

## SUMMARY TABLE ON A CHANGE TO THE STAMP DUTIES (SD) ACT ANNOUNCED AT BUDGET 2010

Note: You may download the summary table, as well as other relevant documents [here](#).

No.	Tax Change	Description and Reason for Change	Amendment to SD Act	Details of Amendment
1	<p>Provide for stamp duty relief for qualifying mergers and acquisitions (M&amp;As).</p> <p>This relief and the M&amp;A income tax allowance were announced in Budget 2010 to support business restructuring.</p>	<p>The Stamp Duties Act will be amended to provide for stamp duty relief for qualifying mergers and acquisitions (M&amp;As).</p> <p>The relief as well as the M&amp;A income tax allowance were announced in Budget 2010 and took effect from 1 Apr 2010.</p> <p>Under the scheme, acquirers can be granted up to \$200,000 of stamp duty relief per financial year for the acquisition of ordinary shares, subject to qualifying conditions.</p> <p>For more information, please refer to the <a href="#">draft Stamp Duties (Relief from Stamp Duty upon Acquisition of Shares of Companies) Rules 2010</a>.</p>	<p>Sections 15A and 38</p> <p>[Clauses 3 and 4]</p>	<p>Clause 3 inserts a new section 15A (Relief from ad valorem stamp duty for acquisition of shares of companies).</p> <p>The new section 15A(1) provides that subject to the satisfaction of certain prescribed conditions, relief from duty will be granted for any instrument executed during the period from 1st April 2010 to 31st March 2015 (both dates inclusive) for or in connection with the acquisition by a Singapore company (acquiring company) of ordinary shares in another company (target company) (first-mentioned instrument) as well as any instrument executed during that period and within a 12 month period before the date of share acquisition of the first-mentioned instrument for or in connection with the acquisition by the acquiring company of ordinary shares in the target company (second-mentioned instrument) provided that the</p>

			<p>acquisition of shares under any one of the above-mentioned instruments is made in the circumstances specified in the new section 15A(2). For the second-mentioned instrument, the Commissioner will on application make a refund of any duty paid on it since it would not be possible to determine if the instrument is eligible for the relief until after the first-mentioned instrument is determined to be so eligible. The amount of refund to be given is subject to the limits set out in the new section 15A(4) or (5). The provision for refund is the new section 15A(3).</p> <p>The new section 15A(2) sets out the circumstances referred to in the new section 15A(1).</p> <p>The new section 15A(4) sets out the maximum amount of relief from duty to be allowed to a company by which the stamp duty is payable where its financial year does not exceed 12 months.</p> <p>The new section 15A(5) sets out the maximum amount of relief from duty to be allowed to a company by which the stamp duty is payable where its</p>
--	--	--	---

			<p>financial year exceeds 12 months.</p> <p>The new section 15A(6) provides that if the acquiring company and the target company are part of the same group of companies on the date of share acquisition, no relief from duty will be allowed unless the aggregate number of ordinary shares of the target company held by all the companies in the group increases as a result of the total acquisition made in the 12 months before the date of share acquisition as well as on that date.</p> <p>The new section 15A(7) provides that for the purpose of determining the amount of relief from duty granted under the new section 15A(1), where the consideration paid by the acquiring company for the share acquisition consists of shares issued by it, the value of consideration comprising such issued shares will be the value of the issued shares as at the date of share acquisition as may be determined by the Commissioner.</p> <p>The new section 15A(8) applies section 15(2) to an instrument</p>
--	--	--	---

			<p>referred to in the new section 15A(1) with the necessary modifications.</p> <p>The new section 15A(9) states the circumstances under which a claim for relief from duty previously allowed under the new section 15A will be disallowed and the consequences of such disallowance.</p> <p>The new section 15A(10) states that the amount recoverable under the new section 15A(9) shall be payable by the company which claimed the relief at the place stated in a notice served by the Commissioner on that company within one month after such service of notice.</p> <p>The new section 15A(11) provides that if the company fails to pay to the Commissioner the amount recoverable under the new section 15A(9) in accordance with the new section 15A(10), a penalty will be imposed on the company.</p> <p>The new section 15A(12) sets out the definitions of expressions used in the new section 15A.</p> <p>Clause 4 amends section 38 (Certificate of adjudication by Commissioner) to insert a new subsection (2A) and to make</p>
--	--	--	--

				<p>consequential amendments to subsection (2).</p> <p>Section 38(2) is amended so that, in a case where an instrument is referred to the Commissioner to determine if it is chargeable with duty and if so how much, he may certify that the instrument is not chargeable with full duty. This is because an instrument under the new section 15A may still be chargeable with duty though not full duty as the relief in that new section is subject to the limit referred to in subsection (4) or (5) of that new section.</p> <p>The new subsection (2A) of section 38 provides that for the purpose of determining whether an instrument referred to in the new section 15A(1)(a) is entitled to any relief under that new section, the Commissioner may base his opinion on a statutory declaration in such form as he may direct, made by or on behalf of the target company or acquiring company, or both, and such further evidence as he considers necessary.</p>
--	--	--	--	--

## SUMMARY TABLE ON PROPOSED NON-BUDGET CHANGES TO THE SD ACT

Note: You may download the summary table, as well as other relevant documents [here](#).

No.	Tax Change	Description and Reason for Change	Amendment to SD Act	Details of Amendment
2	Clarify that the Minister for Finance may impose conditions for any reduction or remission of stamp duty.	<p>Section 74 of the Stamp Duties Act will be amended to provide clarity that the Minister for Finance can impose conditions for any reduction or remission or stamp duty. This is in line with Section 28 of the Interpretation Act.</p> <p>Section 74 will also be amended to specify that where the person to whom the reduction or remission is granted fails to comply with the conditions imposed, an amount equal to the amount of tax reduced or remitted will be recoverable as a debt due to the Government. The amendment also specifies the associated penalties on late payment of the debt to the Government.</p>	<p>Sections 70AA and 74</p> <p>[Clauses 5 and 6]</p>	<p>Clause 5 introduces a new section 70AA, which provides that the Commissioner may direct the Commissioner of Police or the Controller of Immigration to stop a person who has failed to pay all the duty or penalty recoverable from him under the Act from leaving Singapore. The Commissioner of Police or the Controller of Immigration must take or cause to be taken by any police officer or immigration officer such measures to stop the person from leaving Singapore until payment of the duty or penalty has been made or secured. Further, a person who has the knowledge that a direction has been made to stop him from leaving Singapore and yet leaves or attempts to leave Singapore without paying the duty or penalty or furnishing security to the Commissioner for payment thereof will be guilty of an offence and may be arrested, without warrant, by any police</p>

				<p>officer or immigration officer.</p> <p>Clause 6 amends section 74 (Power to reduce or remit duties) to enable the Minister to grant a remission or reduction of duty at his discretion. The remission or reduction may be granted subject to conditions. If the Minister is satisfied that any condition is breached, the amount of duty in respect of which the remission or reduction is granted must be recoverable as a debt due to the Government. A penalty will be imposed if a person fails to pay the debt to the Commissioner within the specified period. Section 50 and new section 70AA shall also apply to the collection and recovery by the Commissioner of the amounts recoverable under section 74 as they apply to the collection and recovery of duty.</p>
3	<p>Provide for payment of stamp duty that was earlier relieved when there is a breach of conditions for Stamp Duty Relief, as well as penalties for late payment of the stamp duty concerned.</p>	<p>Section 15 of the Act provides for stamp duty relief for reconstruction or amalgamation of Companies, as well as transfer of assets between associated entities. Section 15A is the new provision on stamp duty relief for qualifying mergers and acquisitions. Where certain prescribed conditions are breached, the relief granted could be clawed back.</p>	<p>Section 15</p> <p>[Clause 2]</p>	<p>Clause 2(a) amends section 15 by amending paragraphs (i) and (ii) of subsection (3) to clarify that where a claim for relief from duty has been allowed and subsequently disallowed under the section, an amount equal to the duty remitted will become payable by the transferee entity to the Commissioner of Stamp</p>

		<p>The Act will be amended to provide that where qualifying conditions for relief of stamp duty relief under Section 15 and 15A of the Act are breached, the stamp duty that was earlier relieved is required to be paid within a month of the notice of payment issued by the Commissioner of Stamp Duties, failing which late payment penalties will apply. The penalties are similar to penalties for late stamping under Section 46 of the Act, which governs the stamping of instruments after execution.</p>	<p>Duties (the Commissioner) immediately and be recoverable from that entity as a debt with interest accruing on the debt from the following points in time:</p> <ul style="list-style-type: none"> <li>(a) if the instrument is executed by any person in Singapore, from the date of its execution; or</li> <li>(b) if the instrument is executed outside Singapore, from the date the instrument is first received in Singapore.</li> </ul> <p>Clause 2(b) amends section 15 by inserting new subsections (3A) and (3B).</p> <p>The new subsection (3A) states that the amount recoverable under section 15(3) shall be payable by the entity at the place stated in a notice served by the Commissioner on that entity within one month after the service of the notice by the Commissioner on that entity.</p> <p>The new subsection (3B) provides that if the entity fails to pay to the Commissioner the amount recoverable under section 15(3) in accordance with</p>
--	--	--	---

				the new subsection (3A), a penalty will be imposed on the entity.
--	--	--	--	---