Tax | Consultation on Finance (Income Taxes) Bill 2026

Public Consultation on Proposed Finance (Income Taxes) Bill 2026

On 8 June 2026, the Ministry of Finance (**MOF**) launched a consultation seeking feedback on the proposed Finance (Income Taxes) Bill 2026 (**Bill**). The consultation closes on 1 July 2026.

The Bill proposes: (a) ten amendments to the Income Tax Act 1947 (**ITA**) to give legislative effect to tax measures announced at Budget 2026; (b) ten amendments to the ITA arising from MOF's periodic review of Singapore's income tax system; and (c) two amendments to the Multinational Enterprise (Minimum Tax) Act 2024 (**MMTA**) to implement changes relating to the Pillar Two Global Anti-Base Erosion Model Rules.

Key Changes at a Glance

- The **Enterprise Innovation Scheme** will be enhanced for YAs 2027 and 2028, with businesses being allowed to claim tax deductions of 400% on up to $50,000 of qualifying AI expenditures incurred for each YA. The list of partner institutions will also be expanded.
- A **50% Corporate Income Tax Rebate** will be provided in YA 2026, with a minimum benefit of $2,000 for active companies that have employed at least one local employee in calendar year 2025 and a total maximum benefit of $40,000.
- The **250% tax deduction scheme for qualifying donations** will be extended by three years until 31 December 2029.
- Several **business incentives will be extended**, including the Global Trader Programme and the Finance and Treasury Centre incentive (both till 31 December 2031), the withholding tax exemptions for the financial sector (till 31 December 2031), and the Not-for-Profit Organisation Tax Incentive (till 31 December 2032).
- The MMTA will be amended to implement the **Side-by-Side Safe Harbour** as approved by the OECD Inclusive Framework on Base Erosion and Profit Shifting, and the **Global Anti-Base Erosion (GloBE) information return exchange framework**.

Proposed Changes to the ITA as Announced at Budget 2026

Supporting businesses

- **Enhancement of the Enterprise Innovation Scheme**: The scheme will be enhanced for years of assessment (**YAs**) 2027 and 2028 to support businesses in adopting artificial intelligence (**AI**). The list of partner institutions for which businesses can claim 400% tax deductions on qualifying expenditure on innovation projects will be expanded to include the Sectoral AI Centre of Excellence for Manufacturing. An additional qualifying activity will be introduced for qualifying

AI expenditures, and businesses will be able to claim 400% tax deductions on up to $50,000 of qualifying AI expenditures incurred for each YA. The option to convert qualifying expenditure into a cash payout will not be available for this new qualifying activity.

- **Corporate Income Tax Rebate of 50% of tax payable**: A Corporate Income Tax Rebate of 50% of tax payable will be provided in YA 2026. Active companies that have employed at least one local employee in calendar year 2025 (**local employee condition**) will receive a minimum benefit of $2,000 in the form of a Corporate Income Tax Rebate Cash Grant. The total maximum benefit (i.e., sum of Corporate Income Tax Rebate and Corporate Income Tax Rebate Cash Grant) that a company can receive is $40,000. A company will be considered to have met the local employee condition if it has made Central Provident Fund (**CPF**) contributions to at least one local (i.e., Singapore Citizen or Permanent Resident) employee, excluding shareholders who are also directors of the company, in calendar year 2025.

- **Enhancement of the Double Tax Deduction for Internationalisation scheme**: The expenditure cap for claims that may be filed without prior approval from Enterprise Singapore or the Singapore Tourism Board will be raised from $150,000 to $400,000 per YA. The scope of claims which do not require prior approval will also be expanded to cover all eligible expenses incurred on overseas market development trips and overseas investment study trips, and the following qualifying activities: (a) investment feasibility/due diligence studies; (b) master licensing and franchising; (c) market surveys/feasibility studies; (d) overseas business development; and (e) production of corporate brochures for overseas distribution. The changes will apply to expenses incurred from YA 2027.

Strengthening Singapore as a business and philanthropy hub

- **Extension and enhancement of the Global Trader Programme**: The programme will be extended till 31 December 2031. The list of qualifying commodities will be expanded to include Environmental Attribute Certificates from 13 February 2026.

- **Extension and enhancement of the Finance and Treasury Centre incentive**: The incentive will be extended till 31 December 2031. The scope of the withholding tax exemption for approved Finance and Treasury Centres will be expanded to include interest-like borrowing costs subject to withholding tax, for loans used for qualifying activities or services. The expanded scope of exemption applies to payments made on or after 13 February 2026.

- **Extension of withholding tax exemptions for the financial sector**: The following concessions will be extended till 31 December 2031:

    - Withholding tax exemption for payments on structured products offered by financial institutions in Singapore made to non-individual non-resident persons; and

    - Waiver of the requirement for specified entities to withhold tax on their payments under section 12(6) of the ITA (e.g., interest payments and other payments in connection with any loan or indebtedness).

- **Extension of the Not-for-Profit Organisation Tax Incentive**: The incentive will be extended till 31 December 2032.

Supporting workers

- **Tax deduction for CPF cash top-ups by platform operators**: Platform operators will be allowed to claim tax deduction for CPF cash top-ups made under the Voluntary Contributions to MediSave Account scheme on behalf of their platform workers (who are eligible for the Matched MediSave Scheme). Under the Matched MediSave Scheme, the Singapore Government will match every dollar of voluntary cash top-ups to the MediSave Account of eligible CPF members, up to an annual cap of $1,000, to boost MediSave adequacy for seniors with lower balances. The change achieves parity with the tax treatment accorded to employers who make such top-ups on behalf of their employees and will apply from YA 2027 for CPF cash top-ups made on or after 1 January 2026.

Encouraging giving and volunteerism

- **Extension of the 250% tax deduction for qualifying donations**: The 250% tax deduction scheme will be extended to eligible donations made from 1 January 2027 to 31 December 2029 to the corresponding eligible recipients as set out in the table below.

Eligible Donations	Eligible Recipients
Gifts of shares listed on the Singapore Exchange (**SGX**) or gifts of units in unit trusts traded in Singapore or listed on the SGX*	Institutions of a Public Character (**IPCs**)
Cash donations**	IPCs and the Singapore Government
Gifts of artefacts**	Museums approved by the National Heritage Board (**NHB**)
Gifts of parcels of land or buildings**	IPCs
Donation, installation, and maintenance of sculptures and works of art for public display**	NHB and recipients approved by NHB

* From individual donors only
** From individual and corporate donors

- **Extension of the Corporate Volunteer Scheme**: The tax deduction under this scheme will be extended to qualifying expenditure incurred from 1 January 2027 to 31 December 2029. All businesses carrying on a trade or business in Singapore can claim 250% tax deductions on qualifying expenditure (such as wages) incurred in respect of: (a) sending their qualifying employees to volunteer at or to provide services to IPCs; or (b) seconding their qualifying employees to IPCs. The qualifying expenditure is subject to an annual cap of $250,000 per business per YA and $100,000 per IPC per calendar year.

Proposed Non-Budget Changes to the ITA

Supporting taxpayers

- **Broad-based Fixed Expense Deduction Ratio for self-employed persons and individual sole proprietors**: A 20% broad-based Fixed Expense Deduction Ratio will be introduced for self-employed persons and individual sole proprietors with revenue of up to $50,000 for income not already covered by the existing industry-specific Fixed Expense Deduction Ratios (i.e., income earned as private hire car/taxi drivers, commission agents, and delivery workers). Eligible taxpayers may opt to claim expenses based on the prescribed Fixed Expense Deduction Ratio instead of their actual expenses. The amendments will take effect from YA 2027.

- **Expansion of tax exemption for employer-subsidised childcare benefits**: The income tax exemption for employer-subsidised childcare benefits for attendance at childcare centres licensed under the Early Childhood Development Centres Act 2017 will be expanded to include Ministry of Education (MOE) Kindergartens. The amendments will take effect from YA 2027.

- **Tax exemption for ComLink+ Package for Employment**: Payments provided under the ComLink+ Package for Employment will be exempted from income tax. The amendments will apply to payments made on or after 1 May 2025, covering the first payout.

- **Expansion of the Maritime Sector Incentive – Approved International Shipping Enterprise award**: This award will be expanded to cover Singapore-flagged ships. Following this change, shipping groups with this incentive will need to tap on only one incentive for all their ships. The amendments will take effect from YA 2027.

Other administrative measures

- **Digital filing of objections and revisions**: With effect from 1 July 2027, companies will be required to use the Inland Revenue Authority of Singapore (**IRAS**)' e-service to file: (a) objections to Notice of Assessment; and (b) revisions to submitted Corporate Income Tax Returns.

- **Extension of requirement to apportion certain qualifying tax deductions for donations to bodies of persons**: The existing requirement for companies to apportion tax deductions for certain qualifying donations among different income tax rates will be extended to bodies of persons.[1] The amendments will take effect from YA 2027.

- **Extension of requirement to adjust unabsorbed allowances, losses and donations to bodies of persons**: The existing requirement for companies to adjust unabsorbed allowances, losses or donations relating to income taxed at a lower rate before deducting it against income

[1] As defined in section 2 of the ITA, a "body of persons" means any body politic, corporate or collegiate, any corporation sole and any fraternity, fellowship or society of persons whether corporate or unincorporate but does not include a company or a partnership. It includes a club, a management corporation, a trade association, and a town council, but excludes a company and a partnership.

taxed at a higher rate will be extended to bodies of persons.[2] The amendments will take effect from YA 2027.

- **Power to revoke tax incentives for sovereign fund entities, foreign government-owned entities and international organisations**: The Minister or an authorised body will be empowered to revoke tax incentive awards provided to sovereign fund entities, foreign government-owned entities and international organisations if the incentive recipient fails to meet the conditions of the tax incentive. The amendment will take effect from the gazette date.

- **Standardisation and extension of appeal timelines**: The timeline for appeals against decisions of the Income Tax Board of Review, Goods and Services Tax Board of Review, and the Valuation Review Board to the General Division of the High Court will be standardised and extended to a uniform 28 days after the respective Board's decision. The amendment will take effect from the gazette date.

- **Extension of notice period for Board of Review hearings**: The timeline for parties to be given notice of a hearing before the Income Tax Board of Review, Goods and Services Tax Board of Review, and the Valuation Review Board will be extended from 14 days to 35 days. The amendment will take effect from the gazette date.

Proposed Amendments to the MMTA

The Bill proposes to implement:

- The **Side-by-Side Safe Harbour**, which is part of the Side-by-Side package approved by the OECD Inclusive Framework on Base Erosion and Profit Shifting on 5 January 2026. The Side-by-Side Safe Harbour effectively exempts the income of multinational enterprise (**MNE**) groups, which are headquartered in a jurisdiction with a qualified side-by-side regime, from the application of the Income Inclusion Rule and the Undertaxed Profits Rule in other jurisdictions. To ensure that Singapore's multinational enterprise top-up tax (MTT) meets international standards, the Minister will be empowered to make regulations to implement the Side-by-Side Safe Harbour. The amendments will apply to MNE groups for financial years beginning on or after 1 January 2026.

- The **Global Anti-Base Erosion (GloBE) information return exchange framework**, under which MNE groups' GloBE information can be exchanged between tax administrations. The proposed amendments will: (a) allow Singapore to exchange relevant GloBE information with other tax administrations; (b) require MNE groups to file GloBE information returns with IRAS, if IRAS does not receive such information from the relevant tax administration within the deadlines stipulated in the Multilateral Competent Authority Agreement on the exchange of GloBE information; and (c) apply existing penalties for non-compliance and inaccurate filings. The amendments will take effect from the gazette date.

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[2] As above.

Submission of Feedback

Interested parties may submit their comments by **1 July 2026** using the prescribed template available here, by email to pc_itabill@mof.gov.sg.

If you would like information and/or assistance on the above or any other area of law, you may wish to contact the Partner at WongPartnership whom you normally work with or the following Partner:

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