

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

s/n.	Legislative Changes	Brief Description of Legislative Changes	Amendment to Income Tax Act	Explanation for Amendments
1	Expansion of scope of remission to be granted under section 92	<p>Currently, Section 92(2) allows the Minister to grant tax remission to any person if he is satisfied that it is just and equitable to do so.</p> <p>Section 92(2) is amended to allow the Minister to grant remission of tax on other grounds (in addition to “just and equitable”) in his discretion and may be subject to conditions. The remission may be granted at any time and to any person or specific class of persons. The change would provide better clarity of the circumstances under which a Ministerial remission may be granted.</p> <p>This change will take effect from the gazette date of the Income Tax (Amendment) Act.</p>	<p>Section 92</p> <p>[Clause 46]</p>	<p>Clause 46 amends section 92 (Remission of tax) to enable the Minister to grant a remission, reduction or refund of tax at his discretion and for tax that has yet to become payable. The remission, reduction or refund may be granted subject to conditions. If the Minister is satisfied that any condition is breached, the amount of tax in respect of which the remission, reduction or refund is granted shall be recoverable as a debt due to the Government.</p>
2	Incentive for approved sovereign wealth funds (“SWFs”)	<p>To encourage the building up of a cluster of SWFs as a niche class of financial institutions for our financial sector development, a new tax incentive for approved SWFs was introduced with effect from 1 April 2010.</p> <p>The incentive will be granted to approved</p>	<p>Section 13Y</p> <p>[Clause 9]</p>	<p>Clause 9 inserts a new section 13Y which provides for tax exemption on prescribed income derived by an approved sovereign wealth fund from funds managed in Singapore by an approved foreign government-owned entity, as well as prescribed income derived by an approved foreign government-owned entity from managing in Singapore funds of</p>

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		<p>SWFs and approved foreign government-owned entities managing the funds of approved SWFs. Under the incentive, tax exemption will be granted on prescribed income derived by approved SWFs and approved foreign government-owned entities.</p> <p>The incentive is administered by MAS on an approval basis and the incentive approval period is 5 years from 1 April 2010 to 31 March 2015 (both dates inclusive).</p>		<p>an approved sovereign wealth fund, subject to conditions.</p>
3	<p>Updating the securities listed under Section 14I(7)</p>	<p>Currently, banks and qualifying finance companies can claim tax deduction for general provisions made for loans losses or diminution in value of qualifying securities listed under section 14I(7) of the ITA, subject to conditions.</p> <p>To keep pace with financial innovation, the list of securities under Section 14I(7) will be updated to include new securities like units in real estate investment trusts and registered business trusts. All other conditions under section 14I remain unchanged.</p> <p>This change will take effect from YA 2011.</p>	<p>Section 14I [Clause 15]</p>	<p>Clause 15 amends section 14I (Provisions by banks and qualifying finance companies for doubtful debts and diminution in value of the investments) to expand the list of securities (a provision for diminution in the value of investment in which is entitled to a deduction under that section) to include other securities such as units in registered business trusts and units in real estate investment trusts.</p>
4	<p>To provide wider</p>	<p>Currently, section 13C allows the Minister to</p>	<p>Section 13C</p>	<p>Clause 5 amends section 13C (Exemption of</p>

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	regulation making power under section 13C	<p>make provisions in the Regulations to define the income to be exempt from tax and to prescribe the trust fund and fund manager.</p> <p>The legislative change is intended to provide broader enabling provisions for the Minister to make regulations for generally carrying out the purposes of Section 13C. This change will update and align the provisions for making regulations under Section 13C with existing provisions under Section 13CA and Section 13R¹.</p> <p>This change will take effect from 1st September 2007, <u>consistent with when changes to our general fund management tax incentives were effective.</u></p>	[Clause 5]	income of trustee of trust fund arising from funds managed by fund manager in Singapore) to enable regulations to be made to provide among other things for the determination of the amount of income of the trustee of a prescribed trust fund to be exempt from tax.
5	Enhancement to Global Trader Program	<p>To strengthen Singapore's position as the leading trading hub in Asia, the Global Trader Program (GTP) will be enhanced to include structured commodity financing (SCF) activities as qualifying activities under the GTP.</p> <p>Under the enhanced GTP (SCF) incentive, a</p>	Section 43P [Clause 38]	Clause 38 amends section 43P (Concessionary rate of tax for global trading company) to provide that concessionary tax rates of 5% or 10% may be levied and paid upon prescribed income derived by an approved qualifying company on or after 21st May 2010 from carrying on prescribed qualifying structured commodity financing

¹ Section 13C, Section 13CA and Section 13R are the relevant sections in the Income Tax Act relating to our general fund management tax incentives.

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		<p>concessionary rate of tax of 5% or 10% (depending on the award tier the company is eligible for under the GTP(SCF)) will be granted on qualifying income derived by an approved company from qualifying SCF activities (which would be prescribed in regulations).</p> <p>The incentive is administered by IE Singapore on an approval basis and the incentive approval may be granted during the period from 21st May 2010 to 20th May 2015 (both dates inclusive) for such period not exceeding 5 years. IE Singapore had released the details of this tax change on 21st May 2010. Please refer to IE Singapore website: http://www.iesingapore.com/wps/portal/Press+Release?WCM_GLOBAL_CONTEXT=/wps/wcm/connect/ie/My+Portal/Main/Press+Room/Press+Releases/2010/Global+Trader+Awards+2010+MR03110</p>		<p>activities, subject to conditions. The approval may be granted during the period from 21st May 2010 to 20th May 2015 (both dates inclusive) for a specified period not exceeding 5 years.</p>
6	Extension of tax exemption for Jobs Credit	The Jobs Credit Scheme ("Scheme") was introduced in Budget 2009 to encourage businesses to preserve jobs in the downturn. Businesses have received cash grants in 2009 based on the CPF contributions they made for their existing employees. The Scheme	Section 13 [Clause 3]	Clause 3 amends section 13 (Exempt income) to extend tax exemption to Government cash grants payable to employers under the Jobs Credit Scheme in 2010.

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		<p>provides a significant incentive for businesses to retain existing workers, and where their business warrants, to employ new ones.</p> <p>As announced on 13 October 2009, the Scheme will be extended for another 6 months till June 2010. The tax exemption treatment of the cash grants will be extended to apply to cash grants to be paid out in 2010.</p>		
7	Compulsory provision of Unique Identification Numbers (UIN) or Unique Entity Number (UEN) of the donor for donation made by him to an institution of a public character (IPC)	<p>To streamline the processing of claim for donation, all donors that wish to claim deduction for donations to IPCs would be required to provide their Unique Identification Numbers (UIN) or UEN* to the IPC, unless the Comptroller waives such requirement. Once the donors provide their UIN or UEN to the IPC, the donors would not need to make a separate claim in their tax returns as the amount would be automatically reflected in their tax assessment based on information provided by the IPC. This change will take effect from 1 January 2011.</p> <p>* Unique Identification Numbers (UINs) apply to individuals and refer to NRIC numbers for Singaporeans and Singapore Permanent Residents, and Foreign</p>	Section 37 [Clause 27(c)]	Clause 27 amends section 37 (Assessable income) to disallow any deduction to a person for a donation made to an institution of a public character on or after 1st January 2011 if that person does not provide to that institution such information within such time and in such form and manner as the Comptroller may specify.

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		<p>Identification Numbers (FINs) for foreigners. Unique Entity Numbers (UENs) apply to all entities that are registered in Singapore with effect from 1 January 2009, such as businesses, local companies, limited liability partnerships, societies, representative offices, healthcare institutions and trade unions.</p>		
8	CPF contribution rate changes	<p>On 1 May 2010, PM announced the phased increase in mandatory CPF contribution rates:</p> <ul style="list-style-type: none"> a. From 34.5% to 35% with effect from 1st September 2010, with the rate of CPF contribution by the employer increasing from 14.5% to 15%; and b. From 35% to 35.5% with effect from 1st March 2011; with the rate of CPF contribution by the employer increasing from 15% to 15.5%. <p>With the phased increase in CPF contribution rates, corresponding changes are made to the ITA for (i) the tax deduction allowed on mandatory contributions made by employers to the CPF as well as for (ii) the tax relief allowed to self-employed individuals on their CPF contributions.</p>	<p>Sections 14 and 39(2)(h)</p> <p>[Clauses 10, 31(h) and 31(i)]</p>	<p>Clause 10 amends section 14 (Deductions allowed) to provide that the deduction allowable to an employer for contributions made on or after 1st September 2010 and on or after 1st March 2011 to the Central Provident Fund or any approved pension or provident fund designated by the Minister under section 39(8) in respect of an employee must not exceed 15% and 15½% respectively of the remuneration paid to the employee.</p> <p>Clause 31 amends section 39 to increase the limit of relief given to a self-employed individual under subsection (2)(h) in respect of his contribution to the Central Provident Fund.</p>