Finance (Income Taxes) Bill

Bill No. /2025.

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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:

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.