

**SUMMARY TABLE ON CHANGES TO THE INCOME TAX ACT AS ANNOUNCED IN
BUDGET 2015 STATEMENT**

s/n.	Legislative Change	Brief Description of Legislative Change	Amendment to Income Tax Act [Clause in Income Tax (Amendment) Bill]
1	Grant a Corporate Income Tax (“CIT”) Rebate for Year of Assessment (“YA”) 2016 and YA 2017	To relieve business costs in this period of restructuring, a 30% CIT rebate will be provided for another two YAs, with a cap of \$20,000 per YA.	Section 92E [Clause 39]
2	Extend and refine the Mergers & Acquisitions (“M&A”) scheme	<p>To extend the scheme till 31 March 2020 with the following changes, with effect from 1 April 2015, to further support companies, especially small and medium enterprises, to grow via strategic acquisitions:</p> <ul style="list-style-type: none"> (a) The M&A allowance rate will be increased from 5% to 25%; (b) The cap on the value of qualifying acquisitions for the M&A allowance per YA will be revised from \$100 million to \$20 million; (c) The acquiring company must acquire ordinary shares in a target company, whether directly or indirectly, that results in the acquiring company holding: <ul style="list-style-type: none"> i) At least 20% ordinary shareholding in the target company (if the acquiring company’s original shareholding in the target company was less than 20%), subject to conditions; or ii) More than 50% ordinary shareholding in the target 	Section 37L [Clause 24]

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		<p>company (if the acquiring company's original shareholding in the target company was 50% or less) (status quo).</p> <p>(d) The existing 75% shareholding eligibility tier will be removed, after a one-year transitional period from 1 April 2015 to 31 March 2016. Under the transitional arrangement, the acquiring company must fulfill certain prescribed conditions to qualify for the M&A scheme. From 1 April 2016 onwards, acquisitions of ordinary shares that result in the acquiring company owning at least 75% ordinary shareholding (if the acquiring company's original shareholding was more than 50% but less than 75% at the beginning of the basis period for a YA) will no longer qualify under the M&A scheme.</p> <p>(e) The 12-month look-back period for the purpose of aggregating qualifying acquisitions will be removed to simplify the scheme after a one-year transitional period from 1 April 2015 to 31 March 2016. Under the transitional arrangement, the acquiring company must fulfill certain prescribed conditions to qualify for the M&A scheme</p> <p>With the decrease in the cap on the value of qualifying acquisitions from \$100 million to \$20 million, the total amount of stamp duty relief available under the M&A scheme will correspondingly be reduced from \$200,000 to \$40,000. A consequential amendment</p>	<p>Related amendment to the Stamp Duties Act Section 15A</p>

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		will be made to section 15A of the Stamp Duties Act to provide for this change.	[Clause 51]
3	Enhance the Double Tax Deduction (“DTD”) for Internationalisation scheme	To provide greater support to businesses expanding overseas as well as create more skilled jobs and opportunities for Singaporeans to work overseas, the scope of qualifying expenditure supported under the DTD for Internationalisation scheme will be enhanced to include qualifying salary expenditure incurred from 1 July 2015 to 31 March 2020 for Singaporeans posted to newly set-up or acquired entities overseas.	Section 14KA [Clause 18] Miscellaneous amendment Section 15 [Clause 48]
4	Introduce the International Growth Scheme (“IGS”)	<p>To introduce the IGS to support larger Singapore companies in their internationalisation efforts. Under the IGS, qualifying Singapore companies will enjoy a concessionary tax rate of 10% for a period not exceeding five years on their incremental income from qualifying internationalisation activities, e.g. incremental income derived from the export of goods and services or from global or regional HQ-related activities. The approval window is from 1 April 2015 to 31 March 2020.</p> <p>A consequential amendment will be made to section 66(1) of the Economic Expansion Incentives (Relief from Income Tax) Act to include the new section 43ZH under the definition of “concessionary income”.</p>	<p>Section 43ZH [Clause 34]</p> <p>Miscellaneous amendments Sections 14C, 37B and 37E [Clause 48]</p> <p>Consequential amendment to Economic Expansion Incentives (Relief from Income Tax) Act</p>

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			Section 66 [Clause 50]
5	Refine the tax incentives for venture capital funds and venture capital fund management companies	<p>To accord a 5% concessionary tax rate to approved venture capital fund management companies managing Section 13H funds on their specified income, in recognition of the importance of venture capital activity in supporting entrepreneurship¹, and to legislate a review date of 31 March 2020 for the Section 13H incentive. The approval window for the incentive is from 1 April 2015 to 31 March 2020.</p> <p>A consequential amendment is made to section 66(1) of the Economic Expansion Incentives (Relief from Income Tax) Act to include the new section 43ZG under the definition of “concessionary income”.</p>	<p>Sections 13H and 43ZG [Clauses 12 and 34]</p> <p>Miscellaneous amendments Sections 14C, 37B and 37E [Clause 48]</p> <p>Consequential amendment to Economic Expansion Incentives (Relief from Income Tax) Act Section 66 [Clause 50]</p>
6	Extend the Insurance Business Development Incentive	To strengthen Singapore’s value proposition as an Asian insurance and reinsurance centre, the scheme will be extended till 31 March 2020.	Section 43C [Clause 27]

¹ Pioneer Service Incentive for approved fund management companies is withdrawn with effect from 1 April 2015.

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7	Improve the Enhanced-Tier Fund tax incentive scheme	To accommodate master-feeder fund structures that hold their investments via Special Purpose Vehicles (“SPVs”), the existing concession for master-feeder fund structures will be enhanced to apply to SPVs held by the master fund, subject to conditions. With this enhancement, both master-feeder-SPV and master-SPV fund structures may apply for the scheme and meet the economic conditions on a collective basis.	Section 13X [Clause 15]
8	Extend the income tax concessions for Real Estate Investment Trusts (“REITs”)	To continue promoting the listing of REITs in Singapore and strengthening Singapore’s position as a REITs hub in Asia, the income tax concessions for REITs (i.e. tax exemption for qualifying foreign-sourced income received by the trustees of REITs and their wholly-owned Singapore resident subsidiary companies, and the 10% concessionary tax rate for distributions received by qualifying non-resident non-individual investors from REITs) will be extended till 31 March 2020.	Sections 13 and 43 [Clauses 8 and 26]
9	Extend and enhance the Maritime Sector Incentive (“MSI”)	To further develop Singapore as an International Maritime Centre, the MSI is extended till 31 May 2021 ² . The scheme is also enhanced, with effect from 24 February 2015, as follows: a) The list of qualifying ship management activities for the purpose of the MSI-Shipping Enterprise (Singapore Registry	Sections 13A, 13F, 13S, 43W, 43ZA, 43ZB and 43ZF [Clauses 9, 11, 14, 30, 31, 32 and 33]

² The approval window to award MSI-AIS for qualifying entry players, MSI-ML(Ship), MSI-ML(Container) and MSI-SSS will be extended till 31 May 2021.

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		<p>of Ships) (“MSI-SRS”), MSI-Approved International Shipping Enterprise (“MSI-AIS”) award and MSI-Shipping-related Support Services (“MSI-SSS”) award will be updated to keep pace with industry changes;</p> <p>b) The MSI-SRS and MSI-AIS award will now cover mobilisation fees, demobilisation fees, holding fees, and incidental container rental income that are derived in the course of qualifying shipping operations;</p> <p>c) Qualifying profits remitted from approved foreign branches by MSI-AIS entities will now enjoy exemption;</p> <p>d) Existing MSI-SSS award recipients can renew their award tenure for another five years, subject to qualifying conditions and higher economic commitments; and</p> <p>e) The MSI-Maritime Leasing (“MSI-ML”) award will now cover income derived from finance leases treated as sales.</p>	
10	Introduce a review date for the Writing Down Allowance scheme on capital expenditure incurred for the acquisition of an indefeasible right to use any international telecommunications submarine cable system	To legislate a review date of 31 December 2020 for this scheme to ensure that the relevance of the scheme is periodically reviewed.	Section 19D [Clause 21]
11	Withdraw the Approved	To withdraw the scheme with effect from 1 October 2015, in	Section 43E

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	Headquarters incentive	line with the objective of simplifying our tax regime.	[Clause 28]
12	Withdraw the concessionary tax rate on income derived from offshore leasing of machinery and plant	To withdraw the scheme with effect from 1 January 2016, in line with the objective of simplifying our tax regime. With the withdrawal, any income derived from 1 January 2016 by a leasing company from the offshore leasing of any machinery or plant will be subject to tax at the prevailing corporate tax rate.	Section 43I [Clause 29]
13	Extend and enhance the Angel Investors Tax Deduction (“AITD”) scheme	To extend the scheme till 31 March 2020, to encourage angel investors to invest in start-up companies and help them to grow. To allow more investments to be eligible for the scheme, new qualifying investments made from 24 February 2015 to 31 March 2020 that are co-funded by the Government under SPRING’s Startup Enterprise Development Scheme (“SEEDS”) or Business Angel Scheme (“BAS”) will also be allowed to qualify for the AITD.	Section 37K [Clause 23]
14	Enhance progressivity of the personal income tax rate structure of tax resident individual taxpayers	To enhance the progressivity of the personal income tax rate structure, the marginal tax rates for individual tax residents with chargeable income exceeding \$160,000 will be increased with effect from YA 2017. A new tax rate of 22% will also be introduced into the personal income tax rate structure for chargeable income exceeding \$320,000.	Second Schedule [Clause 47]
15	Provide a personal income	To provide a personal income tax rebate of 50%, capped at \$1,000	[Clause 49]

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	tax rebate for tax resident individual taxpayers	per taxpayer, to all individual tax residents for YA 2015.	
16	Allow individual taxpayers to claim a specified amount of expenses against his passive rental income derived from residential properties in Singapore	To allow an individual who derives passive rental income from the letting of a residential property in Singapore, to claim a specified amount of expenses against his qualifying rental income, as a proxy for the actual expenses incurred (excluding interest expenses). The individual can continue to deduct the relevant actual interest expense against his qualifying rental income. This change, which simplifies tax compliance for individual taxpayers, will take effect from YA 2016.	Section 14Y [Clause 19]
17	Allow tax exemption for non-tax-resident mediators	To exempt from tax the income derived by a non-tax-resident mediator for mediation work carried out in Singapore from 1 April 2015 to 31 March 2020, so as to promote Singapore's commercial mediation sector.	Section 13 [Clause 8]
18	Include a review date for the tax exemption for non-tax-resident arbitrators	To introduce a review date of 31 March 2020 for the tax exemption for non-tax-resident arbitrators, to ensure that the relevance of the scheme is periodically reviewed.	Section 13 [Clause 8]
19	Increase the limits on the exempt amount and personal relief for CPF Contributions arising from an increase to the Compulsory CPF	As the CPF salary ceiling will be raised from \$5,000 to \$6,000 from 1 January 2016, the limits on the following will correspondingly be increased: a) The amount of tax-exempt CPF contribution made by employers; and	Sections 10C and 39 [Clauses 6 and 25]

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	Contribution Limit	b) The amount of tax relief given to a self-employed person for CPF contributions made by him to his own CPF account.	
20	Extend and enhance the 250% tax deduction for donations	<p>To increase the tax deduction rate for qualifying donations made to IPCs and other qualifying recipients (such as approved museums, prescribed schools) in 2015 from the current tax deduction rate of 250% to 300%, so as to build a stronger culture of giving and as part of the SG50 jubilee celebration.</p> <p>To extend the 250% tax deduction for qualifying donations to IPCs and other qualifying recipients for three years from 1 January 2016 to 31 December 2018, to instill a culture of giving.</p>	Section 37 [Clause 22]
21	Withdraw the tax concession on royalties and other payments from approved intellectual property or innovation under Section 10(16)	To withdraw the tax concession on royalties and other payments for the assignment of or the rights in approved intellectual property or innovation with effect from YA 2017, as the tax concession is assessed to be no longer relevant.	Section 10 [Clause 5]

SUMMARY TABLE ON PROPOSED NON-BUDGET CHANGES TO THE INCOME TAX ACT

s/n.	Legislative Change	Brief Description of Legislative Change	Amendment to Income Tax Act [Clause in Income Tax (Amendment) Bill]
1	Allow tax exemption on Supplementary Retirement Scheme (“SRS”) withdrawal upon death or terminal illness	To exempt from tax an SRS member’s SRS savings of up to \$400,000 for a deemed withdrawal made upon death, or a withdrawal in full made on grounds of terminal illness. This is to ensure that the SRS member is not unduly disadvantaged by the withdrawal. The change will be effective from YA 2016.	Section 10L [Clause 7]
2	Ensure that a dependant is the subject of claim of only one dependant-related personal income tax relief	To clarify that a dependant can be the subject of claim of only one dependant-related personal income tax relief, with the exception of the Grandparent Caregiver Relief and Working Mother’s Child Relief. This is to align the tax treatment of all dependant-related reliefs and to ensure consistency by disallowing a dependant from being the subject of multiple dependant-related relief claims.	Section 39 [Clause 25]
3	Align the interest rate used in calculating the interest payable by the Comptroller in specified scenarios to the Prime Lending Rate	To align the interest rate payable by the Comptroller on a refund of tax withheld (pending the determination of an appeal by the Comptroller against an order or a decision by the Income Tax Board of Review or by a court) to the Prime Lending Rate adopted by the Government in respect of monies owed to and by the Government.	Section 93 [Clause 40]
4	Align the personal income tax rate for non-tax-resident individual taxpayers to the	To align the various individual non-tax-resident / Hindu joint family tax rates to the top marginal personal income tax rate of 22% with effect from YA 2017.	Sections 43, 45 and 45B [Clauses 26, 35 and

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	top marginal personal income tax rate of 22%		36]
5	Empower the Comptroller to obtain information through electronic services	To empower the Comptroller to require information to be furnished through e-services provided by the Comptroller. This will increase IRAS' efficiency and effectiveness in revenue administration and help to streamline tax compliance for taxpayers.	Sections 8A and 65B [Clauses 4 and 38]
6	Impose compulsory e-filing for withholding tax	To make electronic-filing of withholding tax compulsory for filings made from 1 July 2016 and to empower the Comptroller to exempt any person from compulsory e-filing under certain circumstances. This is in line with the Government's direction for more cost effective delivery of public services.	Sections 8A, 45 and 45D [Clauses 4, 35 and 37]
7	Amend the provisions relating to implementation of Foreign Account Tax Compliance Act ("FATCA")	To facilitate FATCA implementation, the ITA will be amended to: <ul style="list-style-type: none"> a) Clarify that Reporting Singaporean Financial Institutions ("SGFIs") are allowed to collect, use and disclose data for FATCA purposes; b) Clarify that Reporting SGFIs are allowed to disclose information on payments to Non-participating Financial Institutions to their immediate payers; c) Clarify that IRAS has the power to extend the deadline for Reporting SGFIs to submit FATCA data, subject to certain terms and conditions as it may impose; and d) Provide IRAS with the power to engage third parties to perform FATCA related due-diligence inspections on 	Sections 105L, 105N and 105PA [Clauses 44, 45 and 46]

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		SGFIs.	
8	Allow the Comptroller to share income information with IRAS for preventing abuse of Wage Credit Scheme (“WCS”) and other non-tax grant schemes administered by IRAS	To provide a statutory exception to enable the Comptroller to share income information of taxpayers/ employers with IRAS for the purpose of preventing abuse of the WCS or other non-tax grant schemes administered by IRAS.	Section 6 [Clause 3]
9	Amend the definition of “EOI arrangement” to include other forms of EOI arrangements	To clarify that agreements providing for the exchange of information (“EOI”) both upon request and otherwise (e.g. automatic EOI) can be gazetted as “EOI arrangements” under Section 105BA. This allows the Comptroller to exercise his powers to fulfil Singapore’s obligations under such agreements.	Section 105BA [Clause 43]
10	Eliminate double taxation arising from the application of section 10(20B) to Designated Unit Trusts (“DUT”) when specified events occur	The DUT scheme provides tax deferral benefits, such that the specified income derived by a DUT is taxed upon distribution at the prevailing tax rate in the hands of the investors, instead of being taxed at the trustee level. Section 10(20B) was introduced in Income Tax (Amendment) Act 2014 to deem the undistributed DUT income as income taxable in the hands of specified investors on a specified date, when a unit trust ceases its DUT tax status or fails to meet any DUT condition. The proposed amendments seek to eliminate instances of double taxation arising from the operation of Section 10(20B).	Section 10 [Clause 5]

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11	Amend definition of “relevant day” for funds transiting from tax incentives under Sections 13CA and 13R to other fund schemes	To clarify the policy intent for the liability of financial penalty to be assessed on the last day the Section 13CA or 13R tax incentive applies to a fund, instead of the last day of the basis period, for funds transiting to other fund schemes.	Sections 13CA and 13R [Clauses 10 and 13]
12	Amend the provisions relating to the Land Intensification Allowance (“LIA”)	<ul style="list-style-type: none"> a) To clarify that the date of completion of construction or renovation works refers to the earlier of the Temporary Occupation Permit (“TOP”) or Certificate of Statutory Completion (“CSC”) dates; b) To allow LIA claims on the capital expenditure incurred for the construction or renovation of a part of the building up to the date of issuance of the TOP pertaining to that part of the building, for a construction project where more than one TOP may be issued for different parts of the building; and c) To stipulate that for a construction project with more than one TOP issued for different parts of the building, the “80% total floor area criterion” will be assessed independently based on the floor area of the building pertaining to each TOP (which is not the final TOP). The relevant capital expenditure will be capped at the amount incurred on the building up to the date of issuance of the TOP for that building. After the final TOP for the construction project is obtained, the “80% total floor area criterion” will be 	Section 18C [Clause 20]

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		<p>assessed based on the floor area of the entire development.</p> <p>The “80% total floor area criterion” is one of the qualifying conditions for claiming of the Annual Allowance under the LIA scheme. This criterion requires that at least 80% of the total floor area of the building or structure must be used, at the end of the basis period for that year of assessment, by any single person or partnership for carrying out the qualifying activity.</p>	
13	Amend Sections 2, 101 and 104 to include references to “Section 37IE – Promoters of abusive PIC arrangements”	<p>To make technical amendments to Sections 2, 101 and 104 arising from the introduction of Section 37IE in 2014:</p> <ul style="list-style-type: none"> a) Clarify that extension of definition of “Comptroller” in Section 2 to include a Deputy Comptroller or an Assistant Comptroller does not extend to the compounding of an offence under Section 37IE; b) Require the consent of the Comptroller or Public Prosecutor for the prosecution of an offence under Section 37IE; c) Allow the Comptroller to authorise officers to compound an offence under Section 37IE; and d) Allow certain statements and documents produced by or on behalf of any person (which were procured by lawful inducement or promise by IRAS officers) as evidence against him for Section 37IE offences. 	Sections 2, 101 and 104 [Clauses 2, 41 and 42]

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14	Amend Sections 13CA and 13X of the ITA to clarify that a fund that is eligible for DUT benefits can opt for either Section 13CA or 13X tax benefits	To clarify that a fund that is eligible for DUT benefits can opt for Section 13CA tax benefits or be approved under Section 13X, so long as it does not concurrently elect for DUT benefits. Currently, a fund that qualifies for DUT benefits is prohibited from enjoying Section 13CA tax benefits or being approved under 13X.	Sections 13CA and 13X [Clauses 10 and 15]
15	Enhance the Double Tax Deduction (“DTD”) for Internationalisation scheme	To allow incentivised firms or companies to qualify for the DTD for Internationalisation scheme (i.e. Sections 14B and 14K), subject to the approval of the Minister or such person as he may appoint.	Sections 14B and 14K [Clauses 16 and 17]
16	Delete reference to Section 45C in Section 45B(2)	To delete the reference to Section 45C in Section 45B(2) such that a deduction of tax under Section 45C in relation to any distribution made on or after 1 January 2009 by a unit trust shall be at the differentiated rates referred to in Section 45(1)(a).	Section 45B [Clause 36]