow-through entity that is the ultimate parent entity of the MNE group, directly or through one or more flow-through entities only.";

(*l*) in paragraph 6(12)(*c*)(ii), replace "(each of which is treated as fiscally transparent in the jurisdiction where D is located)" with "only";

(*m*) in paragraph 6, after sub-paragraph (12), insert —

"(12A) For the purposes of sub-paragraphs (9) to (12), a flow-through entity that is the ultimate parent entity of an MNE group includes a flow-through entity that would be the ultimate parent entity of an MNE group if any controlling interest in the flow-through entity held by an excluded entity (Z) were disregarded.";

(*n*) in paragraph 6(13), delete "a direct ownership interest in X and who is";

(*o*) in paragraph 6(13), before sub-paragraph (*a*), insert —

"(*aa*) a direct ownership interest in X; or

(*ab*) in the case of a flow-through entity that is treated as the ultimate parent entity of an MNE group under sub-paragraph (12A) — an indirect ownership interest in X through Z's controlling interest in X,

and who is —";

(*p*) in paragraph 6(13)(*b*) and (*c*), after "interests in X", insert "or (in the case of a flow-through entity that is treated as the ultimate parent entity of an MNE group under sub-paragraph (12A)) an indirect ownership interest in X through Z's controlling interest in X,"; and

(*q*) in paragraph 7(3)(*c*), delete "direct".

**Saving and transitional provision**

**63.** For a period of 2 years after the date of publication in the *Gazette* of the Finance (Income Taxes) Act 2025, the Minister may, by regulations, prescribe such provisions of a saving or transitional nature consequent on the enactment of any provision of that Act as the Minister may consider necessary or expedient, and such regulations may be made to operate retrospectively to a date no earlier than the commencement of the provision.

# EXPLANATORY STATEMENT

This Bill seeks to implement the tax changes in the Government's 2025 Budget Statement in the Income Tax Act 1947 (called the ITA), and to make certain other amendments to the ITA. This Bill also seeks to amend the Multinational Enterprise (Minimum Tax) Act 2024 (called the MMTA) in accordance with various provisions of (and guidances on) the GloBE Model Rules, and to give effect to various guidances in the document entitled "Tax Challenges Arising from the Digitalisation of the Economy - Administrative Guidance on the Global Anti-Base Erosion Model Rules (Pillar 2), June 2024" published by the OECD on 17 June 2024 (called the June 2024 AG).

Clause 1 relates to the short title and commencement.

## PART 1

## AMENDMENT OF INCOME TAX ACT 1947

Part 1 makes amendments to various provisions of the ITA.

Clause 2 amends section 2 (Interpretation) —

(*a*) to insert a new definition for the term "renewable energy" (used in the amended sections 13A, 13E, 13P and 43U) which comprises the different types of power specified in the existing definition of "offshore renewable energy" but without referring to any such power being generated offshore; and

(*b*) to provide that a ship is used for renewable energy activity if it is used for the subsea distribution, exploration or exploitation of renewable energy.

These amendments are made because with effect from 19 February 2025, income derived from certain activities connected with a ship used for distribution (via sea), exploration or exploitation of renewable energy (whether generated onshore or offshore) may qualify for tax exemption under section 13A, 13E or 13P.

Clause 3 amends section 10 (Charge of income tax) in relation to the tax treatment of gains or profits derived by a foreign individual from a right or benefit to acquire shares in a company because of his or her employment in Singapore.

Currently, if the individual ceases employment in Singapore and the right or benefit to acquire the shares has not been exercised, assigned, released or acquired by him or her, or the restriction on sale of such shares has not ceased to apply, section 10(7) provides that the deemed gains or profits are to be computed based on the price of the shares in the open market one month before the date of cessation of employment or the grant of the right or benefit (whichever is later).

The new section 10(7AA) provides that if within 5 years after the year in which the individual ceases employment in Singapore or the right or benefit is granted —

(*a*) the individual exercises, assigns, releases or acquires the right or benefit, or the restriction on the sale of the shares ceases to apply;

(*b*) the actual gains or profits derived are lower than what was deemed under section 10(7); and

(*c*) the individual makes an application under the new section 10(7AC),

then the individual's gain or profits from the right or benefit are to be re-computed in accordance with subsection (6), and treated as income derived on the date that the individual ceases employment in Singapore or the right or benefit is granted, and that is chargeable to tax.

The new section 10(7AB) provides that the tax treatment in subsection (7) does not apply if —

(*a*) within 5 years after the year in which the individual ceases employment in Singapore or the right or benefit is granted;

(*b*) his or her right or benefit to acquire the shares is forfeited; and

(*c*) he or she makes an application under the new section 10(7AC).

Under the new section 10(7AC), the individual mentioned in the new section 10(7AA) or (7AB) may apply to the Comptroller to revise any assessment made in respect of the gains or profits derived from the right or benefit within 5 years after the year in which he or she ceases employment in Singapore or the right or benefit is granted.

Clause 4 amends section 13 (Exempt income) to exempt from tax the following payments received by an individual for attending any course that is eligible for the respective payments:

(*a*) the Workfare Training Support Training Allowance made under the Workfare Training Support scheme, or any payment made under any public scheme that succeeds or replaces that scheme;

(*b*) the SkillsFuture Mid-Career Training Allowance made under the SkillsFuture Level-Up Programme; and

(*c*) the Workfare Skills Support (Level-Up) Full Time Training Allowance made under the Workfare Skills Support (Level-Up) scheme.

The tax exemption in respect of the payment mentioned in paragraph (*a*) is backdated to take effect from (and including) 1 January 2013. The public scheme mentioned in paragraph (*a*) was replaced by the Workfare Skills Support scheme with effect from 2020, and will be replaced by the Workfare Skills Support (Basic) scheme with effect from 2026.

Next, clause 4 exempts from tax any payment received by an individual under the public scheme known as the Workforce Singapore's SkillsFuture Jobseeker Support scheme that is part of the Budget Statement of the Government dated 18 February 2025, and any contribution to the Central Provident Fund in respect of an individual made by the Government under the Earn and Save Bonus (ESB) that is part of the public scheme known as the Majulah Package.

Next, clause 4 amends section 13 to empower the Minister to make a notification under subsection (4) to provide that any qualifying payment that is made by an approved shipping financing arrangement enterprise to a non-resident person is exempt from tax. Approval of a shipping financing arrangement for the purpose of the exemption may be granted from 1 January 2025 to 31 December 2031 and is for a period not exceeding 5 years as specified by the Minister or an authorised body, subject to any extension.

Next, clause 4 amends section 13 to extend the date (from 1 January 2026 to 1 January 2031) after which a tax exemption order made under section 13(12) for foreign-sourced income received in Singapore will only apply to certain incomes received by the trustee of a real estate investment trust (REIT), the trustee of a sub-trust of a REIT or a wholly-owned subsidiary of the trustee of a REIT, in accordance with section 13(12A) and (12B).

Next, clause 4 amends section 13(12A)(*c*) to remove the requirement that a wholly-owned subsidiary of the trustee of a REIT must be incorporated in Singapore. This is so that an order in subsection (12A) can apply on or after 1 January 2031 to exempt income received by such subsidiary that is not incorporated in Singapore.

Lastly, clause 4 inserts a new section 13(14) to allow any order under section 13(12) in relation to foreign-sourced income received in Singapore by a company, the share capital of which is 100% owned by the trustee of a REIT to be backdated to 19 February 2025. This is for the purpose of backdating the commencement date for the deletion of the requirement under the Income Tax (Exemption of Foreign Income – REITS and Other Special Cases) Order 2006 (G.N. No. S 435/2006) that the company must be incorporated in Singapore for its foreign-sourced income received in Singapore to be exempt from tax.

The new section 13(14) also enables other intended amendments to that Order to exempt from tax, with effect from 19 February 2025, certain income derived in respect of immovable property situated outside Singapore that is received in Singapore by certain prescribed persons under that Order.

Clause 5 amends section 13A (Exemption of shipping profits) to provide that the income of a shipping enterprise derived from the mobilisation or holding of ships used for any renewable energy activity carried out on or after 19 February 2025 is exempt from tax. Consequential amendments are made to the definitions of "holding", "mobilisation" and "operation" in section 13A(16).

Clause 5 also amends subsection (3) of section 13A to ringfence a loss incurred from any foreign exchange and risk management activities that are carried out in connection with or incidental to the finance leasing of a Singapore ship for use outside the port limits of Singapore, so that it may only be deducted against income derived from certain tax exempt activities in that section.

Clause 6 amends section 13E (Exemption of international shipping profits) to exempt from tax the income of an approved international shipping enterprise derived on or after 19 February 2025 from the operation outside the port limits of Singapore of a foreign ship for renewable energy activity. Income derived from the chartering of a foreign ship used for renewable energy activity outside the port limits of Singapore, and the mobilisation or holding of any ship used for renewable energy activity outside the port limits of Singapore, among others, is also exempt from tax with effect from that date.

Clause 6 also amends section 13E(2A) to extend (till 31 December 2031) the last date on which an approval of an approved international shipping enterprise may be granted for the tax incentive under the section.

In addition, clause 6 amends section 13E(4) to ringfence any loss incurred by an approved international shipping enterprise from the provision of prescribed ship management services to certain persons so that the loss may only be deducted against income derived from certain tax exempt activities in that section.

Finally, clause 6 amends the definition of "qualifying special purpose vehicle" in section 13E(7) to remove the requirement in paragraph (7)(*a*)(i) and (*d*)(i) that it must be incorporated in Singapore.

Clause 7 amends section 13P (Exemption of income of shipping investment enterprise) to provide that with effect from 19 February 2025, income derived from the chartering or finance leasing of a seagoing ship that is acquired by an approved shipping investment enterprise or its approved related party by way of a finance lease entered into with an entity that is not an approved related party is exempt from tax, if the seagoing ship is treated as sold under section 10C.

Clause 7 also amends section 13P to extend till 31 December 2031, the last date on which a shipping investment enterprise or its related parties may be approved for a tax incentive under the section.

Finally, clause 7 amends section 13P(4) to enable a tax exemption period not exceeding 40 years to be specified for certain ships used for renewable energy activity (as defined in the amended section 2).

Clause 8 amends section 13U (Exemption of income arising from funds managed by fund manager in Singapore) to expand the meaning of "eligible SPV", in relation to a master-feeder fund-SPV structure or a master fund-SPV structure, to include a prescribed international organisation or an approved international organisation under section 13V, as an investor of the SPV.

Clause 9 amends section 13W (Exemption of gains or profits from disposal of ordinary shares) to extend, with effect from 1 January 2026, the tax exemption for any gains or profits derived by a company (called the divesting company) from the disposal of preference shares in another company (called the investee company). The tax exemption is also extended with effect from that date for any such gains or profits if the divesting company, together with a company in the same group, owns ordinary shares or preference shares (or both) of a prescribed percentage or value at the start of a 24-month period before the disposal (called group basis of assessment). Only gains from the disposal of shares owned by the divesting company at that start date qualify for the exemption under the group basis of assessment. For the purpose of the group basis of assessment, shares are treated as disposed of on a "first in, first out" basis.

Clause 10 amends section 14 (Deductions allowed) to make amendments to update terminology of certain terms, similar to the amendments made in section 14G.

Clause 11 amends subsection (2AA) of section 14B (Further deduction for expenses relating to approved trade fairs, exhibitions or trade missions, maintenance of overseas trade office, or electronic commerce) to extend the period (till 31 December 2030) in which certain expenses mentioned in subsection (2) that are incurred by a firm or company for the primary purpose of promoting the trading of goods or the provision of service are allowed a deduction despite the firm or company not being an approved company or firm.

Next, clause 11 amends section 14B(2AB) to extend the period till (31 December 2030) in which a firm or company resident in Singapore or has a permanent establishment in Singapore may incur certain expenses for the primary purpose of promoting the trading of goods or provision of services, to enjoy a further deduction of the amount of such expenses (in addition to the deduction under section 14).

Finally, clause 11 amends section 14B(12) to extend (to 31 December 2030) the last date on which a firm or company may be approved for the purposes of the section.

Clause 12 inserts a new section 14EB to allow a deduction to be made for any payment made by a company under an innovation cost-sharing agreement in respect of any qualifying innovation activity to be carried out under the agreement, if the agreement is approved by the Minister or an authorised body. A "qualifying innovation activity" is an activity that falls within certain categories of activities specified in the "Oslo Manual 2018 — Guidelines for Collecting, Reporting and Using Data on Innovation" published by the OECD.

The Minister or authorised body may impose conditions when approving an innovation cost-sharing agreement and specify the period in which any payment made under the agreement is allowed a deduction (called the specified period). The Minister or authorised body may approve an innovation cost-sharing

agreement only if the agreement provides that any benefit arising from it accrues wholly or partly to the company, and the company gives an undertaking that the whole or a part of the qualifying innovation activity is to be carried out in Singapore by or on behalf of the company.

A deduction under section 14EB is not allowed if no benefit arising from the agreement accrues to the company or no qualifying innovation activity is carried out in Singapore by or on behalf of the company. In addition, if a company that has been allowed a deduction sells, assigns or disposes of any benefit that arose from the agreement during the specified period, either the amount of the deduction attributable to the benefit or the amount or value of the consideration (whichever is lower) is treated as a trading receipt for the company's trade or business for the year of assessment relating to the basis period in which the sale, assignment or disposal occurs.

During the specified period of an approved innovation cost-sharing agreement, a deduction in respect of any payment made by the company under the agreement is allowed only under the new section 14EB, and no other provision (namely section 14A, 14C, 14D, 14EA, 14U or 19B of the Act).

Clause 13 makes technical amendments to section 14G (Provisions by banks and qualifying finance companies for doubtful debts and diminution in value of investments) —

(*a*) to replace the expressions "provision for doubtful debts" and "provision for diminution in the value of investment in securities" with "provisions for impairment losses or expected credit losses arising from loans or investments in securities", in order to adopt the terminology used in the Financial Reporting Standard 109 and Singapore Financial Reporting Standard (International) 9; and

(*b*) to delete "extraordinary gain" and "extraordinary loss" in the definition of "qualifying profit" as these terms are obsolete.

Clause 14 amends section 14H (Further or double deduction for overseas investment development expenditure) to extend the period (till 31 December 2030) in which certain investment development expenditure that is incurred by a firm or company may be allowed a deduction, without the need for the firm or company to be approved. It also extends (to 31 December 2030) the last date that a firm or company may be approved for the purposes of section 14H.

Clause 15 amends section 14M (Deduction for shares transferred by special purpose vehicle under employee equity-based remuneration scheme) to simplify the tax deduction rules for the transfer by a special purpose vehicle of treasury shares in a company (called Co X) or the holding company of Co X to an employee of Co X under a stock option scheme or share award scheme, from the year of assessment 2026 onwards.

If the transferred shares are treasury shares in Co X, the deduction to be allowed is the cost to Co X of acquiring the shares, less any amount paid or payable by the employee for those shares. If the transferred shares are treasury shares in the holding company of Co X, the deduction to be allowed is the lower of —

(*a*) the amount paid or payable by Co X in respect of the transferred shares, less any amount paid or payable by the employee for those shares; and

(*b*) the cost to the holding company of Co X of acquiring the shares, less any amount paid or payable by the employee for those shares.

Clause 16 inserts a new section 14MA to allow a deduction to a company (called a subsidiary) where —

(*a*) its holding company issues new shares to an employee of the subsidiary pursuant to an employee equity-based remuneration scheme; or

(*b*) a special purpose vehicle to which new shares of the holding company of the subsidiary were issued, then transfers those shares to an employee of the subsidiary, pursuant to an employee equity-based remuneration scheme.

The deduction to be allowed is the lower of the amount paid or payable by the subsidiary for those shares and the value of those shares, and is for the year of assessment relating to the basis period in which the shares are issued or transferred to the employee, or payment for the shares have become due and payable by the subsidiary, whichever is later.

Clause 17 amends section 14X (Attribution of deductible expenses incurred before commencement of trade, etc.) to make consequential amendments arising from the enactment of section 14EB by clause 12.

Clause 18 amends section 15 (Deductions not allowed) to allow a deduction for any payment made on or after 1 January 2026 by an employer on behalf of his or her employee to the employee's CPF medisave account, where that payment constitutes a voluntary contribution under section 13B of the Central Provident Fund Act 1953. The amendment has effect for the Year of Assessment 2027 and subsequent years of assessment.

Next, clause 18 makes amendments to section 15 that are consequential to the amendments to section 14M and the enactment of section 14EB (inserted by clause 12) and section 14MA (inserted by clause 16).

Finally, clause 18 amends section 15 to expressly disallow a deduction for any payment or expenditure incurred by a person that is in furtherance of, or in connection with, the commission of an offence under the Prevention of Corruption Act 1960, or certain offences under Penal Code 1871. The offences under the Penal Code 1871 concern (amongst others) the giving or accepting of a gratification for a corrupt purpose.

Clause 19 amends section 18C (Initial and annual allowances for certain buildings and structures) to extend the last date (till 31 December 2030) in which an approval may be granted for any construction or renovation of a building or structure on industrial land, port land or airport land, so that an allowance may be made in respect of any qualifying capital expenditure incurred on the approved construction or renovation.

Clause 19 also reduces the percentage (from at least 75% to more than 50%) of the beneficial interest in the total number of issued ordinary shares of a person (that is a company) or the income of a person (that is a partnership), that another person must hold or be entitled to, for the persons to be treated as related to each other for the purposes of section 18C. This amendment applies if both the application for planning permission or conservation permission and the application under section 18C(1) or (1A) are made on or after 1 January 2026.

Clause 20 amends section 19B (Writing-down allowances for intellectual property rights) to make a consequential amendment arising from the enactment of section 14EB by clause 12.

Clause 21 amends subsection (3)(*h*) of section 34AA (Adjustment on change of basis of computing profits of financial instruments resulting from FRS 109 or SFRS(I) 9) for 2 reasons:

(*a*) section 14G (as amended by clause 13) no longer uses the term "doubtful debt" and instead refers to a provision for an expected credit loss arising from loans and investments in securities. It is therefore no longer necessary to modify the application of section 14G to such instruments under section 34AA(3)(*h*);

(*b*) to provide that the tax treatment in section 14G of any provision by a bank or qualifying finance company arising from its loans and investments in securities, prevails over that in section 34AA(3)(*g*). Section 34AA(3)(*g*) provides that an amount of expected credit losses of a non-credit-impaired financial instrument that are recognised in accordance with FRS 109 or SFRS(I) 9 must be disregarded.

Clause 22 amends section 34CA (Transfer of businesses by insurer) to give the Minister or Comptroller the discretion to extend, in any particular case, the period before or after a licensed insurer (called a transferor) must transfer its non-insurance business to a transferee for the section to apply. Under the existing subsection (1)(*c*), the transfer must take place no earlier than 12 months before, and no later than 12 months after, the transferor transfers its insurance business to the transferee.

Clause 22 also amends section 34CA to give the Minister or Comptroller the discretion to extend, beyond the prescribed date under subsection (3)(*d*), the date by which the transferor is to be wound up or dissolved for the section to apply.

Clause 23 amends section 34D (Transactions not at arm's length) to provide for the making of subsidiary legislation for the identification of related parties in a transaction that involves a partnership, trust or registered business trust, to clarify how the provision applies to such transaction.

An exception is created so that section 34D does not apply to a transaction where the related parties to that transaction are parties to a trust (i.e. the settlor, trustee or beneficiary) established by an individual for the benefit of his or her household or family members, and the transaction is for the carrying out of the trust. Section 34D applies to a transaction entered into between a party to the trust and a person that is not a party to the trust.

Clause 24 amends section 34F (Transfer pricing documentation) to apply the new section 34D(3), (5) or (7) (as inserted by clause 23) in identifying the related parties to a transaction for the purposes of section 34F, where the transaction involves a partnership, trust or registered business trust.

Clause 25 amends section 36B (Registered business trusts) to make consequential amendments arising from the amendments to section 13W by clause 9. Clause 25 also amends section 36B(1)(*e*) to modify the application of the new section 92K to a registered business trust, by replacing the definitions of "employee" and "local employee" in section 92K(7) with another definition of "local employee".

Clause 26 amends section 37O (Deduction for acquisition of shares of companies) to extend the last date (till 31 December 2030) on which any capital expenditure incurred by a Singapore company or its subsidiary for qualifying acquisition of shares in another company is allowed a deduction under that section.

Clause 27 amends section 37Q (Exclusion of expenditure or payment subsidised by capital grant) to make a consequential amendment arising from the enactment of section 14EB (by clause 12).

Clause 28 amends section 37R by inserting a new subsection (31A) to require any amount of cash payout to be made to an eligible person under the section to be reduced by any amount recoverable by the Comptroller from the eligible person as a debt due to the Government under subsection (20), (21), (22) or (30). The amount of reduction is treated as a repayment of the debt.

Under the new subsection (31B), where the amount of cash payout to be made to an eligible person is less than the amount of tax etc., due from the eligible person under subsection (28) and the amount recoverable from the eligible person under subsection (20), (21), (22) or (30), the Comptroller may determine the amount of reduction under subsection (28) or subsection (31) (or both) in a manner that the Comptroller considers reasonable.

Clause 29 amends section 39 (Relief and deduction for resident individual) to expand the scope of relief under subsection (2)(*c*), (*d*) and (*ga*)(i) to allow a

woman to claim a deduction on any payment mentioned in those provisions. Currently, only a man may claim a deduction under those provisions. These amendments have effect for the Year of Assessment 2026 and subsequent years of assessment.

Next, clause 29 amends section 39 by replacing paragraph (*ha*) of subsection (2) with paragraphs (*ha*) and (*haa*).

The new paragraph (*ha*) sets out the existing relief in respect of voluntary CPF contributions made in the year immediately preceding the year of assessment by a resident individual who carried on a trade, business, profession or vocation in that year.

The new paragraph (*haa*) provides for a revised relief for obligatory CPF contributions made by a resident individual in respect of income derived in any year from a trade, business, profession or vocation. The full amount of obligatory CPF contributions on such income (excluding any obligatory CPF contribution on such income derived as a Group A worker) made in the year immediately preceding the year of assessment 2026 or any subsequent year of assessment is allowed as relief and is no longer subject to a cap of 37% of such income.

Next, clause 29 amends section 39 to provide that tax deduction will not be allowed to a resident individual for an amount of cash top-up made on or after 1 January 2026 by the individual to his or her own or his or her spouse's, sibling's, parent's, parent in law's, grandparent's or grandparent in law's medisave account. The amount is the full amount of cash top-up in respect of which a matching grant is made under the Central Provident Fund Board's Matched MediSave Scheme or part of that amount prescribed by rules.

Next, clause 29 amends section 39 to exclude from the deduction allowable under subsection (3A) for a voluntary contribution made to the CPF medisave account of an individual resident in Singapore, any amount of CPF contribution that is allowed a deduction under subsection (2)(*ha*). This amendment has effect for the year of assessment 2026 or subsequent years of assessment.

Finally, clause 29 makes amendments to subsections (2)(*hb*) and (10B) of section 39 that are consequential to the other amendments to that section.

Clause 30 amends section 43 (Rate of tax upon companies and others) for the following purposes:

(*a*) to provide that tax transparency applies to co-location income and co-working space income derived by a trustee of a REIT or an approved sub-trust of a REIT with effect from 1 July 2025;

(*b*) to remove the sunset clause for the tax transparency concession for an approved REIT exchange-traded fund;

(*c*) to extend the period (till 31 December 2030) by which distributions from certain income made by the trustee of a REIT or an approved REIT exchange-traded fund are subject to a concessionary tax rate of 10%;

(*d*) to extend the period (till 31 December 2030) by which distributions from certain income made by the trustee of a REIT or an approved REIT exchange-traded fund to certain persons or entities that are eligible for tax exemption under section 13D, 13OA, 13U or 13V are subject to a concessionary tax rate of 10%.

Clause 30 also amends section 43(3D) and (3E) which provides that in the application of certain provisions to a distribution made out of certain incomes by a trustee of a REIT or an approved REIT exchange traded fund to certain persons with a Singapore fund manager, that fund manager is not considered a Singapore permanent establishment. Those subsections are amended to apply, to the following additional persons and entities that are eligible for tax exemptions for their income under the provisions indicated against them:

(*a*) a partner of an approved limited partnership under section 13OA;

(*b*) a prescribed international organisation or an approved international organisation under section 13V.

Clause 31 amends section 43C (Exemption and concessionary rate of tax for insurance and reinsurance business) to enable the Minister to make regulations —

(*c*) to provide for a concessionary tax rate of 15% to apply to income mentioned in subsection (1)(*aa*) derived by an approved insurer; and

(*d*) to provide for a concessionary tax rate of 15% to apply to income specified under subsection (1)(*c*) derived by an approved captive insurer, whose approval is granted on or after 19 February 2025.

The regulations may be made to take with effect from (and including) 1 January 2025.

Clause 32 amends section 43J (Concessionary rate of tax for financial sector incentive company) to enable the Minister to make regulations to provide for —

(*a*) a concessionary rate of tax of 15% on income from prescribed activities derived on or after 1 January 2025 by a financial sector incentive company;

(*b*) a concessionary rate of tax of 5% on income from prescribed activities derived on or after 19 February 2025 by a financial sector incentive company that is listed, or whose holding company is listed, on a Singapore stock exchange, among other conditions; and

(*c*) tax exemption on income from prescribed activities derived on or after 19 February 2025 by a financial sector incentive company.

Regulations made for the purposes of paragraph (*a*) may take effect from 1 January 2025 and regulations made for the purposes of paragraph (*b*) or (*c*) may take effect from 19 February 2025.

Clause 33 amends section 43L (Concessionary rate of tax for shipping investment manager) to extend till 31 December 2031, the last date on which a shipping investment manager may be approved for a tax incentive under the section.

Clause 34 amends section 43P (Concessionary rate of tax for container investment enterprise) to provide that with effect from 19 February 2025, income derived from the leasing of a container or intermodal equipment that is acquired by an approved container investment enterprise or its approved related party by way of a finance lease with an unrelated entity is subject to a concessionary rate of tax of 5% or 10%, if the container or intermodal equipment is treated as sold under section 10C.

Clause 34 also amends section 43P to extend till 31 December 2031, the last date on which a container investment enterprise or its related parties may be approved for a tax incentive under that section.

Clause 35 amends section 43Q (Concessionary rate of tax for container investment manager) to extend till 31 December 2031, the last date on which a container investment manager may be approved for an incentive under the section.

Clause 36 amends section 43R (Concessionary rate of tax for approved insurance brokers) to enable the Minister to make regulations for specified income derived by an approved insurance broker to be subject to a concessionary rate of tax of 15%, with effect from 1 January 2025.

Clause 37 amends section 43U (Concessionary rate of tax for shipping-related support services) so that a company approved under that section may apply to the Minister or authorised body for its special purpose vehicle to be approved for the purpose of the section. An approved SPV of an approved company enjoys the same concessionary rate of tax as the approved company in respect of certain income derived by the approved SPV from the provision of any shipping-related support services approved for the SPV. The approval of an SPV of an approved company expires on the same date on which the approval of the approved company expires.

Clause 37 also amends section 43U to include maritime technology service as a shipping-related business and shipping-related support service, and the use of any ship for renewable energy activity as a shipping related business. Corporate service provided to a company that is related to an approved company and carries on a "shipping-related business" is considered a shipping-related support service.

Clause 38 introduces a new section 43Y (Rebate for company for listing shares on stock exchange in Singapore) to allow a company the ordinary shares of which are first listed or re-listed on a stock exchange in Singapore on a date on or after

19 February 2025 (called the listing date) to apply to the Minister or an authorised body to be approved for the purposes of a tax rebate under the section.

Subsection (3) sets out the time and procedure for making the application, and subsection (4) provides that a financial incentive sector company approved under section 43J(1)(*c*) is ineligible to apply for the approval.

Under subsections (5), (6) and (7), the Minister or authorised body may approve a company for a single period of 5 years (called its incentive period), and no approval may be given after 31 December 2027.

Subsections (8) to (11) provide for the determination of the tax rebate to be made to an approved company for any year of assessment. A rebate of either 20% or 10% of the tax payable by the approved company is to be made to it for each year of assessment relating to a basis period that falls within its incentive period. The lesser rebate of 10% will be given if the ordinary shares of the approved company are already listed on any stock exchange outside Singapore before its newly issued ordinary shares are listed on a stock exchange in Singapore. The rebate is subject to a cap based on the market capitalisation of the approved company on the listing date.

Under subsection (12), a company may, at the time of making an application under this section, nominate for the Minister's or authorised body's approval up to 3 of its subsidiaries that are wholly owned (directly or indirectly) by it to which a tax rebate may be made. The company must specify the order in which the rebate is to be made to the nominees. A financial incentive sector company approved under section 43J(1)(*c*) is ineligible to be a nominee (subsection (18)).

Subsection (13) provides that the nomination of any approved nominee is treated as revoked if the nominee enters into liquidation, ceases to carry on a trade or business in Singapore or ceases to exist at any time in the basis period for a year of assessment, and the nomination is treated as revoked on the first day of that basis period.

Subsection (14) provides that the nomination of any approved nominee is treated as revoked if the nominee is not a wholly-owned subsidiary of the approved company at any time in the basis period for a year of assessment, and the nomination is treated as revoked on the first day of that basis period.

Subsections (15) and (16) allow the approved company to apply to the Minister or authorised body within a specified period for approval of another nominee as a replacement for the nominee whose revocation has been treated as revoked under subsections (13) and (14). Subsection (17) provides that the approval of the replacement nominee takes effect from the date of deemed revocation.

Subsection (21) provides for the recovery as a debt due to the Government of any rebate given to an approved company or its nominee if the shares of the approved company cease to be listed on a stock exchange in Singapore at any time

during its incentive period, and subsection (22) provides for the recovery of the recoverable amount.

Finally, subsection (23) applies (with modifications) section 105R for the revocation of approval of an approved company for non-compliance with a condition of its approval.

Clause 39 amends section 45G (Application of section 45 to distribution from any real estate investment trust) —

(*a*) to extend the period (till 31 December 2030) by which a distribution by a trustee of a REIT or an approved REIT exchange-traded fund to certain persons may be made for a concessionary rate of 10% to apply; and

(*b*) to extend the period (till 31 December 2030) for the making of a distribution by a trustee of a REIT to a trustee of an approved REIT exchange-traded fund where the withholding tax requirement under subsection (1) will not apply.

Clause 40 inserts a new section 92K to introduce a 50% corporate tax rebate for the year of assessment 2025, as announced in the Budget Statement of 2025.

The new section 92K(1) provides for a corporate tax rebate for the year of assessment 2025. The rebate is 50% of the tax payable (less any cash grant of $2,000 made under the new section) or $40,000 (less the cash grant), whichever is lower. Where 50% of the tax payable is less than the cash grant of $2,000 made to the company, no corporate tax rebate will be given.

The new section 92K(3) and (6) provides for a non-taxable cash grant of $2,000 to be made to a company that has made a contribution to the Central Provident Fund (CPF) in respect of at least one local employee (as defined in the new section 92K(7)) in the calendar year 2024, in accordance with regulation 2(1) of the Central Provident Fund Regulations (Rg 15). However, a company is not qualified for the cash grant if, at the time of its disbursement, it is not carrying on a trade or business, it is in liquidation, it is in receivership in respect of all of its property, or it has ceased to exist as a result of an amalgamation.

According to regulation 2(1) of the Central Provident Fund Regulations, all contributions payable by an employer under section 7(1) of the Central Provident Fund Act 1953 must be paid to the Central Provident Fund Board not later than 14 days after the end of the month in respect of which the contributions are payable. The new section 92K(5) enables the Comptroller to waive such requirement in the case of a late CPF contribution if he or she is satisfied that it is just and equitable to do so.

Clause 41 inserts new section 93AA as a result of the enactment of section 13(1)(*zpa*) with effect from 1 January 2013. The new section 93AA applies with modification section 93 (Repayment of tax) to enable a person who paid tax on any payment received under the public scheme known as the Workfare Training Support Scheme (now known as the Workfare Skills Support) that is not

payable because of the backdating of the enactment of section 13(1)(*zpa*), to apply to the Comptroller for a refund. The application must be made on or before 31 December 2029.

Clause 42 inserts a new section 93C to provide for the recovery by the Comptroller of any cash grant given under Part 19 (other than a grant under section 93B) that is made to a company that did not satisfy the requirements to receive the cash grant, or that is in excess of what may be made to the company. The cash grant or excess amount is treated as a debt due from the company to the Government.

The new section 93C(5) requires any amount of cash grant to be reduced by the amount of the debt owed by the company to the Government.

The new section 93C(6) requires any amount of cash grant to be reduced to pay any income tax, goods and services tax, property tax or stamp duty (including any interest or penalty) due from the company.

Clause 43 amends section 105I (Interpretation of this Part) to insert a new definition "crypto-asset reporting framework agreement" or "CARF agreement" for the purposes of the amended section 105K. A CARF agreement is a bilateral or multilateral agreement based on the International Standards for Automatic Exchange of Information in Tax Matters pursuant to the Crypto-Asset Reporting Framework developed by the Organisation for Economic Co-operation and Development.

Clause 44 amends section 105K (International tax compliance agreements) to enable the Minister to declare a CARF agreement as an international tax compliance agreement for the purposes of Part 20B.

Clause 45 amends section 107 (Variable capital companies or VCCs) to make amendments for the purpose of the application of the amended section 13W to a sub-fund of a VCC and to disapply the new section 14EB to a VCC.

Clause 45 also amends section 107(28A) to apply the new section 92K to a VCC by replacing the definitions of "employee" and "local employee" in section 92K(7) with a new definition of "local employee".

Clause 46 amends the Third Schedule to make amendments to section 13W (as it applies to a sub-fund) arising from the amendments to section 13W by clause 9.

Clause 47 amends the Fourth Schedule (Prescribed sections) to include the new section 14EB as a prescribed section for the purposes of section 105R (Revocation of approval).

Clause 48 provides for a remission of the tax payable by a resident individual for the year of assessment 2025. The amount of remission is 60% of the tax payable or $200, whichever is lower.

## PART 2

## AMENDMENT OF MULTINATIONAL ENTERPRISE (MINIMUM TAX) ACT 2024

Part 2 contains amendments to the MMTA.

Clause 49 amends the definition of "excluded equity gain or loss" in section 2 (Interpretation) to include gains or losses from impairment of direct ownership interest in an entity, in accordance with Article 3.2.1(c) of the GloBE Model Rules read with its Commentary.

Next, clause 49 amends the definition of "multi-parent group" in section 2 so that a combined group qualifies as a "multi-parent group" so long as one entity or permanent establishment of the combined group (whether it is a constituent entity or an excluded entity) is located in a different jurisdiction from the others.

Next, clause 49 amends the definition of "portfolio shareholding" in section 2 in accordance with the definition of that term in the GloBE Model Rules, where the test of the carrying of at least 10% of the aggregated rights is applied to all entities of the group, and not just its constituent entities.

Next, clause 49 inserts new subsections (6A) to (6C) in section 2 to enable regulations prescribing a foreign tax as a qualified domestic minimum top-up tax, qualified IIR or qualified UTPR, to provide for start and end dates for the tax to be treated as such.

Next, clause 49 inserts new subsections (6D) and (6E) in section 2 to define the term "reference entity" in relation to a group's flow-through entity, for the purposes of the amended section 3 and paragraph 6 of the First Schedule. A reference entity is one that holds a direct ownership interest in the flow-through entity (B) or holds an indirect ownership interest in B through one or more flow-through entities. Where there is no such entity, then a flow-through entity that is the ultimate parent entity of the group is a reference entity in relation to B.

Finally, clause 49 inserts new subsections (6F) and (6G) in section 2 to define "securitisation entity" which is an entity excluded under the amended section 34 (unless it is the only constituent entity located in Singapore) and section 59.

Clause 50 amends section 3 ("Flow-through entity", "reverse hybrid entity" and meaning of fiscal transparency) by inserting a new subsection (1A) to reflect Article 10.2.4 of the GloBE Model Rules. Under that Article, a constituent entity that is not a tax resident and not subject to a covered tax or a qualified domestic minimum top-up tax based on its place of management, place of creation or similar criteria is treated as a flow-through entity if certain conditions are satisfied.

Clause 50 also amends the definition of "reverse hybrid entity" in section 3(2) to reflect the guidance in Chapter 5 of the June 2024 AG, that whether or not a flow-through entity is a reverse hybrid entity is to be determined by reference to

the tax law of the jurisdiction in which its reference entity (as defined in the amended section 2) is located.

Finally, clause 50 amends section 3(3) which defines when an entity is "fiscally transparent", so that an entity (X) is fiscally transparent under a law if that law treats its income, expenditure, profit or loss (or that of another entity in which X holds ownership interest) as though it is derived or incurred by X's direct owner in proportion to the owner's interest.

Clause 51 amends section 8 (MNE group to which the MMTA applies) to enable regulations to be made to modify any part of the threshold (EUR 750 million in consolidated group revenue for 2 out of the last 4 financial years) for the Act to apply to an MNE group that results from a demerger.

Clause 52 amends section 20 (GloBE Safe Harbours) to remove the condition that an election to apply a GloBE Safe Harbour is only effective if made by the due date for the filing of the GloBE information return for the financial year in question, as the election is not dependent on such due date. The amendment will align this election with other elections under the Act.

Clause 53 amends section 22 (Top-up amounts of stateless entities) by providing that in determining the jurisdictional top-up amount for a stateless entity (for the purpose of arriving at its top-up amount), there is to be further deducted any DTT imposed in respect of it if it is also a section 29(*b*) entity.

Clause 54 amends section 25 (Application of Part 2 to joint ventures and JV subsidiaries) by removing unnecessary modifications made to various provisions incorporated by reference in section 25 for the purpose of determining the FANIL, GloBE income or loss, qualifying current tax expenses, qualifying deferred tax expenses, and adjusted covered taxes for a financial year of a standalone JV or an entity of a JV group.

Clause 55 amends section 26 (Multi-parent groups) to allow regulations to be made to prescribe how the other provisions of the MMTA (in addition to Part 2) apply to a multi-parent group.

Clause 56 makes a minor editorial amendment to section 27 (Purpose of Part 3).

Clause 57 amends section 30 (Top-up amounts of constituent entities). Section 30 applies certain provisions of Part 2 (and by extension provisions of the First Schedule) to determine the top-up amount of each constituent entity of an MNE group, which is in turn necessary for determining the DTT payable by the MNE group. The amendment disapplies the new sub-paragraphs (*b*), (*c*) and (*d*) of paragraph 1(5) of the First Schedule for this purpose.

Clause 57 also amends section 30 by amending subsection (4) (which applies section 22 to determine the top-up amount of a section 29(*b*) entity for determining DTT). The amendment is consequential to the amendment made to section 22.

Clause 58 makes a minor editorial amendment to section 33 (Designated local GIR filing entity).

Clause 59 amends section 34 (Designated local DTT filing entity) to exclude a securitisation entity (as defined in the amended section 2) from being designated as the designated local DTT filing entity of a registered MNE group, unless it is the only constituent entity of the MNE group located in Singapore.

Clause 60 makes a minor editorial amendment to section 49 (Assessment).

Clause 61 amends section 59 (Recovery of unpaid DTT, interest and penalty) to provide that a securitisation entity (as defined in the amended section 2) is not one that is jointly and severally liable with other entities of an MNE group for DTT and interest in respect of the MNE group that are in arrears.

Clause 62 inserts a new sub-paragraph (*aa*) in sub-paragraph (1) of paragraph 1 ("Adjusted covered taxes" and "covered taxes") of the First Schedule to give effect to Chapter 5 of the June 2024 AG. In determining the adjusted covered taxes of a constituent entity (A), account must be taken of any qualifying current tax expense and qualifying deferred tax expense of another constituent entity that is allocated to a flow-through entity in which A holds an ownership interest, and that is in turn allocated to A.

Next, clause 62 amends paragraph 1(3)(*d*) of the First Schedule to clarify that the reference in that provision to an indirect ownership held by an entity in a flow-through entity is to an indirect ownership held through one or more other flow-through entities only, and not any other type of entity. The same amendment is also made to the same reference wherever it occurs in paragraph 6.

Next, clause 62 amends paragraph 1(4) of the First Schedule to clarify that the adjusted covered taxes of a main entity excludes the qualifying current tax expense and qualifying deferred tax expense in respect of its permanent establishment, whether those expenses are reflected in the permanent establishment's FANIL or elsewhere (e.g. in the main entity's own FANIL).

Next, clause 62 replaces sub-paragraph (5) of paragraph 1 of the First Schedule and inserts new sub-paragraphs (5A) to (5C) in that paragraph. The new paragraph 1(5)(*b*) to (*d*) and (5A) to (5C) give effect to the guidance in Chapter 5 of the June 2024 AG. Where a part of the FANIL of a flow-through entity (A) is allocated to a constituent entity (B) with ownership interests in A, and (i) B; (ii) another constituent entity (C) that holds ownership interest in A through B; or (iii) another constituent entity (D) through which B holds ownership interest in A, had allocated any of its qualifying current tax expense and qualifying deferred tax expense to A under the regulations, then a portion of that qualifying current tax expense and qualifying deferred tax expense of B, C or D is to be allocated to B.

Next, clause 62 amends paragraph 4 (Excluded entity) of the First Schedule to provide that an investment fund or real estate investment vehicle need only be the

ultimate parent entity of a group (and not an MNE group) to qualify as an excluded entity. This is to reflect Article 1.5.1 of the GloBE rules.

Next, clause 62 amends sub-paragraph (6) of paragraph 6 ("GloBE income or loss" and "FANIL") of the First Schedule, which provides for the FANIL of a permanent establishment. The provision is amended so that, for the purposes of the definition of "FANIL" of a permanent establishment, the profits of a permanent establishment must be those reflected in separate financial accounts that are prepared in accordance with an acceptable financial accounting standard or another financial accounting standard that is adjusted to prevent material competitive distortion.

Next, clause 62 amends paragraph 6(9)(*a*)(ii) of the First Schedule to reflect Chapter 5 of the June 2024 AG. The law of the non-group entity (B) mentioned in that provision need not treat each flow-through entity through which B owns the flow-through entity A, as fiscally transparent.

Next clause 62 replaces paragraph 6(9)(*c*) of the First Schedule to reflect Chapter 5 of the June 2024 AG. The FANIL of a flow-through entity (A) that is attributable to a reference entity of A (C) is to be allocated to C to the extent that the law of C treats A and each entity through which C owns A as fiscally transparent with respect to that FANIL. Paragraph 6(11) (which is premised on the previous paragraph 6(9)(*c*)) is consequently deleted.

Next, clause 62 replaces paragraph 6(10) of the First Schedule to reflect Chapter 5 of the June 2024 AG. Paragraph 6(9)(*a*) (exclusion of part of a flow-through entity's FANIL attributable to a non-group owner) is disapplied to the extent that ownership interests in the flow-through entity are held by the ultimate parent entity of the MNE group that is also a flow-through entity, either directly or through one or more other flow-through entities.

Next, clause 62 modifies the operation of paragraph 6(9) to (12) of the First Schedule by inserting a new sub-paragraph (12A) and making consequential amendments to sub-paragraph (13). The new sub-paragraph (12A) treats a flow-through entity that would be the ultimate parent entity of an MNE group had any controlling interest held by an excluded entity in that entity been disregarded, as a flow-through entity that is the ultimate parent entity of the MNE group. Paragraph 6(9) to (13) sets out different ways in which the FANIL of a flow-through entity is to be excluded or allocated, depending on whether it is the ultimate parent entity of an MNE group.

Finally, clause 62 amends the definition of "real estate investment vehicle" in sub-paragraph (3) of paragraph 7 ("Investment entity", "investment fund", "real estate investment vehicle" and "insurance investment entity") of the First Schedule, so that an entity is also considered a real estate investment vehicle if (among other conditions) its income is subject to taxation in any jurisdiction as the income of the holders of its indirect ownership interests (as defined in section 2(6)).

Clause 63 enables the Minister, for a period of 2 years after the publication in the *Gazette* of the Finance (Income Taxes) Act 2025, to make saving and transitional provisions by regulations.

## EXPENDITURE OF PUBLIC MONEY

This Bill will involve the Government in extra financial expenditure, the exact amount of which cannot at present be ascertained.