

Income Tax (Amendment) (No. 3) Bill

Bill No. /2016.

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EXPLANATORY STATEMENT

This Bill seeks to implement the tax changes in the Government's 2016 Budget Statement and to make certain other amendments to the Income Tax Act (Cap. 134) (the Act), and to make a related amendment to the Economic Expansion Incentives (Relief from Income Tax) Act (Chapter 86 of the 2005 Revised Edition). This Bill also amends the Income Tax Act, the Goods and Services Tax Act (Chapter 117A of the 2005 Revised Edition) and the Stamp Duties Act (Chapter 312 of the 2006 Revised Edition), in order to enhance the information gathering power generally for the administration of taxes.

Clause 1 relates to the short title and commencement.

Clause 2 amends section 2 (Interpretation) to include definitions for the expressions "offshore renewable energy" and "ship used for offshore renewable energy activity or offshore mineral activity". One or both of these expression are used in the amended sections 13A, 13F, 13S and 43ZF.

Clause 3 inserts a new subsection in section 8A (Electronic service) to provide that subsection (3) (which provides that the giving of notices or information under certain provisions of the Act may be or must be done using the electronic service) does not affect other provisions of the Act which require or allow the Comptroller to require, things to be done using the electronic service. These provisions include the new section 63(1B) as well as sections 65B(3) and 68(2).

Clause 4 amends section 10A (Profits of investment company) to provide that no investment company may be approved for the purposes of the section on or after 31 December 2016.

Clause 5 amends section 13 (Exempt income) to withdraw the tax exemption for income derived by non-residents from trading in Singapore through consignees of certain commodities in the basis period for the year of assessment 2018 and subsequent years of assessment.

The clause also replaces subsections (12A) and (12B) of section 13. Subsections (12A) and (12B) currently provide that all orders made under subsection (12) which exempt from tax income received by the trustee of a real estate investment trust (REIT) or a wholly-owned subsidiary of a REIT, continue

to have effect on or after 1 April 2020 only in relation to income derived from any immovable property that is situated outside Singapore and acquired by the trustee or subsidiary before 1 April 2020, and that remains beneficially owned by the trustee or subsidiary on the date of receipt of the income. With the amendments, the orders will have effect on or after 1 April 2020 on income received in Singapore that is paid out of income —

- (a) that relates to immovable property situated outside Singapore and acquired by the trustee or subsidiary before that date; and
- (b) that is derived either at a time when the trustee or subsidiary beneficially owns the property (e.g. rental income), or from the disposal of the property (e.g. capital gains).

Clause 6 amends section 13A (Exemption of shipping profits) to provide that the income of a shipping enterprise from a Singapore ship used for offshore renewable energy activity or offshore mineral activity, as well as various other activities concerning such a ship, is exempt from tax.

Clause 7 amends section 13F (Exemption of international shipping profits) to provide that the following income of an approved international shipping enterprise is exempt from tax:

- (a) various activities (such as the operation outside the limits of the Singapore port of a foreign ship for offshore renewable energy activity or offshore mineral activity, the charter of a ship for such activity, and the mobilisation or demobilisation of such a ship) concerning a foreign ship that is used for offshore renewable energy activity or offshore mineral activity;
- (b) the sale of a foreign ship used for offshore renewable energy activity or offshore mineral activity;
- (c) the assignment of a buyer's rights under a construction contract for a ship for such activity, and is intended to be a foreign ship for use for such activity or a prescribed purpose as defined in section 13F(6);
- (d) the sale of shares in a special purpose company that owns a ship mentioned in paragraph (a) or is the buyer under a construction contract for a ship mentioned in paragraph (c); and
- (e) the sale mentioned in existing subsection (1)(g) or in paragraph (d) above, of shares in a special purpose company whose only business or intended business is undertaking an activity mentioned in paragraph (a) above.

Clause 8 amends section 13H (Exemption of income of venture company) to remove the power to make regulations to subject the income of an approved venture company from making approved investments to tax at a concessionary rate. Regulations may only be made to exempt such income from tax.

Clause 9 amends section 13S (Exemption of income of shipping investment enterprise) —

- (a) to provide for a tax exemption on income derived by an approved shipping investment enterprise from chartering or finance leasing its sea-going ship, irrespective of who the counterparty is; and
- (b) to enable the Minister or an appointed person to specify a period (which must not exceed 40 years) during which income from a ship used for offshore renewable energy or offshore mineral activity is exempt from tax.

Clause 10 amends section 13U (Exemption of income of not-for-profit organisation) to extend until 31 March 2022 the period during which a not-for-profit organisation may be approved for the purposes of a tax exemption under that section.

Clause 11 amends section 13Z (Exemption of gains or profits from disposal of ordinary shares) to extend until 31 May 2022 the period for the disposal of ordinary shares the gains or profits from which are exempt from tax.

Clause 12 amends section 14 (Deductions allowed) to include, in the definitions of “general contribution” and “medical expenses”, a contribution by an employer to an employee’s medisave account under subsection (1)(fb). These terms are used in section 14(5), (6) and (6B). These provisions help to determine how much of an employer’s medical expenses may be allowed as a deduction.

Clause 13 amends subsection (2A) of section 14B (Further deduction for expenses relating to approved fairs, exhibitions or trade missions or to maintenance of overseas trade office). That subsection currently provides that where a claim by a company or firm for a deduction under that section is for qualifying expenses incurred between 1 April 2012 and 31 March 2016 for the primary purpose of promoting the trading of goods or the provision of services, and the total of such expenses and the expenses for which a deduction is claimed under section 14K(1A), does not exceed \$100,000 per year of assessment, there is no need for the company or firm to be first approved by the Minister or a person appointed by him. The amendment changes the end date by which the expense must be incurred to 31 March 2020.

Clause 13 also amends section 14B to extend the last day by which a company or firm may be approved for a deduction under that section to 31 March 2020.

Clause 14 amends section 14K (Further or double deduction for overseas investment development expenditure) for similar purposes to the amendments made to section 14B.

Clause 15 inserts a new section 14Z to provide for how an expense incurred before —

- (a) the date a person derives the first dollar of income from a trade, business, profession or vocation; or
- (b) the commencement date of a trade, business or profession,

and is deductible under a provision of Part V of the Act, is to be deducted in 2 cases.

If the taxpayer earns normal income, concessionary income and exempt income (or any 2 of these) in the basis period in which the date mentioned in paragraph (a) or (b) falls, and the Comptroller is satisfied that the expense is incurred in the production of one of those incomes only, the expense is to be deducted against that income alone. In any other case, it is to be pro-rated according to the amount each type of income bears to the total income.

If the taxpayer earns only concessionary income or exempt income in that basis period, the new section 14Z clarifies that the expense is to be deducted against that income rather than treated as an unabsorbed loss in respect of income at the “normal” tax rate for the period before the income is earned.

Clause 16 inserts a new section 14ZA to allow a deduction for certain expenditure incurred for an issue of certain retail bonds. The retail bonds are straight debentures and post-seasoning debentures the offer of which are exempt from prospectus requirements under various regulations made under the Securities and Futures Act, as well as potential seasoned debentures, i.e. debentures intended to be made available for trading by retail investors on a securities exchange. The section also allows a deduction for certain expenditure incurred for making available potential seasoned debentures for such trading.

Clause 17 inserts a new section 14ZB to allow a deduction to a company, firm or body of persons for certain expenditure it incurs during the period its employees provided services to an institution of a public character by arrangement with the institution and on the instruction or request of the company firm or body, or during the period of secondment of its employees to such an institution. The deduction is as follows:

- (a) a deduction of 150% of the expenditure, if the expenditure is deductible under section 14(1) of the Act;
- (b) a deduction of 250% of the expenditure, if the expenditure is not so deductible.

The expenditure eligible for the deduction is the salary expenditure during the period of the services or secondment, and expenses necessary for the provision of the services or the secondment.

A qualifying person is allowed to claim the deduction for expenditure of up to \$250,000 for each year of assessment. The total expenditure in respect of which deductions may be allowed to all claimants in respect of each institution of public character is \$50,000 for each calendar year.

Clause 18 amends section 15 (Deductions not allowed) —

- (a) to disapply subsection (1)(b) (no deduction for expenses which are not wholly and exclusively made for acquiring the income) and (d) (no deduction for capital employed in improvements other than for replanting of plantation) to any expenditure qualifying for deduction under the new section 14ZA; and
- (b) to disapply subsection (1)(b) to any expenditure qualifying for deduction under the new section 14ZB.

Clause 19 amends section 18C (Land intensification allowance) to enable the Minister or a person appointed by the Minister to approve a construction or renovation for the purposes of the allowance where the completed building or structure is to be used by multiple persons or for multiple trades or businesses, or both. This amendment applies only to an application for the allowance made on or after 25 March 2016, or to an application for the allowance where the application for the planning or conservation permission is made on or after that date.

The approving authority must be satisfied that at least 80% of its total floor area is to be used by a person who is either the applicant for the original approval or related to that applicant, or by more than one person who satisfy the following:

- (a) one of them is the applicant and the others are all related to the applicant; and
- (b) all of them are related to the applicant.

The approving authority must be satisfied that 80% of its total floor area is to be used for one or more trades or businesses that are prescribed by regulations. The approving authority must further be satisfied that the construction or renovation promotes the prescribed intensified use of the land for that trade or business or (if there are multiple trades or businesses) the one designated in the regulations.

Where the construction or renovation has been approved for the allowance, an annual allowance under subsection (4) will only be given if the actual user or multiple users is specified in the notice of approval. Further, the actual user or users (unless he or she is the applicant himself) must be related to the applicant.

Clause 20 amends section 19B (Writing-down allowances for intellectual property rights) —

- (a) to allow a company to elect a writing-down period of 5, 10 or 15 years for capital expenditure incurred in acquiring intellectual property rights, from the year of assessment 2017 onwards;
- (b) to substitute, for the purpose of computing the amount of the writing-down allowance to be given, the amount of capital expenditure in

acquiring intellectual property rights with the open-market price for those rights, if the expenditure exceeds the price. This applies to intellectual property rights acquired on or after 25 March 2016;

- (c) to substitute, for the purpose of determining the amount of the charge to be made for disposing any intellectual property rights for which a writing-down allowance has been made, the price for such disposal with their open-market price, if the disposal price is less than the open-market price. This applies to intellectual property rights disposed of on or after 25 March 2016; and
- (d) to clarify that the enhanced writing-down allowances under subsections (1A), (1B) and (1BAA) are to be given according to the applicable writing-down period of 5, 10 or 15 years.

The amendments to section 19B for the purposes in paragraphs (b) and (c) above are illustrated in the following examples:

Example 1

A company pays \$1.2 million in full for intellectual property rights and is assigned those rights on 25 March 2016. The price the rights could have been purchased in the open market on that date is \$1 million. The Comptroller may treat the capital expenditure for computing the allowance under subsection (1AA) or (1BAA) as \$1 million instead of \$1.2 million.

Where the Comptroller has so treated the amount of \$1 million as the amount of that expenditure, that amount will also be treated as that expenditure for the purpose of computing the charge to be made on the company in the event of a disposal of those rights after the writing down period under subsection (5).

Example 2

A company acquires intellectual property rights by making 2 instalment payments of \$0.6 million each in 2 separate basis periods. It is assigned those rights on 25 March 2016. The price the rights could have been purchased in the open market on that date is \$1 million. The Comptroller may treat the amount of \$0.5 million as the expenditure incurred in each basis period for computing the writing-down allowance to be given to the company under subsection (1AA). The amount of \$0.5 million is arrived at as follows:

$$\$0.6 \text{ million} / \$1.2 \text{ million} \times \$1 \text{ million.}$$

Where the Comptroller has so treated the amount of \$0.5 million as the amount of the expenditure for a basis period, that amount will also be treated as the expenditure for that basis period for the purpose of computing the charge to be made on the company in the event of a disposal of those rights after the writing down period under subsection (5). In other words, if the Comptroller treats the amount of \$0.5 million as the amount of expenditure for each of the 2 basis periods, the capital expenditure incurred in acquiring the rights for the

purpose of computing the charge under subsection 5 will be \$1 million (2 x \$0.5 million).

The Comptroller may also replace the cash price of the intellectual property rights with the open market price of \$1 million for the purpose of computing the enhanced allowance under subsection (1BAA).

Example 3

5 A company acquires intellectual property rights by making 2 instalment payments of \$0.6 million each in 2 separate basis periods. It is assigned those rights on 25 March 2016. Before the end of the writing-down period, the rights are sold for \$0.8 million. The price the rights could have fetched at the time of the sale is \$1.1 million. The total amount of allowances already made to the company is \$0.84 million. If the Comptroller treats the open market price of \$1.1 million as the price at which the prices are sold, then the amount of charge that is to be made on the company under subsection (4) is \$0.74 million, being the lower of –

- (a) the difference between \$1.1million and \$0.36 million (being the amount of allowance yet to be allowed); and
- (b) \$0.84 million (being the total amount of allowances already made).

Clause 21 amends section 37E (carry-back of capital allowances and losses) to amend the definition of “concessionary rate of tax”, first by adding the word “(repealed)” against provisions which have been repealed by clause 58, and secondly by specifying that the term includes a rate specified under sections 19J(5C) or (5E) or 19KA(1(b) of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86) (which pertain to concessionary tax rates applicable to development and expansion companies under that Act).

Clause 22 makes various consequential amendments to section 37I (Cash payout under Productivity and Innovation Credit Scheme) arising from the amendments made to section 19B.

Clause 23 amends section 37L (Deduction for acquisition of shares of companies) to increase the maximum capital expenditure on share acquisition allowed a deduction under this section, from \$20 million to \$40 million. The amendments are explained below:

- (a) subsection (11A) (which limits the total expenditure for all acquisitions of an acquiring company falling within one basis period to \$20 million) is amended to restrict it to the following acquisitions (called in this paragraph “pre-1 April 2016 acquisitions”):
 - (i) acquisitions which are made before 1 April 2016, except for those related to certain “anchor acquisitions” (i.e. those that result in the crossing of specified shareholding thresholds) made on or after that date;

- (ii) acquisitions made after that date which are related to certain “anchor acquisitions” made before that date;
- (b) the new subsection (11AB) provides that the total expenditure for all acquisitions of an acquiring company falling within one basis period that is eligible for the deduction is \$40 million. The subsection applies to the following acquisitions (called in this paragraph “post-1 April 2016 acquisitions”):
- (i) acquisitions which are made on or after 1 April 2016, except for those related to certain “anchor acquisitions” made before that date; and
 - (ii) acquisitions made before that date which are related to certain “anchor acquisitions” made on or after that date;
- (c) subsection (11B) (which provides that where a company has in a basis period an “anchor acquisition” in subsection (4) and an “anchor acquisition” in subsection (4A), the maximum deduction allowable for all acquisitions in that period is \$5 million) is amended to restrict it to a case where the acquisitions —
- (i) include an “anchor acquisition” in subsection (4), and an “anchor acquisition” in subsection (4A) that is made before 1 April 2016; and
 - (ii) do not include another “anchor acquisition” in subsection (4A) made on or after 1 April 2016;
- (d) the new subsection (11C) provides that where an acquiring company has in a basis period an “anchor acquisition” in subsection (4) or (4A) made before 1 April 2016, and an anchor acquisition in subsection (4A) made after 1 April 2016, the maximum deductions allowable for its acquisitions in that period are:
- (i) if a deduction is claimed for those acquisitions which are pre-1 April 2016 acquisitions, \$5 million;
 - (ii) if a deduction is claimed for those acquisitions which are post-1 April 2016 acquisitions, \$10 million;
 - (iii) if a deduction is claimed for both types of acquisitions, \$10 million.

Clause 24 amends section 39 (Relief and deduction for resident individual) to amend the amount of tax relief for a cash top-up of a CPF retirement or special account, which is currently the lower of the top-up amount subject to a limit which is the maximum amount by which the account may be topped up in accordance with CPF legislation, and \$7,000. The limit on the top-up amount for computing the tax relief is replaced with a prescribed maximum relief amount. The amendment is made because starting on 1 January 2016, certain

individuals may receive top-ups to their CPF retirement accounts up to 3 times the Basic Retirement Sum (BRS). The limit on the top-up amount for computing the tax relief will however still be computed by reference to the current Full Retirement Sum (FRS) (which is twice the BRS). Because that limit is now prescribed in rules, it can be adjusted by rules to keep up with any change to the CPF scheme for the topping up of CPF accounts.

Clause 25 inserts a new section 39A to provide for a cap of \$80,000 on the total amount of deductions allowable under section 39 to an individual for each year of assessment, beginning with the year of assessment 2018.

Clauses 26, 27 and 28 amend section 40B (Relief for non-resident employees), section 40C (Relief for non-resident SRS members), and section 40D (Relief for non-resident deriving income from activity as public entertainer and employee, etc.), to clarify that the cap on the total section 39 deductions allowable to an individual under the new section 39A applies in computing the tax payable by a Singapore resident who is in the same circumstances as those of the non-resident person to whom section 40B, 40C or 40D applies. Sections 40B, 40C and 40D require such amount of tax to be computed so that the total relief given to the non-resident person under that section will not result in that person paying less tax than a Singapore resident in like circumstances.

Clause 29 amends section 43 (Rate of tax upon companies and others) to provide for tax transparency for rental support payment for any real property that is made to a real estate investment trust.

Clause 30 amends section 43C (Exemption and concessionary rate of tax for insurance and reinsurance business) —

- (a) to specify that the concessionary tax rate that may be levied by the regulations on qualifying income of an approved insurer from offshore life business and the business of insuring and reinsuring offshore risks, is 10%;
- (b) to enable regulations to be made to levy a concessionary tax rate of 5%, 8% or 10% (depending on the date of approval of the insurer) on the qualifying income of an approved insurer from carrying on specialised insurance business;
- (c) to enable regulations to be made to levy a concessionary tax rate of 10% on the qualifying income of an approved insurer from carrying on marine hull and liability insurance business or offshore captive insurance business; and
- (d) to enable regulations to be made to provide for the deduction of any expenses, allowance, losses and donations against the incentivised income otherwise than in accordance with the Act.

Clause 31 amends section 43E (Concessionary rate of tax for headquarters company) to provide that the only concessionary rate of tax that may be levied by regulations on qualifying income of headquarters companies, is 10%.

Clause 32 amends section 43G (Concessionary rate of tax for Finance and Treasury Centre) —

- (a) to extend the period during which the approval of a Finance and Treasury Centre may be granted by another 5 years, i.e. till 31 March 2021; and
- (b) to provide for a concessionary rate of tax of 8% on income derived by a company from qualifying activities and qualifying services carried out by its Finance and Treasury Centre that is approved as such on or after 25 March 2016.

Clause 33 amends section 43I (Concessionary rate of tax for offshore leasing of machinery and plant) to provide that the only concessionary rate of tax that may be levied by regulations on the income of leasing companies from offshore leasing of any machinery or plant or other prescribed activities, is 10%.

Clause 34 amends section 43J (Concessionary rate of tax for trustee company) to provide that the only concessionary rate of tax that may be levied by regulations on qualifying income of approved trustee companies, is 10%.

Clause 35 amends section 43N (Concessionary rate of tax for income derived from debt securities) to provide that the only concessionary rate of tax that may be levied by regulations on qualifying income from debt securities, is 10%.

Clause 36 amends section 43P (Concessionary rate of tax for global trading company and qualifying company) to enable qualifying companies that carry on prescribed treasury activities to enjoy the tax concession on their income from such activities.

Clause 37 amends section 43ZF (Concessionary rate of tax for shipping-related support services) to extend the definition of “shipping-related business” to include the use of any ship for offshore renewable energy activity or offshore mineral activity. Under that section, “corporate service” (one of the incentivised activities) is defined as one of several types of services performed for an approved related company of an approved company. “Related company” is in turn defined as a company that carries on a shipping-related business.

Clause 38 makes consequential amendments to section 43ZG (Concessionary rate of tax for income derived from managing approved venture company) arising from the Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act (Act 11 of 2016) (Amendment Act). The tax relief period for the relevant activity of a fund management company is either its tax relief period under the repealed section 18 of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86) (EEIA) or, if its tax relief period for that activity has yet to expire by 19 April 2016 (the date of commencement of the

amendments made by the Amendment Act to Part III of the EEIA), the period treated as its tax relief period under section 37 of the Amendment Act.

Clause 39 amends section 45 (Withholding of tax in respect of interest paid to non-resident persons) to enable the Minister to make rules to prescribe a different withholding tax rate from that set out in the section for any person or class of persons. The section is also amended to enable the Comptroller to allow any person or class of persons (besides banks and financial institutions) to give the Comptroller a notice of a deduction of tax, and to pay the Comptroller the deducted tax, within a different period from that specified in the section.

Clause 40 amends section 45D (Application of section 45 to gains from real property transaction) to apply section 45(1B) (notice of deduction of tax to be given by the electronic service) and (1C) (Minister may make rules to substitute withholding tax rates) to a designated person required to withhold tax under that section.

Clause 41 amends section 45EA (Approval of deduction of investment from SRS account of non-citizen) to enable the Minister to make rules to prescribe a different withholding tax rate from that set out in the section to be applied to any SRS operator or class of SRS operators before approving a deduction of investment from an SRS account.

Clause 42 amends section 45G (Application of section 45 to distribution from any real estate investment trust) to provide that a trustee of a real estate investment trust need not withhold tax on a distribution to an international organisation that is exempt from tax because of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145).

Clause 43 amends section 63 (Furnishing of estimate of chargeable income if no return is made under section 62) to require a non-individual who has to furnish an estimate of its chargeable income for any year of assessment, to do so using the electronic service provided under section 8A if rules are made applying that requirement to the non-individual. The section is further amended to enable the Minister to make rules to exempt a person or class of persons from the requirement under that section to furnish an estimate of their chargeable income.

Clause 44 repeals and re-enacts section 65 (Power to call for returns, books, etc.) to remove the power of the Comptroller to require a person to attend before the Comptroller to produce a document for the Comptroller's examination. This power now appears in the amended section 65B.

Clause 45 amends section 65B (Power of Comptroller to obtain information) for the following purposes:

- (a) to enable the Comptroller or an authorised officer, when exercising any of his or her powers on any premises, to require a person to answer questions or to produce documents for inspection; and

- (b) to enable the Comptroller to give notice to a person to attend before the Comptroller or an authorised officer to answer questions or produce documents for inspection. The power to require a person to attend before the Comptroller and produce documents to the Comptroller for inspection is currently found in section 65.

Clause 46 amends section 65C (Failure to comply with section 64, 65, 65A or 65B) —

- (a) to create an offence of failing to answer a question by the Comptroller or an authorised officer when attending before him or her pursuant to a notice under the amended section 65B;
- (b) to enhance the punishment for the offence of not complying with a notice or requirement under section 64, 65, 65A or 65B, or hindering or obstructing him or her in performing his or her duties under section 65B;
- (c) to clarify that the reference to a notice or requirement in that offence includes a notice or requirement by an officer authorised by the Comptroller; and
- (d) to make other amendments consequential on the amendments made to section 65B.

Clause 47 makes amendments to section 65D (Section 65B notice applies notwithstanding duty of secrecy under Banking Act or Trust Companies Act) that are consequential on the amendments made to section 65B.

Clause 48 amends section 68 (Official information and secrecy, and returns by employer) to enable the Comptroller to waive in any particular case or class of cases a requirement under that section —

- (a) for an employer to give a notice to the Comptroller that he or she ceases or is ceasing to employ a non-Singaporean employee, or that a non-Singaporean employee is leaving or is about to leave Singapore; or
- (b) for partners to give a notice to the Comptroller that another partner is ceasing to be one or is leaving Singapore.

Clause 49 amends section 71 (Return to be made by partnership) to enable the Minister to exempt a person or class of persons from the requirement under subsection (3) to furnish an estimate of income of a partnership.

Clause 50 amends section 76 (Service of notices of assessment and revision of assessment) —

- (a) to extend the period by which a notice of objection to an assessment must be made by a company, to 60 days from the date of service of the notice of assessment; and

- (b) to enable the Minister to make rules to substitute the statutory period for giving such a notice for all persons or cases, a class of persons or cases, or a particular person or case.

Clause 51 amends section 92E (Remission of tax of companies for years of assessment 2016 and 2017) to increase the rebate given to companies for the years of assessment 2016 and 2017. The rebate is 50% (instead of 30%) of the tax payable (excluding final withholding tax levied on income under section 43(3), (3A) and (3B)), subject to a cap of \$20,000 per year of assessment.

The amendments made to Part XXB of the Act by clauses 52 to 55 and 57 are intended to enable Singapore to give effect to the OECD Country-by-Country Reporting guidance set out in “Transfer Pricing Documentation and Country-by-Country Reporting, Action 13: 2015 Final Report”.

Clause 52 amends section 105I (Interpretation of Part XXB) to define the terms “country-by-country report” and “CbCR exchange agreement”. Essentially, a country-by-country report is a report that is provided annually by a multinational enterprise (MNE) containing certain information concerning each tax jurisdiction in which it operates. A CbCR exchange agreement is a bilateral or multilateral agreement under which the Parties agree to exchange country-by-country reports filed with them.

Clause 53 amend section 105J (Purpose of Part XXB) to enable country-by-country reports to be filed with the Comptroller (see new subsection (1A) of section 105P).

Clause 54 amends section 105K (International tax compliance agreements) to enable the Minister to declare as an international tax compliance agreement for the purposes of Part XXB, a CbCR exchange agreement to which Singapore is a Party.

Clause 55 amends section 105L (provision of information to Comptroller) to provide that a person designated by the Comptroller to provide information under a regulation made under the new sub-paragraph (ba) of section 105P(1), is a person to whom the section applies. Section 105L requires a prescribed person to provide prescribed information to the Comptroller, and confers immunity on the person for providing the information.

Clause 56 amends section 105N (Power of Comptroller to obtain information) to provide that the Comptroller may only authorise an officer of the Monetary Authority of Singapore (called an MAS officer) or a public accountant to obtain or assist the Comptroller in obtaining information for the purpose of fulfilling an international tax compliance agreement.

Clause 57 amends section 105P (Regulations to implement international tax compliance agreements) to enable regulations to be made to enable the Comptroller to obtain a country-by-country report of an MNE in a case where a

tax authority of a country fails to provide such a report to the Comptroller. The section is further amended to enable the Comptroller to designate a person to provide information under section 105L of the Act in place of a person prescribed in the Regulations, in certain circumstances.

Clause 58 repeals various provisions of the principal Act which are no longer used, and makes consequential amendments to other provisions of the Act as a result of the repeal.

Clause 59 makes amendments to various provisions in the Act that are consequential on the amendments to section 13H, and the enactment of the new section 14Z.

Clause 60 makes an amendment to the definition of “concessionary income” in section 66 of the Economic Expansion Incentives (Relief from Income Tax) Act (Cap. 86), that is consequential on the repeal of obsolete provisions of the Income Tax Act by clause 58.

Clause 61 amends the Goods and Services Tax Act (Cap. 117A) —

- (a) to enhance the punishment for the offence under section 66 of hindering or obstructing the Comptroller of Goods and Services Tax or an officer in performing his or her duties in discharging his or her duties under the Act;
- (b) to enable the Comptroller of Goods and Services Tax or an authorised officer, when exercising any of his or her powers on any premises, to require a person on those premises to answer questions or to produce documents for inspection;
- (c) to enable the Comptroller to give notice to a person to attend before the Comptroller or an authorised officer to answer questions or produce documents for inspection;
- (d) to criminalise the failure to comply with a notice or requirement of the Comptroller or an authorised officer given in exercise of his or her powers under section 84, or to provide information in response to a demand of the Comptroller or an authorised officer when in attendance pursuant to a notice under paragraph (c); and
- (e) to criminalise the giving of false information in response to a notice, requirement or demand under paragraph (d).

These amendments are broadly similar to the amendments made to section 65B and 65C of the Income Tax Act and are for the same purposes.

Clause 62 makes amendments to the Stamp Duties Act (Cap. 312) that are related to the amendments made to section 37L of the Income Tax Act. The amendments increase to \$80,000 the total relief allowed per financial year to a company for share acquisitions. The increased relief applies if the only “anchor

acquisitions” in a financial year are those in subsection (5) that are made on or after 1 April 2016 (new subsections (8CA) and (8CB)).

The amendments also adjust the amount of relief that may be given to a company in the following scenarios, to take into account the increased amount:

- (a) if the acquisitions in its financial year —
 - (i) include an “anchor acquisition” in subsection (3); and
 - (ii) include an “anchor acquisition” in subsection (5) whenever made;
- (b) if the acquisitions in its financial year —
 - (i) include an “anchor acquisition” in subsection (5) made before 1 April 2016;
 - (ii) include an “anchor acquisition” in subsection (5) made on or after that date; and
 - (iii) exclude an “anchor acquisition” in subsection (3).

Clause 62 also makes other amendments to the Stamp Duties Act that are similar in nature as the amendments made to sections 65B and 65C of the Income Tax Act. These amendments are —

- (a) to enhance the punishment for the offences under section 65 for alignment with the punishments in section 65C(1) and (8) of the Income Tax Act;
- (b) to enable the Commissioner of Stamp Duties to give notice to a person to attend before the Commissioner or another officer to answer questions or produce documents for inspection;
- (c) to enable the Commissioner, when exercising any of his or her powers in relation to any premises, to require a person on those premises to answer questions or to produce documents for inspection; and
- (d) to criminalise the failure to comply with a notice or requirement of the Commissioner given in exercise of his or her powers under the amended section 70C, or to provide information in response to a demand of the Commissioner or an officer when in attendance pursuant to a notice under paragraph (b).

Clause 63 enables the Minister to make regulations to prescribe savings and transitional provisions for the purposes of the amendments in the Bill.

EXPENDITURE OF PUBLIC MONEY

This Bill will involve the Government in extra financial expenditure, the exact amount of which cannot at present be ascertained.

