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INCOME TAX ACT (CHAPTER 134)

INCOME TAX (RELIEF AND DEDUCTION UNDER SECTION 39) RULES 2021

ARRANGEMENT OF RULES

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In exercise of the powers conferred by section 7(1) of the Income Tax Act, the Minister for Finance makes the following Rules:

Citation and commencement

1. These Rules are the Income Tax (Relief and Deduction under Section 39) Rules 2021 and come into operation on 1 January 2022.
[S 280/2025 wef 25/04/2025]

Definitions

- 2.—(1) In these Rules —

“basic healthcare sum” means the amount directed under section 13(6) of the Central Provident Fund Act 1953;

“claimant” means any individual who claims a deduction under section 39(3) or (3A) of the Act for any year of assessment;

“member” means any individual to whose credit any amount is standing in the Central Provident Fund established under section 6 of the Central Provident Fund Act 1953, or for whom any account in the Central Provident Fund is maintained for any of the purposes of that Act;

“preceding year”, in relation to a deduction claimed under section 39(3) or (3A) of the Act for a year of assessment, means the year preceding that year of assessment;

“prevailing retirement sum” has the meaning given by regulation 3(1) of the Central Provident Fund (Retirement Sum Topping-Up Scheme) Regulations (Rg 3);

“related member” means a member who is related to a claimant in one of the ways specified in section 39(3) of the Act;

“retirement account”, “retirement sum” and “special account” have the meanings given by section 2(1) of the Central Provident Fund Act 1953.

(2) In these Rules, the retirement sum that has been set aside by a member at any time is determined in accordance with the Central Provident Fund (Retirement Sum Topping-Up Scheme) Regulations.

Prescribed transitional amount

2A.—(1) For each year of assessment 2026, 2027, 2028 and 2029, the prescribed transitional amount in respect of an individual for the purposes of section 39(2)(*hb*) of the Act is an amount computed in accordance with the formula $(A - B) \times C$, where —

(a) A is the percentage of APE that would apply in computing the contributions for December 2029 payable by a platform operator for a Group A worker under paragraph 18 of the Fourth Schedule to the Central Provident Fund Act 1953 if —

(i) the Group A worker’s APE for that month were taken to exceed \$750; and

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- (ii) the Group A worker's age for the purposes of computing the contributions for December 2029 were taken to be the individual's age for the purposes of computing B for December of the year immediately preceding that year of assessment;
 - (b) B is the percentage of APE that would apply in computing the contributions for December of the year immediately preceding that year of assessment payable by a platform operator for a Group A worker under the Fourth Schedule to the Central Provident Fund Act 1953 if —
 - (i) the Group A worker's APE for that month were taken to exceed \$750; and
 - (ii) the Group A worker were taken to be born on the same day as the individual; and
 - (c) C is the total of the individual's APE as a Group A worker for each calendar month in the year immediately preceding that year of assessment.

(2) In this rule, a reference to a Group A worker's APE for a month is a reference to the Group A worker's aggregate platform earnings for that month, within the meaning of the Fourth Schedule to the Central Provident Fund Act 1953.

[S 280/2025 wef 25/04/2025]

Applicable maximum relief amount for section 39(3)(c)(i) and (3A)(c)(i) of Act

3.—(1) For the purposes of allowing a deduction to a claimant for the year of assessment 2023 or a subsequent year of assessment under section 39(3) of the Act, the applicable maximum relief amount for section 39(3)(c)(i) of the Act is an amount calculated using the formula $A + B$, where —

- (a) A is the specified amount in —
 - (i) rule 4(1), if the claimant made only one payment under section 39(3)(a) of the Act to the retirement account of a related member in the preceding year; or

(ii) rule 4(2), if the claimant made more than one payment under section 39(3)(a) of the Act to the retirement account or accounts of one or more related members in the preceding year; and

(b) B is the specified amount in —

(i) rule 5(1), if the claimant made only one payment under section 39(3)(a) of the Act to the special account of a related member in the preceding year; or

(ii) rule 5(2), if the claimant made more than one payment under section 39(3)(a) of the Act to the special account or accounts of one or more related members in the preceding year.

(2) For the purposes of allowing a deduction to a claimant for the year of assessment 2023 or a subsequent year of assessment under section 39(3A) of the Act, the applicable maximum relief amount for section 39(3A)(c)(i) of the Act is an amount calculated using the formula $C + D$, where —

(a) C is the specified amount in —

(i) rule 4(1), if only one payment under section 39(3A)(a) of the Act is made to the claimant's retirement account in the preceding year; or

(ii) rule 4(2), if more than one payment under section 39(3A)(a) of the Act is made to the claimant's retirement account in the preceding year; and

(b) D is the specified amount in —

(i) rule 5(1), if only one payment under section 39(3A)(a) of the Act is made to the claimant's special account in the preceding year; or

(ii) rule 5(2), if more than one payment under section 39(3A)(a) of the Act is made to the claimant's special account in the preceding year.

Specified amount for payment to retirement account

4.—(1) The specified amount mentioned in rule 3(1)(a)(i) and (2)(a)(i) is the lower of the following:

- (a) the amount of the payment mentioned in rule 3(1)(a)(i) or (2)(a)(i), as the case may be;
- (b) the amount by which the prevailing retirement sum at the time of the payment mentioned in rule 3(1)(a)(i) or (2)(a)(i) (as the case may be) exceeds the retirement sum that has been set aside by the member concerned immediately before that payment.

(2) The specified amount mentioned in rule 3(1)(a)(ii) and (2)(a)(ii) is the sum total of the amount E for each of the payments mentioned in rule 3(1)(a)(ii) or (2)(a)(ii) (as the case may be), where E for each payment is the lower of the following:

- (a) the amount of the payment;
- (b) the amount by which the prevailing retirement sum at the time of the payment exceeds the retirement sum that has been set aside by the member concerned immediately before that payment.

Specified amount for payment to special account

5.—(1) The specified amount mentioned in rule 3(1)(b)(i) and (2)(b)(i) is the lower of the following:

- (a) the amount of the payment mentioned in rule 3(1)(b)(i) or (2)(b)(i), as the case may be;
- (b) the maximum amount prescribed in regulation 7(1) of the Central Provident Fund (Topping-Up of Special Account) Regulations (Rg 37) that applies to the member concerned, determined immediately before that payment.

(2) The specified amount mentioned in rule 3(1)(b)(ii) and (2)(b)(ii) is the sum total of the amount F for each of the payments mentioned in rule 3(1)(b)(ii) or (2)(b)(ii) (as the case may be), where F for each payment is the lower of the following:

- (a) the amount of the payment;

- (b) the maximum amount prescribed in regulation 7(1) of the Central Provident Fund (Topping-Up of Special Account) Regulations that applies to the member concerned, determined immediately before that payment.

Applicable maximum relief amount for section 39(3)(c)(ii) of Act

6.—(1) For the purposes of allowing a deduction to a claimant for the year of assessment 2023 or a subsequent year of assessment under section 39(3) of the Act, the applicable maximum relief amount for section 39(3)(c)(ii) of the Act is the specified amount in —

- (a) paragraph (2), if the claimant made only one medisave contribution mentioned in section 39(3)(b) of the Act to a related member in the preceding year; or
- (b) paragraph (3), if the claimant made more than one medisave contribution mentioned in section 39(3)(b) of the Act to one or more related members in the preceding year.

(2) The specified amount mentioned in paragraph (1)(a) is the lower of the following:

- (a) the amount of the medisave contribution;
- (b) the amount by which the basic healthcare sum at the time of the medisave contribution exceeds the amount in the medisave account of the member concerned immediately before that medisave contribution.

(3) The specified amount mentioned in paragraph (1)(b) is the sum total of the amount G for each of the medisave contributions mentioned in section 39(3)(b) of the Act, where G for each medisave contribution is the lower of the following:

- (a) the amount of the medisave contribution;
- (b) the amount by which the basic healthcare sum at the time of the medisave contribution exceeds the amount in the medisave account of the member concerned immediately before that medisave contribution.

Applicable maximum relief amount for section 39(3A)(c)(ii) of Act

7.—(1) For the purposes of allowing a deduction to a claimant for the year of assessment 2023 or a subsequent year of assessment under section 39(3A) of the Act, the applicable maximum relief amount for section 39(3A)(c)(ii) of the Act is the specified amount in —

- (a) paragraph (2), if the claimant made only one medisave self-contribution mentioned in section 39(3A)(b) of the Act in the preceding year; or
- (b) paragraph (3), if the claimant made more than one medisave self-contribution mentioned in section 39(3A)(b) of the Act in the preceding year.

(2) The specified amount mentioned in paragraph (1)(a) is the lower of the following:

- (a) the amount of the medisave self-contribution;
- (b) the amount by which the basic healthcare sum at the time of the medisave self-contribution exceeds the amount in the medisave account of the member concerned immediately before that medisave self-contribution.

(3) The specified amount mentioned in paragraph (1)(b) is the sum total of the amount H for each of the medisave self-contributions mentioned in section 39(3A)(b) of the Act, where H for each medisave self-contribution is the lower of the following:

- (a) the amount of the medisave self-contribution;
- (b) the amount by which the basic healthcare sum at the time of the medisave self-contribution exceeds the amount in the medisave account of the member concerned immediately before that medisave self-contribution.

Deduction limits for section 39(3)(d) and (3A)(d) of Act

8.—(1) For the purposes of allowing a deduction to a claimant for the year of assessment 2023 or a subsequent year of assessment under section 39(3) of the Act, the deduction limit for section 39(3)(d) of the Act is \$8,000.

(2) For the purposes of allowing a deduction to a claimant for the year of assessment 2023 or a subsequent year of assessment under section 39(3A) of the Act, the deduction limit for section 39(3A)(d) of the Act is \$8,000.

Made on 14 December 2021.

TAN CHING YEE
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Ministry of Finance,
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