

ANNEX A: SUMMARY TABLE ON PROPOSED CHANGES TO THE INCOME TAX ACT 1947 (“ITA”) AS ANNOUNCED IN THE 2022 BUDGET STATEMENT

S/N	Proposed Legislative Change	Brief Description of Proposed Legislative Changes	Proposed Amendment to the ITA [Clause in Draft Income Tax Amendment) Bill 2022]
1	Extend the Aircraft Leasing Scheme (“ALS”)	<p>To continue encouraging the growth of the aircraft leasing sector in Singapore, the ALS will be extended till 31 December 2027.</p> <p>The proposed amendment, if approved, will take effect from 1 January 2023.</p>	<p>Sections 43N and 43O</p> <p>[Clauses 23 and 24]</p>
2	Adapt the Tax Framework for Facilitating Corporate Amalgamations under section 34C of the ITA for Licensed Insurer	<p>The tax framework under section 34C of the ITA treats qualifying corporate amalgamations as a continuation of the existing businesses of the amalgamating companies by the amalgamated company for tax purposes. The tax framework minimises the tax consequences arising from a qualifying corporate amalgamation.</p> <p>A qualifying corporate amalgamation under section 34C of the ITA comprises amalgamation of companies:</p> <ol style="list-style-type: none"> a. where the notice of amalgamation under section 215F of the Companies Act 1967 (“CA”) or a certificate of approval under section 14A of the Banking Act 1970 is issued on or after 22 January 2009; or b. that is court-directed under the CA or any other amalgamation of companies, provided the amalgamation has a similar effect as that of a statutory voluntary amalgamation under section 215B to 215G of the CA. Such amalgamation of companies is 	<p>Section 34CA</p> <p>[Clause 17]</p>

		<p>subject to the approval of the Minister for Finance, or such person as he may appoint.</p> <p>To ensure parity in treatment for all companies, including those that are in the insurance business, the tax framework for facilitating corporate amalgamations will be adapted to cover merger of Singapore-incorporated companies involving a scheme of transfer¹ under section 117 of the Insurance Act 1966 (“IA”), where the court order for the confirmation of the scheme referred to under section 118 of the IA is made on or after 1 November 2021.</p> <p>The adaptation of the tax framework is subject to conditions, which include the following:</p> <ol style="list-style-type: none"> a. The transferee takes over all property, rights, privileges, liabilities, and obligations, etc. of the transferor on the date of completion of the transfer of the transferor’s whole business; and b. The transferor becomes dormant (i.e. ceases to conduct any business or any other activities, and does not derive any income) on the date of completion of the transfer of the transferor’s whole business and remains so until it is dissolved or wound up; and c. The transferor is dissolved or wound up before the filing due date of the income tax return for the Year of Assessment (“YA”) related to the basis period in which the scheme of transfer was effected. 	
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¹ To merge with other licensed insurers, licensed insurers may be required to transfer their insurance-related businesses through a scheme of transfer and hence, cannot transfer these businesses through a statutory voluntary amalgamation under the CA. Following the scheme of transfer, the insurers will not automatically cease to exist and will have to undergo the usual process of winding up or dissolution.

		The tax treatments under the tax framework will apply with modifications where appropriate under a new provision in the ITA as the provisions under section 34C of the ITA cannot cover business transfers.	
3	Extend and rationalise the tax incentives for Project and Infrastructure Finance	<p>The following tax incentive schemes for Project and Infrastructure Finance were due to expire on 31 December 2022:</p> <ol style="list-style-type: none"> a. Exemption of qualifying income from qualifying project debt securities; b. Exemption of qualifying foreign-sourced income from qualifying offshore infrastructure projects/assets received by approved entities listed on the Singapore Exchange; and c. Concessionary tax rate of 10% on qualifying income derived by an approved Infrastructure Trustee-Manager/Fund Management Company from managing qualifying SGX-listed Business Trusts/Infrastructure funds in relation to qualifying offshore infrastructure projects/assets (“ITMFM scheme”). <p>To continue supporting the development of Singapore as an infrastructure financing hub, the existing tax incentive schemes for Project and Infrastructure Finance under (a) and (b) will be extended till 31 December 2025.</p> <p>As part of our regular review of tax incentives including their relevance, the ITMFM scheme in (c) will be allowed to lapse after 31 December 2022. Existing ITMFM scheme recipients will continue to enjoy the tax benefits for the remaining tenure of their existing awards.</p> <p>The proposed amendments, if approved, will take effect from 1 January 2023.</p>	<p>Sections 13, 45 and 45A</p> <p>[Clauses 7, 25 and 26]</p>

4	Change the basis of preparation of tax computations for insurers from financial statements (“FS”) to MAS Statutory Returns	<p>Insurers generally rely on their FS prepared in accordance with the accounting standards as the basis for preparing their tax computations. The insurance returns filed with MAS for regulatory purposes (“MAS Statutory Returns”) are also currently used to allow insurers to apply the tax rules applicable to insurers.</p> <p>With the adoption of the new Financial Reporting Standard (“FRS”) 117 for the preparation of the FS, the MAS Statutory Returns instead of the FS will be used as the basis for preparing tax computations for insurers. Related consequential adjustments to existing tax treatments will also be introduced.</p> <p>This change is in view of the following:</p> <ol style="list-style-type: none"> a. Insurers will not be able to prepare their tax computations using the FS prepared in accordance with FRS 117 as the FS will not provide sufficient information necessary to apply the existing tax rules such as those under section 26 of the ITA. b. Using MAS Statutory Returns as the basis for preparation of tax computations will allow the existing tax rules and tax incentives (if applicable) to continue to apply without adding substantial tax compliance burden on insurers. <p>The proposed amendments, if approved, will take effect from the YA 2024 (or YA 2025 for insurers whose financial year end is not 31 December).</p>	<p>Sections 26, 34A, 34AA, 34AAA, 34AB, 34G, 62, 62B and 63</p> <p>[Clauses 11, 13, 14, 15, 16, 18, 29, 30 and 31]</p>
5	Facilitate disclosure of company-related information for official duties	<p>The confidentiality of information on taxpayers is provided for in sections 6 of the ITA and Goods and Services Tax Act 1993 (“GSTA”).</p> <p>Currently, the Inland Revenue Authority of Singapore (“IRAS”) can disclose information collected under the ITA to a public officer (or</p>	Sections 6 and 106 and Eleventh Schedule

		<p>any other authorised person outside the public sector who is engaged by the Government or a statutory board) for the performance of his official duties in administering any written law or public scheme, where taxpayers have provided consent. In the absence of taxpayers' consent, IRAS can only disclose information on taxpayers to public agencies where specific legislative exemptions have been provided (e.g. to the Department of Statistics).</p> <p>To support data-driven policymaking, operations, and integrated service delivery, the following changes to the ITA and the GSTA will be made to facilitate the disclosure of company-related information by IRAS for official duties:</p> <ol style="list-style-type: none"> a. Where taxpayers have provided consent for their information to be shared, IRAS can disclose such information to a public officer (or any other authorised person outside the public sector who is engaged by the Government or a statutory board) for the performance of his official duties; and b. IRAS may also disclose a prescribed list of identifiable information on companies to public sector agencies for the performance of official duties, without the taxpayer's consent. The company-specific information shared will be made less granular by IRAS to preserve the company's confidentiality. For instance, the prescribed list will include the sales revenue band an identified company belongs to, but not the exact value of its sales revenue. Such information will not be disclosed to any person outside the public sector even if the person is engaged by the Government or a statutory board. The prescribed list is below. <div data-bbox="751 1304 1629 1344" style="border: 1px solid black; background-color: #f2f2f2; padding: 2px;"> <p>List of identifiable company Income Tax data items</p> </div>	<p>Related amendments to the GSTA</p> <p>[Clauses 3, 41, 43, 46 and 49]</p>
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No	Data Item	Form in which data is shared
1	Company Name	Actual
2	Unique Entity Number (“UEN”)	Actual
3	Period	Actual
4	Year of Assessment	Actual
5	Revenue	In bands
6	Net Profit/Loss before Tax	Yes/No
7	No business done	Yes/No
8	Tax deduction claimed - Cost on protecting Intellectual Property (“IP”) deductions under section 14A	Yes/No
9	Tax deduction claimed - Participation in approved local trade fairs under section 14B	Yes/No
10	Tax deduction claimed - Participation in overseas trade fairs, overseas business development and investment study trips/missions under section 14B/14H	Yes/No
11	Tax deduction claimed - Expenditure incurred on research and development (“R&D”) activities undertaken in Singapore under section 14C	Yes/No
12	Tax deduction claimed - Staff costs and consumables for R&D activities undertaken in Singapore qualifying for section 14D(1)	Yes/No

		13	Tax deduction claimed - Expenditure on R&D project under section 14E	Yes/No		
		14	Tax deduction claimed - Cost on IP In-Licensing under section 14U	Yes/No		
		15	Foreign Income Received in Singapore (before Exempt Amount) - Excluding income exempted under the Foreign-Sourced Income Exemption Scheme	Yes/No		
		List of identifiable company GST data items				
		No	Data Item	Form in which data is shared		
		1	Company Name	Actual		
		2	UEN	Actual		
		3	Prescribed accounting period	Actual		
		4	Revenue	In bands		
		5	Total value of supplies	In bands		
		6	Total value of zero-rated supplies	In bands		
		The proposed amendments, if approved, will take effect from the date the Amendment Act is published in the Gazette.				
6	Enhance the progressivity of personal income tax (“PIT”) of tax-resident individual taxpayers, and align the tax rates of non-tax-resident individual taxpayers to the	<p>The top marginal PIT rate of tax-resident individual taxpayers is currently 22%.</p> <p>The top marginal PIT rate of tax-resident individuals will be increased from the YA 2024. The portion of chargeable income in excess of \$500,000 up to \$1 million will be taxed at 23%, while that in excess of \$1 million will be taxed at 24%; both up from 22% today.</p>			Sections 43, 45, 45B, 45E and 45EA and Second Schedule	
					[Clause 22, 42 and 44]	

	revised top marginal PIT rate for tax-resident individuals	<p>The PIT rates for certain income derived by non-tax-residents will also be revised to 24%, to continue to be aligned with the top marginal tax rate of tax-residents.</p> <p>The proposed amendments will take effect from the YA 2024. For income due to non-tax-resident individuals that is subject to withholding tax (“WHT”), the change in WHT rates will take effect for payments made from 1 January 2023.</p>	
7	Extend the WHT exemption for non-tax-resident mediators	<p>Non-tax-resident professionals are subject to WHT at a rate of 15% on gross income from the profession; or they may elect to be taxed at 22% on net income. As a concession, income derived by non-tax-resident mediators from mediation work carried out in Singapore is exempt from tax, subject to conditions. This exemption was scheduled to lapse after 31 March 2022.</p> <p>The existing WHT exemption for income from mediation work, introduced in 2015, has supported Singapore’s development as an international mediation hub. To build on the momentum, the Government will continue to support the international mediation sector through a holistic suite of policies and initiatives.</p> <p>The WHT exemption will be extended by one year, till 31 March 2023. Thereafter, from 1 April 2023, gross income derived by non-tax-resident mediators from mediation work carried out in Singapore will be subject to a concessionary WHT rate of 10%, subject to conditions. This concessionary WHT rate will apply to payments made to non-tax-resident mediators till 31 December 2027. Non-tax-resident mediators may alternatively elect to be taxed at 24% on net income, from the YA 2024 onwards.</p>	<p>Sections 13, 43 and 45F</p> <p>[Clauses 7, 22 and 27]</p>

8	Extend the WHT exemption for non-tax-resident arbitrators	<p>Non-tax-resident professionals are subject to WHT at a rate of 15% on gross income from the profession; or they may elect to be taxed at 22% on net income. As a concession, income derived by non-tax-resident arbitrators from arbitration work carried out in Singapore is exempt from tax, subject to conditions. This exemption was scheduled to lapse after 31 March 2022.</p> <p>The existing WHT exemption for income from arbitration work, introduced in 2002, has supported Singapore’s development as an international arbitration hub. To build on the momentum, the Government will continue to support the international arbitration sector through a holistic suite of policies and initiatives.</p> <p>The WHT exemption will be extended by one year, till 31 March 2023. Thereafter, from 1 April 2023, gross income derived by non-tax-resident arbitrators from arbitration work carried out in Singapore will be subject to a concessionary WHT rate of 10%, subject to conditions. This concessionary WHT rate will apply to payments made to non-tax-resident arbitrators till 31 December 2027. Non-tax-resident arbitrators may alternatively elect to be taxed at 24% on net income, from the YA 2024 onwards.</p>	<p>Sections 13, 43 and 45F</p> <p>[Clauses 7, 22 and 27]</p>
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