

**SUMMARY TABLE ON CHANGES TO THE INCOME TAX ACT (“ITA”) AS ANNOUNCED IN  
BUDGET 2016 STATEMENT**

S/N.	Legislative Change	Brief Description of Legislative Change	Amendment to Income Tax Act [Clause in Income Tax (Amendment) (No. 3) Bill 2016]
1	Enhance the Corporate Income Tax (“CIT”) Rebate for Year of Assessment (“YA”) 2016 and YA 2017	To help companies, especially Small and Medium Enterprises (“SMEs”), the CIT rebate will be raised to 50% of the corporate tax payable for YA 2016 and YA 2017, subject to a cap of \$20,000 per YA.	Section 92E [Clause 51]
2	Enhance the Mergers & Acquisitions (“M&A”) scheme	<p>To support more M&amp;A, the existing cap on the consideration paid for qualifying M&amp;A deals will be doubled from \$20 million to \$40 million per YA. The change will take effect for qualifying M&amp;A deals from 1 April 2016 to 31 March 2020.</p> <p>With the increase in the cap on the value of qualifying acquisitions from \$20 million to \$40 million, the total amount of stamp duty relief available under the M&amp;A scheme will correspondingly be increased from \$40,000 to \$80,000. A consequential amendment will be made to Section 15A of the Stamp Duties Act to provide for this change.</p>	<p>Section 37L [Clause 23]</p> <p>Related amendment to the Stamp Duties Act Section 15A [Clause 62]</p>
3	Extend the upfront certainty of non-taxation of companies’ gain on disposal of equity investments	To provide upfront certainty to companies in their corporate restructuring, the scheme under Section 13Z will be extended till 31 May 2022 (to cover disposal of equity investments from 1 June 2017 to 31 May 2022).	Section 13Z [Clause 11]

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<b>4</b>	Extend the Double Tax Deduction (“DTD”) for Internationalisation scheme	To support businesses in their internationalisation efforts, the DTD for internationalisation scheme will be extended till 31 March 2020.	Sections 14B and 14K [Clauses 13 and 14]
<b>5</b>	Enhance the Land Intensification Allowance (“LIA”)	To encourage higher industrial land productivity, the LIA scheme will be extended to buildings used by a user or multiple users who are related, for one or more qualifying trades or business. A new criterion requiring LIA applicants to be related to the qualifying user or users of the building will also be introduced. The change is effective from 25 March 2016.	Section 18C [Clause 19]
<b>6</b>	Provide an election for writing-down period for intellectual property rights (“IPRs”)	To recognise varying useful lives of IPRs while maintaining a simple and certain tax regime, companies or partnerships may elect for their Section 19B writing down allowance to be granted over a writing-down period of 5, 10 or 15 years.  The change will apply to capital expenditure incurred in respect of qualifying IPR acquisitions made during any basis period relating to YA 2017 to YA 2020.	Section 19B [Clause 20]  Consequential amendment to Section 37I [Clause 22]
<b>7</b>	Introduce a specific anti-avoidance mechanism for IPR	To ensure that Section 19B writing down allowances are granted based on transacted values that are reflective of the open market value of an	Section 19B [Clause 20]

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	transfers	<p>IPR, a specific anti-avoidance mechanism for IPR transfers will be introduced to adjust the transacted price of an IPR, if the IPR is not transacted at the open market value.</p> <p>The change will apply to the acquisitions, sales, transfers or assignments of IPRs from 25 March 2016.</p>	Consequential amendment to Section 37I [Clause 22]
8	Extend and enhance the Finance and Treasury Centre (“FTC”) scheme	To enhance activities in the areas of finance and treasury, the FTC scheme will be extended till 31 March 2021 and the concessionary tax rate will be lowered to 8%.	Section 43G [Clause 32]
9	Extend and refine the tax incentive schemes for insurance companies	<p>To streamline and simplify the tax incentives for the insurance sector while ensuring the continued growth of high-value insurance activities in Singapore, the tax incentive schemes for marine hull and liability insurance, specialised insurance business and captive insurance will be subsumed under the Insurance Business Development umbrella scheme with the following changes:</p> <p>a) <u>Marine Hull and Liability Insurance</u>: A concessionary tax rate of 10% will apply to new and renewed awards from 1 April 2016.</p> <p>b) <u>Specialised Insurance Business</u>: A concessionary tax rate of 8% will apply to new awards from 1 September 2019. As a transitional measure, a concessionary tax rate of 5% will apply</p>	Section 43C [Clause 30]

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		<p>to new awards from 1 September 2016 to 31 August 2019. A concessionary tax rate of 10% will apply to renewed awards from 1 September 2016.</p> <p>c) <u>Captive Insurance</u>: A concessionary tax rate of 10% will apply to new and renewed awards from 1 April 2018.</p>	
<b>10</b>	Enhance the Maritime Sector Incentive (“MSI”)	<p>To further develop Singapore as an International Maritime Centre, the MSI is enhanced with effect from 25 March 2016 as follows:</p> <p>a) The MSI-Singapore Registry of Ships (“MSI-SRS”) and MSI-Approved International Shipping enterprise (“MSI-AIS”) award will cover income derived from operation of ships used for exploration or exploitation of offshore energy or offshore minerals, or ancillary activity relating to exploration or exploitation of offshore energy or offshore minerals.</p> <p>b) The MSI-Maritime Leasing (Ship) (“MSI-ML(Ship)”) award will cover income derived from leasing of ships to be used for exploration or exploitation of offshore energy or offshore minerals, or ancillary activity relating to exploration or exploitation of offshore energy or offshore minerals.</p> <p>c) The counterparty restriction under MSI-ML(Ship) award will be removed.</p>	<p>Sections 2, 13A, 13F, 13S and 43ZF [Clauses 2, 6, 7, 9 and 37]</p>
<b>11</b>	Introduce the Business and Institute of a Public Character	To incentivise employee volunteerism through businesses, a pilot BIPS will be introduced from 1 July 2016 to 31 December 2018. Under	Sections 14ZB and 15

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	("IPC") Partnership Scheme ("BIPS")	<p>BIPS, businesses will receive 250% tax deduction in total on qualifying expenses when they send their employees to volunteer or provide services to IPCs, including secondments. Where the qualifying expenditure under BIPS is currently deductible under section 14(1) of the ITA, an additional 150% tax deduction will be given, subject to qualifying conditions. Where the qualifying expenditure under BIPS is currently not deductible under section 14(1), a 250% tax deduction will be given, subject to qualifying conditions.</p> <p>The claim under BIPS will be subject to the receiving IPCs' agreement and the following caps on qualifying expenses:</p> <ul style="list-style-type: none"> <li>a) <u>For businesses</u>: \$250,000 per business per YA</li> <li>b) <u>For receiving IPCs</u>: \$50,000 per IPC per calendar year</li> </ul>	[Clauses 17 and 18]
12	Provide for allocation of expenses under Section 14U of the ITA ("Section 14U expenses") and pre-commencement expenses under Part V of the ITA	<p>To ensure fair allocation of Section 14U and pre-commencement expenses to pre-incentive and incentive income derived by businesses enjoying tax incentives, and provide certainty on the allocation method to be used;</p> <ul style="list-style-type: none"> <li>a) Section 14U and pre-commencement expenses that are directly attributable to the pre-incentive income or incentive income will be specifically identified and offset against the relevant income; and</li> <li>b) For all remaining Section 14U and pre-commencement</li> </ul>	<p>Section 14Z [Clause 15]</p> <p>Miscellaneous amendments to Sections 14A, 14D, 14S, 14Q and 14U [Clause 59]</p>

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		<p>expenses, they will be allocated between the pre-incentive and incentive income based on income proportion</p> <p>This change will take effect for Section 14U and pre-commencement expenses that are incurred from 25 March 2016.</p>									
<b>13</b>	Introduce mandatory electronic filing (“e-filing”) for corporate income tax returns	<p>In line with government’s direction for more effective delivery of public services and to be aligned with the Smart Nation vision to harness technology to enhance productivity, mandatory e-filing of CIT returns will be implemented in stages as follows:</p> <table border="1" data-bbox="730 862 1642 1089"> <thead> <tr> <th data-bbox="730 862 842 902">YA</th> <th data-bbox="842 862 1642 902">Target group</th> </tr> </thead> <tbody> <tr> <td data-bbox="730 902 842 976">2018</td> <td data-bbox="842 902 1642 976">Companies with turnover of more than \$10 million in YA 2017</td> </tr> <tr> <td data-bbox="730 976 842 1049">2019</td> <td data-bbox="842 976 1642 1049">Companies with turnover of more than \$1 million in YA 2018</td> </tr> <tr> <td data-bbox="730 1049 842 1089">2020</td> <td data-bbox="842 1049 1642 1089">All companies</td> </tr> </tbody> </table>	YA	Target group	2018	Companies with turnover of more than \$10 million in YA 2017	2019	Companies with turnover of more than \$1 million in YA 2018	2020	All companies	Sections 8A and 63 [Clauses 3 and 43]
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2019	Companies with turnover of more than \$1 million in YA 2018										
2020	All companies										
<b>14</b>	Extend the Not-for-Profit Organisation (“NPO”) tax incentive	To continue promoting Singapore as a hub for NPOs, the NPO tax incentive will be extended till 31 March 2022.	Section 13U [Clause 10]								
<b>15</b>	Withdraw the tax exemption on income derived by non-	As the scheme is assessed to be no longer relevant, the tax exemption for non-residents trading in Singapore in specified commodities via	Section 13 [Clause 5]								

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	residents trading in Singapore in specified commodities via consignment arrangements	consignment arrangements will be withdrawn from YA 2018.	
<b>16</b>	Withdraw the Approved Investment Company scheme	As the scheme is assessed to be no longer relevant, the Approved Investment Company scheme will be withdrawn after 1 January 2017.	Section 10A [Clause 4]
<b>17</b>	Enhancing the Global Trader Programme (Structured Commodity Finance) (“GTP(SCF)”) scheme	To strengthen Singapore’s trade finance capabilities and encourage more SCF activities to be done in Singapore, the GTP(SCF) scheme is enhanced with effect from 25 March 2016 to include the following new qualifying activities: a) Consolidation, management and distribution of funds for designated investments; b) Treasury advisory services in relation to mergers and acquisitions; and c) Streaming financing.	Section 43P [Clause 36]
<b>18</b>	Introduce a cap of \$80,000 on personal income tax reliefs	To enhance the progressivity of our personal income tax regime, the total amount of personal income tax reliefs that an individual can claim will be capped at \$80,000 per YA with effect from YA 2018.	Sections 39A, 40B, 40C and 40D [Clauses 25, 26, 27 and 28]