

**ANNEX B: PROPOSED AMENDMENTS TO THE INCOME TAX ACT ARISING FROM COVID-19 MEASURES ANNOUNCED IN THE RESILIENCE, SOLIDARY AND FORTITUDE BUDGETS**

S/N	Proposed Legislative Change	Brief Description of Proposed Legislative Changes	Amendment to ITA [Clause in Draft Income Tax (Amendment) Bill 2020]
1	General tax treatment of COVID-19 support measures	<p>The proposed amendments seek to exempt the following payouts to individuals and SEPs from income tax in YA2021:</p> <ul style="list-style-type: none"> <li>a) SEP Income Relief;</li> <li>b) COVID-19 Support Grant;</li> <li>c) Wage support for tourist guides;</li> <li>d) Workfare Special Payment (under Care and Support Package)</li> <li>e) Payment by the Maritime and Port Authority of Singapore to Singaporean seafarers under the Seafarers Relief package.</li> </ul> <p>On an exceptional basis, JSS payouts, COVID-19 QOA scheme, LOA scheme, and SHN scheme payouts to affected SEPs and employers received in 2020 are to be exempt from income tax in YAs 2021 and 2022 (depending on the financial year end of the employers). Tax treatment in accordance with current Income Tax Act is to apply for other payouts from the Government to businesses.</p>	Section 13ZA  [Clause 16]

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		<p>The proposed amendments will also allow on an exceptional basis the income tax exemption for YA2021, on BIK and cash allowances received in 2020 by qualifying employees for accommodation, food, transport and other necessities, subject to the following conditions:</p> <ul style="list-style-type: none"> <li>a) The employee (and other employees performing a similar job scope) did not ordinarily receive such benefits before 1 February 2020; and</li> <li>b) The employer has provided the benefit either because: <ul style="list-style-type: none"> <li>i. The employee normally resides outside Singapore and is required to reside here during the COVID-19 pandemic to ensure continuity of his employer's business during the pandemic; <u>or</u></li> <li>ii. The provision of the benefit will reduce the risks of COVID-19 infection for the employee, or the risk that the employee will infect others.</li> </ul> </li> <li>c) If conditions a) and b) are met, the exemption on employees' BIK and cash allowances is to be subject to: <ul style="list-style-type: none"> <li>i. A cap of \$75 per day per employee for accommodation BIK or accommodation cash allowance; and</li> </ul> </li> </ul>	

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		<p>ii. A total cap of \$50 per day per employee for BIK or cash allowance for food, transport or daily living expenses in total.</p> <p>There is no change to the income tax treatment for all other BIK and allowances (i.e. generally taxable).</p>	
2	Amendments relating to Special Relief Fund (“SRF”) payouts under the Point-to-Point Support Package	<p>Under the draft Bill, the proposed amendment in a) is to take effect for YA2021, and the proposed amendment in b) is to take effect for YA2021 and YA2022.</p> <p>a) To exempt from income tax the SRF payouts from the Government received by taxi and PHC drivers in 2020 as self-employed persons; and</p> <p>b) To legislatively provide for a new specific provision allowing tax deductions for payments made by taxi and PHC operators to taxi and PHC drivers in the year 2020 for disbursement of both the SRF payouts from the Government, as well as the operators’ voluntary payments meant to provide financial support for taxi and PHC drivers.</p>	<p>Sections 13ZA, 14ZE, and Tenth Schedule</p> <p>[Clauses 16, 22, and 60]</p>
3	Amendments relating to Property Tax Rebate and rental relief measures	<p>These proposed amendments seek to:</p> <p>a) Allow deductions, subject to a cap (to be calculated with reference to the contractual rental amounts or the actual amount</p>	<p>Sections 13ZA, 14ZF, and 15A</p>

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		<p>of rental income receivable from the tenants, whichever is lower, as stipulated in tenancy agreements for calendar year 2020), for payments made in calendar year 2020 for:</p> <ul style="list-style-type: none"> <li data-bbox="821 613 1591 678">i. Property owners’ monetary payments to pass on the benefit of the Property Tax Rebate to tenants; and</li> <li data-bbox="821 721 1591 786">ii. Voluntary monetary payments from landlords to provide support to tenants.</li> </ul> <p>b) Restrict allowable rental expenses which tenants can claim to the amount of rental expense net of monetary benefits passed on or received from landlords, with the disallowable rental expenses being subject to a cap (to be calculated with reference to the contractual rental amounts, or the actual amount of rental income payable to the landlords, whichever is lower, as stipulated in tenancy agreements for calendar year 2020). Correspondingly, the monetary benefits received by the tenants will not be brought to tax.</p>	[Clauses 16, 22, and 24]
4	Lift Section 14I deduction cap on provisions for doubtful debts and debt securities made by banks and qualifying finance companies	This proposed amendment temporarily lifts the caps for tax deduction granted to banks and qualifying finance companies for YAs 2021 and 2022.	Section 14I [Clause 18]

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5	Amendment to Section 6 to allow disclosure or access to information necessary for administering public schemes.	<p>Currently, Section 6 of the ITA only allows the Comptroller to disclose information (including allowing the access to such information) to the CEO of IRAS and officers authorized by the CEO that is necessary for the purpose of administering the wage credit scheme, without requiring the express consent of the person to whom the information relates.</p> <p>This proposed amendment expands the scope of the current provision to allow the Comptroller to provide information to the CEO of the IRAS or officers authorised by the CEO of IRAS that is necessary for the purpose of administering any public scheme such as the JSS.</p>	<p>Sections 6, 106, and Ninth Schedule</p> <p>[Clauses 4, 57, and 60]</p>