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Finance (Income Taxes) Bill

Bill No. 16/2025.

Read the first time on 14 October 2025.

A BILL

i n t i t u l e d

An Act to amend the Income Tax Act 1947 and the Multinational Enterprise (Minimum Tax) Act 2024, and to make a related amendment to the Goods and Services Tax Act 1993.

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

Short title and commencement

1.—(1) This Act is the Finance (Income Taxes) Act 2025.

(2) Section 5(1)(*a*) is deemed to have come into operation on 1 January 2013.

(3) Section 52 is deemed to have come into operation on 1 January 2024.

(4) Sections 9 and 32(*h*) are deemed to have come into operation on 7 February 2024.

(5) Sections 5(1)(*f*), 32(*g*), 33, 34(1) and 38 are deemed to have come into operation on 1 January 2025.

(6) Sections 27(*e*) and (*f*) and 42 are deemed to have come into operation on 1 February 2025.

(7) Sections 2, 6(*a*), (*b*), (*d*) and (*e*), 7(1), 8, 13, 18, 20(1)(*g*) and (*j*), 22, 29, 34(2), 35, 36, 37, 39, 49(*a*) and 51 are deemed to have come into operation on 19 February 2025.

(8) Section 32(*a*), (*b*), (*c*), (*e*), (*i*) and (*j*) is deemed to have come into operation on 1 July 2025.

(9) Sections 25, 26 and 54 come into operation on a date that the Minister appoints by notification in the *Gazette*.

(10) The provisions of Part 2 —

(*a*) are deemed to have come into operation on the same date as that of the provisions of the Multinational Enterprise (Minimum Tax) Act 2024 (except sections 85 and 86), as specified in the Multinational Enterprise (Minimum Tax) Act 2024 (Declaration under Section 1(3)) Order 2024 (G.N. No. S 1060/2024); and

(*b*) have effect in relation to an MNE group starting from the first financial year of that MNE group as specified in that Order.

(11) To avoid doubt, section 1(5) and (6) of that Act (order declaring that an Act provision ceases to be in force) applies to a provision of that Act that is amended or inserted by a provision of Part 2 of this Act.

PART 1

AMENDMENT OF INCOME TAX ACT 1947

Amendment of section 2

2. In the Income Tax Act 1947 (called in this Part the ITA), in section 2 —

(*a*) in subsection (1), after the definition of "related party", insert —

"“renewable energy” means —

(*a*) thermal power;

(*b*) geothermal power;

(*c*) solar power;

(*d*) wind power;

(*e*) osmotic power;

(*f*) tidal power;

(*g*) wave power; or

(*h*) hydropower;”; and

(*b*) after subsection (3A), insert —

"(3B) In this Act, a ship (as defined in section 2(1) of the Merchant Shipping Act 1995) is used for renewable energy activity if it is used for the subsea distribution, exploration or exploitation of renewable energy, or to support any activity that is ancillary to the distribution, exploration or exploitation.”.

Amendment of section 2A

3. In the ITA, in section 2A(4), replace "93A" with "92L, 93, 93AA, 93A, 93C".

Amendment of section 10

4. In the ITA, in section 10, after subsection (7), insert —

"(7AA) Despite subsection (7), if —

(*a*) within 5 years after the year in which the later of the dates mentioned in subsection (7)(*c*) falls, either the individual (*X*) exercises, assigns, releases or acquires the right or benefit or, if the right or benefit is subject to any restriction on the sale of the shares so acquired, the restriction ceases to apply;

(*b*) any gains or profits of *X* computed in accordance with subsection (6) would have been lower than the amount computed in accordance with subsection (7); and

(*c*) *X* makes an application under subsection (7AC),

then *X*'s gains or profits from the right or benefit are computed in accordance with subsection (6)(*a*) to (*d*) (whichever is applicable) and treated as income derived on the later of the dates mentioned in subsection (7)(*c*), and is chargeable to tax under subsection (1)(*b*).

(7AB) Subsection (7) does not apply if —

(*a*) within 5 years after the year in which the later of the dates mentioned in subsection (7)(*c*) falls, the right or benefit of the individual (also called *X*) to acquire the shares lapses, or is forfeited or cancelled; and

(*b*) *X* makes an application under subsection (7AC).

(7AC) In a case mentioned in subsection (7AA)(*a*) and (*b*) or subsection (7AB)(*a*), *X* may, within 5 years after the year in which the later of the dates mentioned in subsection (7)(*c*) falls, apply to the Comptroller to revise any assessment made on *X* in respect of the gains or profits deemed to be income under subsection (7).".

Amendment of section 13

5.—(1) In the ITA, in section 13 —

(*a*) in subsection (1), after paragraph (*zp*), insert —

"(*zpa*) any payment known as the Workfare Training Support Training Allowance received under the public scheme known as the Workfare Training Support scheme (or any name that replaces that name), or any payment received under any public scheme that succeeds or replaces that scheme, for attending a course that is specified on, or specified on an Internet website that is accessible from, a prescribed Internet website on the date of commencement of the course, as a course that is eligible for the payment;";

(*b*) in subsection (1)(*zt*)(iv), delete "and" at the end;

(*c*) in subsection (1)(*zu*), replace the full-stop at the end with a semi-colon;

(*d*) in subsection (1), after paragraph (*zu*), insert —

"(*zv*) any payment known as the SkillsFuture Mid-Career Training Allowance received under the public scheme known as the SkillsFuture Level-Up Programme, for attending a course that is specified on, or specified on an Internet website that is accessible from, a prescribed Internet website on the date of commencement of the course or 10 March 2025 (whichever is the later), as a course that is eligible for the payment;

(*zw*) any payment known as the Workfare Skills Support (Level-Up) Full Time Training Allowance received under the public scheme known as the Workfare Skills Support (Level-Up) scheme, for attending a course that is specified on, or specified on an Internet website that is accessible from, a prescribed Internet website on the date of

commencement of the course, as a course that is eligible for the payment;

(*zx*) any amount payable from the public scheme known as the Workforce Singapore's SkillsFuture Jobseeker Support scheme, that is part of the Budget Statement of the Government dated 18 February 2025; and

(*zy*) any contribution to the Central Provident Fund in respect of an individual made by the Government under the Earn and Save Bonus (ESB) that is part of the public scheme known as the Majulah Package.";

(*e*) after subsection (2J), insert —

"(2K) Rules made under section 7(1) to prescribe the Internet website mentioned in subsection (1)(*zpa*) may be made to take effect from (and including) 1 January 2013.

(2L) Rules made under section 7(1) to prescribe the Internet website mentioned in subsection (1)(*zv*) may be made to take effect from (and including) 10 March 2025.";

(*f*) after subsection (4), insert —

"(5) A notification made under subsection (4) may exempt from tax any payment in the nature of any income referred to in section 12(6) or (7) that is made —

(*a*) by a shipping financing arrangement enterprise that is approved by the Minister or an authorised body for the purposes of this subsection; and

(*b*) to a person that is not resident in Singapore and either —

(i) does not (alone or in association with others) carry on a business in Singapore and does not have a permanent establishment in Singapore; or

(ii) carries on a business in Singapore (alone or in association with others) or has a permanent establishment in Singapore, but —

(A) the arrangement, management or service relating to the loan or indebtedness concerned as described in section 12(6)(*a*); or

(B) the act for which the royalty or other payment as described in section 12(7) is made,

is not performed through that business or permanent establishment, or the giving of the guarantee relating to the loan or indebtedness concerned as described in section 12(6)(*a*) is not effectively connected with that business or permanent establishment.

(5A) An approval of a shipping financing arrangement enterprise for the purposes of subsection (5) may be granted between 1 January 2025 and 31 December 2031 (both dates inclusive), and is —

(*a*) subject to any condition specified by the Minister or authorised body; and

(*b*) for a period not exceeding 5 years specified by the Minister or authorised body, except that the Minister or authorised body may

extend the period for any further periods that the Minister or authorised body thinks fit.

(5B) A notification made under subsection (4) for the purposes of subsection (5) may be made to take effect from (and including) 1 January 2025.

(5C) For the purposes of subsections (5), (5A) and this subsection —

"approved special purpose vehicle", in relation to a shipping financing arrangement enterprise, means a company, a partnership or a registered business trust that undertakes or intends to undertake any activity mentioned in paragraph (*a*) or (*b*) of the definition of "shipping financing arrangement enterprise" involving ships or containers controlled and managed by the enterprise, and is approved by the Minister or authorised body to be an approved special purpose vehicle of the enterprise;

"finance leasing" has the meaning given by section 13A(16);

"shipping financing arrangement enterprise" means —

(*a*) a company resident in Singapore that owns or operates a ship, or intends to own or operate a ship, either directly or using an approved special purpose vehicle; or

(*b*) a company incorporated and resident in Singapore, a partnership registered under any written law in Singapore or a registered business trust that undertakes or intends to undertake, either directly or using an approved

special purpose vehicle, the chartering or leasing (including by finance leasing) of a ship, or a container as defined under section 43P(7).”; 5

(*g*) in subsections (12A), (12B)(*a*) and (12C), replace “2026” with “2031”;

(*h*) in subsection (12A)(*c*), delete “incorporated in Singapore”; and

(*i*) after subsection (13A), insert — 10

“(14) Any order made under subsection (12) in relation to the following income may be made to take effect on 19 February 2025:

(*a*) any income received in Singapore by a company resident in Singapore, the share capital of which is 100% owned (whether directly or indirectly) by the trustee of a real estate investment trust; 15

(*b*) any rental income or property-related income (within the meaning of that order) or income ancillary to any such income, received in Singapore by — 20

(i) the trustee of a real estate investment trust who is resident in Singapore; or

(ii) the trustee of a sub-trust of a real estate investment trust who is resident in Singapore, where all rights or interests in the property of the sub-trust are held for the benefit of the beneficiaries of the real estate investment trust, 25 30

where the income is derived from the direct holding of immovable property situated outside Singapore by the trustee in

sub-paragraph (i) or (ii), as the case may be.

(14A) Any order made under subsection (12) in relation to income received by a person resident in Singapore, connected with any loan taken or debt securities issued for the purpose of acquiring, developing, investing in, owning or operating an offshore infrastructure asset or project, may be made to take effect from (and including) 1 January 2026.".

(2) Section 13(1)(*zv*), (*zx*) and (*zy*) of the ITA applies for the year of assessment 2026 and any subsequent year of assessment.

(3) Section 13(1)(*zw*) of the ITA applies for the year of assessment 2027 and any subsequent year of assessment.

Amendment of section 13A

6. In the ITA, in section 13A —

(*a*) in subsections (1CH)(*a*) and (1CI)(*a*), after "offshore renewable energy activity", insert "(carried out before 19 February 2025), renewable energy activity (carried out on or after 19 February 2025)";

(*b*) replace subsection (1CJ) with —

"(1CJ) The income of a shipping enterprise mentioned in this section includes the following income derived by it from foreign exchange and risk management activities that are carried out in connection with and incidental to an activity mentioned in subsection (1CH) or (1CI):

(*a*) where the activity relates to offshore renewable energy activity — such income that is derived between 25 March 2016 and 18 February 2025 (both dates inclusive);

(*b*) where the activity relates to renewable energy activity — such income that is derived on or after 19 February 2025;

(*c*) where the activity relates to offshore mineral activity — such income that is derived on or after 25 March 2016.";

(*c*) in subsection (3)(*b*), replace "or (1CK)" with ", (1CK) or (1CL)";

(*d*) in subsection (16), in the definitions of "holding" and "mobilisation", after "offshore renewable energy activity", insert ", renewable energy activity"; and

(*e*) in subsection (16), in the definition of "operation", in paragraph (*a*), replace sub-paragraph (v) with —

"(v) the use, between 25 March 2016 and 18 February 2025 (both dates inclusive), outside the limits of the port of Singapore of the ship for offshore renewable energy activity;

(v*a*) the use, on or after 19 February 2025, outside the limits of the port of Singapore of the ship for renewable energy activity;

(v*b*) the use, on or after 25 March 2016, outside the limits of the port of Singapore of the ship for offshore mineral activity; or".

Amendment of section 13E

7.—(1) In the ITA, in section 13E —

(*a*) in subsection (1)(*l*), replace "on or after 25 March 2016" with "during the period from 25 March 2016 to 18 February 2025 (both dates inclusive)";

(*b*) in subsection (1)(*l*)(i) and (ii), delete "or offshore mineral activity";

(*c*) in subsection (1)(*l*)(i), replace "and" at the end with "or";

(*d*) in subsection (1), after paragraph (*l*), insert —

"(*la*) on or after 19 February 2025 from —

(i) the operation outside the limits of the port of Singapore of any foreign ship for renewable energy activity; or

(ii) the charter of any foreign ship for renewable energy activity to any person, where such ship is used by the person for the person's operation outside the limits of the port of Singapore;

(*lb*) on or after 25 March 2016 from —

(i) the operation outside the limits of the port of Singapore of any foreign ship for offshore mineral activity; or

(ii) the charter of any foreign ship for offshore mineral activity to any person, where such ship is used by the person for the person's operation outside the limits of the port of Singapore;";

(*e*) in subsection (1)(*m*), replace "on or after 25 March 2016" with "during the period from 25 March 2016 to 18 February 2025 (both dates inclusive)";

(*f*) in subsection (1)(*m*)(i), (ii) and (iii)(A), delete "or offshore mineral activity";

(*g*) in subsection (1), after paragraph (*m*), insert —

"(*ma*) on or after 19 February 2025 from —

(i) the sale of a foreign ship used for renewable energy activity;

(ii) the assignment to another of all its rights as the buyer under a contract for the construction of a ship for renewable energy activity that, at the time of assignment, is intended to be

a foreign ship to be used for that activity or any prescribed purpose; or

(iii) the sale of all of the issued ordinary shares in a special purpose company of the approved international shipping enterprise where, at the time of the sale of the shares, the special purpose company —

(A) owns any foreign ship that is used for renewable energy activity; or

(B) is the buyer under a contract for the construction of a foreign ship for that activity and that is intended to be used for that activity or any prescribed purpose;

(*mb*) on or after 25 March 2016 from —

(i) the sale of a foreign ship used for offshore mineral activity;

(ii) the assignment to another of all its rights as the buyer under a contract for the construction of a ship for offshore mineral activity that, at the time of assignment, is intended to be a foreign ship to be used for that activity or any prescribed purpose; or

(iii) the sale of all of the issued ordinary shares in a special purpose company of the approved international shipping enterprise where, at the time of the sale of the shares, the special purpose company —

(A) owns any foreign ship that is used for offshore mineral activity; or

(B) is the buyer under a contract for the construction of a foreign ship for that activity and that is intended to be used for that activity or any prescribed purpose;";

(*h*) in subsection (1)(*n*), replace "on or after 25 March 2016" with "during the period from 25 March 2016 to 18 February 2025 (both dates inclusive)";

(*i*) in subsection (1)(*n*)(i), delete ", or offshore mineral activity,";

(*j*) in subsection (1), after paragraph (*n*), insert —

"(*na*) on or after 19 February 2025 from —

(i) any mobilisation or holding of any ship used or to be used for renewable energy activity outside the limits of the port of Singapore; or

(ii) the demobilisation of any ship after it has been so used,

where the mobilisation, holding or demobilisation is undertaken by the approved international shipping enterprise itself using a foreign ship;

(*nb*) on or after 25 March 2016 from —

(i) any mobilisation or holding of any ship used or to be used for offshore mineral activity outside the limits of the port of Singapore; or

(ii) the demobilisation of any ship after it has been so used,

where the mobilisation, holding or demobilisation is undertaken by the approved international shipping enterprise itself using a foreign ship;";

(*k*) in subsection (1)(*o*), replace "on or after 25 March 2016" with "during the period from 25 March 2016 to 18 February 2025 (both dates inclusive)";

(*l*) in subsection (1)(*o*)(i), delete ", or offshore mineral activity,";

(*m*) in subsection (1), after paragraph (*o*), insert —

"(*oa*) on or after 19 February 2025 from —

(i) any mobilisation or holding of a foreign ship owned or operated by the approved international shipping enterprise and used or to be used for renewable energy activity outside the limits of the port of Singapore; or

(ii) the demobilisation of a foreign ship owned or operated by the approved international shipping enterprise after it has been so used;

(*ob*) on or after 25 March 2016 from —

(i) any mobilisation or holding of a foreign ship owned or operated by the approved international shipping enterprise and used or to be used for offshore mineral activity outside the limits of the port of Singapore; or

(ii) the demobilisation of a foreign ship owned or operated by the approved international shipping enterprise after it has been so used;";

(*n*) in subsection (1)(*p*), replace "(*n*) or (*o*)" with "(*lb*), (*n*), (*nb*), (*o*) or (*ob*)";

(*o*) in subsection (1)(*r*), replace sub-paragraph (iv) with —

"(iv) the finance leasing of any foreign ship to any person where the ship is used by the person for any of the following activities outside the limits of the port of Singapore:

(A) offshore renewable energy activity carried out before 19 February 2025;

(B) renewable energy activity carried out on or after 19 February 2025; or

(C) offshore mineral activity;";

(*p*) in subsection (1)(*s*), delete "and" at the end;

(*q*) in subsection (1)(*t*), replace the full-stop at the end with "; and";

(*r*) in subsection (1), after paragraph (*t*), insert —

"(*u*) on or after 19 February 2025 from foreign exchange and risk management activities which are carried out in connection with and incidental to an activity mentioned in paragraph (*la*), (*na*) or (*oa*).";

(*s*) in subsection (1AC), replace "Subsection (1)(*m*) does" with "Subsection (1)(*m*), (*ma*) and (*mb*) does";

(*t*) in subsection (1AC)(*b*), replace "used for either of those activities" with "used for offshore renewable energy activity, renewable energy activity or offshore mineral activity";

(*u*) in subsection (1AC)(*b*), replace "foreign ships for either of those activities" with "foreign ships for any of those activities";

(*v*) in subsection (2A), replace "2026" with "2031";

(*w*) in subsection (4), replace "(*l*) and (*n*) to (*s*)" with "(*lb*), (*n*) to (*s*) and (*u*)";

(*x*) in subsection (4A), replace "in subsection (1)(*g*) or (*m*)" with "in subsection (1)(*g*), (*m*), (*ma*) or (*mb*)";

(*y*) in subsection (4A), replace "either subsection (1)(*g*) or (*m*)" with "subsection (1)(*g*), (*m*), (*ma*) or (*mb*)";

(*z*) in subsection (6), in the definition of "special purpose company", in paragraph (*c*), replace "on or after 25 March 2016" with "during the period from 25 March 2016 to 18 February 2025 (both dates inclusive)";

(*za*) in subsection (6), in the definition of "special purpose company", in paragraph (*c*), delete "or" at the end;

(*zb*) in subsection (6), in the definition of "special purpose company", after paragraph (*c*), insert —

"(*ca*) any operation or activity mentioned in subsection (1)(*la*), (*na*) or (*oa*) that takes place on or after 19 February 2025;

(*cb*) any operation or activity mentioned in subsection (1)(*lb*), (*nb*) or (*ob*) that takes place on or after 25 March 2016; or";

(*zc*) in subsection (7)(*a*), after "approved company", insert "other than one mentioned in paragraph (*b*)";

(*zd*) in subsection (7)(*a*)(i) and (*d*)(i), delete "incorporated and"; and

(*ze*) in subsection (7)(*d*)(i), after "Singapore", insert "and is not one mentioned in sub-paragraph (ii)".

(2) In the ITA, in section 13E —

(*a*) in subsection (1)(*t*) (as amended by subsection (1)(*q*)), delete "and" at the end;

(*b*) in subsection (1)(*u*) (as inserted by subsection (1)(*r*)), replace the full-stop at the end with "; and";

(*c*) in subsection (1), after paragraph (*u*) (as inserted by subsection (1)(*r*)), insert —

"(*v*) on or after the date of commencement of section 7(2)(*c*) of the Finance (Income Taxes) Act 2025, from foreign exchange and risk management activities which are carried out in connection with and incidental to an activity mentioned in paragraph (*t*)."; and

(*d*) in subsection (4) (as amended by subsection (1)(*w*)), replace ", (*n*) to (*s*) and (*u*)" with "and (*n*) to (*v*)".

Amendment of section 13P

8. In the ITA, in section 13P —

(*a*) replace subsection (1D) with —

"(1D) Subsection (1)(*ca*) and (*cc*) does not apply to —

(*a*) income derived between 12 December 2018 and 18 February 2025 (both dates inclusive) from the chartering or finance leasing of a seagoing ship that is acquired by the approved shipping investment enterprise or the approved related party by way of a finance lease entered into with an entity that is not an approved related party; or

(*b*) income derived on or after 19 February 2025 from the chartering or finance leasing of a seagoing ship that is acquired by the approved shipping investment enterprise or the approved related party by way of a finance lease not treated as a sale under section 10C, entered into with an entity that is not an approved related party.";

(*b*) in subsections (2) and (3)(*b*), replace "2026" with "2031"; and

(*c*) in subsection (4)(*b*), after "offshore renewable energy activity", insert ", renewable energy activity".

Amendment of section 13U

9. In the ITA, in section 13U(5), in the definition of "eligible SPV", in paragraph (*d*), replace "or an approved foreign government-owned entity" with ", an approved foreign government-owned entity, a prescribed international organisation or an approved international organisation".

Amendment of section 13W

10. In the ITA, in section 13W —

(*a*) in the section heading, after "**shares**", insert "**or preference shares**";

(*b*) in subsection (1), replace "the divesting company" wherever it appears with "divesting company A";

(*c*) in subsection (1), replace "the investee company" with "investee company B";

(*d*) in subsection (1)(*a*), replace "2027" with "2025";

(*e*) in subsection (1)(*b*), replace "that investee company" with "investee company B";

(*f*) after subsection (1), insert —

"(1A) There is exempt from tax any gains or profits derived by a company (called in this section divesting company A1) from the disposal of ordinary shares or preference shares (or both) in another company (called in this section investee company B1) which are legally and beneficially owned by divesting company A1 immediately before the disposal, if —

(*a*) the disposal is made on or after 1 January 2026; and

(*b*) the disposal is made after divesting company A1 has, at all times during a continuous period of at least 24 months ending on the date immediately before the date of disposal of such shares —

(i) legally and beneficially owned at least 20% of the ordinary shares in investee company B1; or

(ii) legally and beneficially owned ordinary shares or preference shares (or both) in investee company B1 the value of which is at least 20% of the total amount of paid-up share capital of ordinary shares and preference shares in investee company B1 under the applicable accounting principles.

(1B) There is exempt from tax any gains or profits derived by a company (called in this section divesting company A2) from the disposal of ordinary shares or preference shares (or both) in another company (called in this section investee company B2) which are legally and beneficially owned by divesting company A2 immediately before the disposal (called in this section the subject shares), if —

(*a*) the disposal is made on or after 1 January 2026;

(*b*) the subject shares were held by divesting company A2 for a continuous period of at least 24 months ending on the date immediately before the date of the disposal; and

(*c*) at the beginning (called the start date) of the period of 24 months ending on the date immediately before the date of the disposal, divesting company A2 together with one or

more companies in the same group as divesting company A2 —

(i) legally and beneficially owned ordinary shares in investee company B2 (which included the subject shares) that (in total) represent at least 20% of the ordinary shares in investee company B2 as of the start date; or

(ii) legally and beneficially owned ordinary shares or preference shares (or both) in investee company B2 (which included the subject shares) the value of which is at least 20% of the total amount of paid-up share capital of ordinary shares and preference shares in investee company B2 as of the start date under the applicable accounting principles,

and divesting company A2 and the other company or companies in the same group did not dispose of any of those shares during that period which resulted in the legal and beneficial ownership described in sub-paragraph (i) or (ii) (as the case may be) falling below the percentage specified in that sub-paragraph.

(1C) For the purpose of subsection (1B) —

(*a*) shares in investee company B2 are treated as having been disposed of by a company on a first-in-first-out basis; and

(*b*) companies are in the same group if —

(i) more than 50% of the total number of issued ordinary shares in one

company are beneficially owned by the other company; or

(ii) more than 50% of the total number of issued ordinary shares in each of those companies are beneficially owned by a common company.

(1D) For the purpose of subsection (1C)(*b*), if —

(*a*) a company beneficially owns (including by virtue of one or more applications of this subsection) issued ordinary shares in another company (called in this subsection a 1st level company); and

(*b*) the 1st level company beneficially owns issued ordinary shares in another company (called in this subsection a 2nd level company),

then the firstmentioned company is taken to beneficially own issued ordinary shares of the 2nd level company; and the percentage of such beneficial ownership is computed by the formula A × B, where —

(*c*) A is the percentage which the number of issued ordinary shares of the 1st level company beneficially owned by the firstmentioned company bears to the total number of all issued ordinary shares of the 1st level company; and

(*d*) B is the percentage which the number of issued ordinary shares of the 2nd level company beneficially owned by the 1st level company bears to the total number of all issued ordinary shares of the 2nd level company.

(1E) Any reference to divesting company A2 in subsection (1B) does not include a registered business trust (despite section 36B(1)) or VCC.";

(*g*) in subsection (2), after "Subsection (1)", insert ", (1A) or (1B)";

(*h*) in subsections (2), (3), (5) and (7), replace "the divesting company" wherever it appears with "divesting company A, A1 or A2";

(*i*) in the following provisions, after "subsection (1)", insert ", (1A) or (1B)":

Subsection (3)

Subsection (5)(*a*)

Subsection (7)(*a*);

(*j*) replace subsection (4) with —

"(4) For the purposes of subsection (1), (1A) or (1B), a company (*X*) is treated as legally and beneficially owning any shares in another company (*Y*) during the borrowing period when the legal interest in those shares had been transferred by *X* to another under a securities lending or repurchase arrangement.";

(*k*) in subsection (9), after the definition of "activity of holding immovable properties", insert —

" "applicable accounting principles", in relation to a company, means —

(*a*) the accounting principles adopted by the company; or

(*b*) if the company is not required to comply with any accounting principles in preparing its financial statements — the International Financial Reporting Standards;"; and

(*l*) in subsection (9), after the definitions of "FRS 109" and "SFRS(I) 9", insert —

" "preference shares" means only preference shares that are accounted for as equity by the investee company under the applicable accounting principles;".

Amendment of section 14

11.—(1) In the ITA, in section 14 —

(*a*) in subsection (1), replace paragraph (*d*) (including the proviso) with —

"(*d*) any bad debt incurred in any trade, business, profession or vocation that became bad during the period for which the income is being ascertained, and any of the following to the extent that it has been estimated, to the Comptroller's satisfaction, to have become bad during that period:

(i) any doubtful debt;

(ii) any other debt for which provisions have been made for impairment losses or expected credit losses (called in this paragraph provisioned debt),

even if the bad debt, doubtful debt or provisioned debt was due and payable before the commencement of that period, but only if —

(iii) all sums recovered during that period on account of amounts previously written off or allowed in respect of bad debts, doubtful debts or provisioned debts (other than debts incurred before the commencement

of the basis period for the first year of assessment under this Act) are for the purposes of this Act treated as receipts of the trade, business, profession or vocation for that period; and

(iv) the bad debts, doubtful debts or provisioned debts in respect of which a deduction is claimed were included as a trading receipt in the income of the year within which they were incurred;";

(*b*) after subsection (7), insert —

"(7A) Despite subsection (1), no deduction is allowed to any person under that subsection in respect of any expenditure for which a deduction is allowed to that person under section 14ZJ."; and

(*c*) in subsection (8), after the definition of "deductible", insert —

"""expected credit loss" has the meaning given by section 14G(7);".

(2) The amendments to section 14(1) and (8) of the ITA apply for the year of assessment 2027 and any subsequent year of assessment.

Amendment of section 14B

12. In the ITA, in section 14B, in the following provisions, replace "2025" with "2030":

Subsection (2AA)

Subsection (2AB)

Subsection (12).

New section 14EB

13. In the ITA, after section 14EA, insert —

"Deduction for payment under innovation cost-sharing agreement

14EB.—(1) Subject to this section, where a company carrying on a trade or business has made, in the period specified under subsection (2)(*b*) for that agreement, any payment under an innovation cost-sharing agreement approved by the Minister or an authorised body on or after 19 February 2025 in respect of one or more qualifying innovation activities carried out under that agreement, there is allowed a deduction of the amount of such payment for the purpose of ascertaining the income of the company.

(2) The Minister or authorised body may —

(*a*) impose such conditions as the Minister or authorised body thinks fit when approving an innovation cost-sharing agreement; and

(*b*) specify the period during which any payment made under the innovation cost-sharing agreement is allowed a deduction under this section.

(3) The Minister or authorised body may approve an innovation cost-sharing agreement only if —

(*a*) the agreement provides that any benefit arising from the agreement accrues (whether wholly or partly) to the company;

(*b*) there is an undertaking by the company that at least one of the qualifying innovation activities is to be carried out by or on behalf of the company (whether wholly or partly) in Singapore; and

(*c*) such other requirements as the Minister or authorised body specifies, are satisfied.

(4) A deduction is not allowed under subsection (1) if —

(*a*) benefit arising from the approved innovation cost-sharing agreement (if any) does not accrue (whether wholly or partly) to the company; or

(*b*) no qualifying innovation activity is carried out in Singapore by or on behalf of the company.

(5) No approval under this section may be granted after 31 December 2030.

(6) If any benefit that arose from an approved innovation cost-sharing agreement during the period specified for it under subsection (2)(*b*) is sold, assigned or otherwise disposed of at any time by the company to which a deduction has been allowed under subsection (1), the lower of the following is treated as a trading receipt of the company's trade or business for the year of assessment which relates to the basis period in which the sale, assignment or disposal occurs:

(*a*) the amount of deduction that has been allowed under subsection (1) that is attributable to the benefit, to the extent that this amount of deduction has not been previously treated as a trading receipt under this subsection;

(*b*) the amount or value of the consideration received by the company from the sale, assignment or disposal.

(7) If, for any reason, the deduction cannot be attributed to that benefit, the full amount of the deduction that has been allowed under subsection (1) is treated as being attributable to that benefit.

(8) A sale, assignment or disposal of any benefit that occurs after the date on which the company permanently ceases its trade or business is treated as having occurred immediately before the cessation.

(9) The payment mentioned in subsection (1) does not include any payment to the extent that it is or is to be subsidised by grants or subsidies from the Government or a statutory board.

(10) Where a company to which a deduction has been allowed for any payment made under this section becomes entitled to any royalty or other payments (in one lump sum or otherwise) for the use of or right to use any technology, know-how or intellectual property developed from a qualifying innovation activity carried

out under the approved innovation cost-sharing agreement, such royalty or payments are treated as income of that company that is derived from Singapore for the year of assessment which relates to the basis period in which that company becomes entitled to the royalty or payments, as the case may be.

(11) Where an innovation cost-sharing agreement has been approved by the Minister or authorised body for the purposes of this section, then during the period specified under subsection (2)(*b*) for the agreement —

(*a*) a company is only allowed a deduction under this section in respect of any payment made under the agreement; and

(*b*) no deduction or allowance is allowed under section 14A, 14C, 14D, 14EA, 14U or 19B in respect of such payment despite anything in that section.

(12) For the purposes of this section, any payment made by a company prior to the commencement of that company's trade or business is treated as having been made by that company on the first day that the company carries on that trade or business, but a deduction for such payment is subject to section 14X.

(13) In this section —

(*a*) a reference to a payment made by a company under an innovation cost-sharing agreement is a reference to the expenditure that is allocated to the company to bear under the agreement, and the time the payment for any part of the expenditure becomes payable by the company or (if no such payment is needed) the time of the allocation, is treated as the time the payment is made; and

(*b*) a reference to a payment made by a company under an innovation cost-sharing agreement excludes any payment for the right to be a party to the agreement.

(14) In this section —

"benefit", in relation to an innovation cost-sharing agreement, means —

(*a*) any right arising from the agreement;

(*b*) any technology, know-how, intellectual property or software developed from any qualifying innovation activity carried out under the agreement; or

(*c*) any asset acquired under the agreement;

"innovation cost-sharing agreement" means any agreement or arrangement made by 2 or more related parties to share the expenditure of qualifying innovation activities to be carried out under the agreement or arrangement (and no other expenditure);

"qualifying innovation activity" means an activity falling within any of the following categories of activities, being categories specified in the document entitled "Oslo Manual 2018 — Guidelines for Collecting, Reporting and Using Data on Innovation" that is published by the Organisation for Economic Co-operation and Development on 22 October 2018:

(*a*) research and experimental development activities;

(*b*) engineering, design and other creative work activities;

(*c*) intellectual property-related activities;

(*d*) software development and database activities;

(*e*) marketing and brand equity activities;

(*f*) employee training activities;

(*g*) activities related to the acquisition or lease of tangible assets;

(*h*) innovation management activities.".

Amendment of section 14G

14.—(1) In the ITA, in section 14G —

(*a*) replace the section heading with —

"**Provisions by banks and qualifying finance companies for impairment losses, etc., from non-credit-impaired loans and securities**";

(*b*) in subsection (1), replace "the provision for doubtful debts arising from its loans and the provision for diminution in the value of its investments in securities, made in that basis period" with "provisions made in that basis period by the bank or qualifying finance company for impairment losses or expected credit losses arising from its loans or investments in securities, or both, where the loans or securities are not credit-impaired (each called in this section provision for losses)";

(*c*) in subsections (2)(*a*) and (*b*) and (2B), replace "provisions" with "provisions for losses";

(*d*) in subsections (2A) and (2E), replace "provisions for doubtful debts arising from its loans and for the diminution in the value of its investments in securities," with "provisions for losses";

(*e*) in subsection (2C)(*a*)(i) and (ii) and (*b*)(i) and (ii), replace "provisions made for expected credit losses arising" with "provisions for losses that are made for expected credit losses that arose";

(*f*) in subsection (2CA)(*a*) and (*b*), replace "provision made for expected credit losses of" with "provision for losses that are made for expected credit losses that arose from";

(*g*) in subsection (4A), replace paragraph (*c*) with —

"(*c*) a provision for losses made for impairment losses or expected credit losses that arose from those loans or investments in those securities, is also transferred by the transferor to the transferee; and";

(*h*) in subsection (6A), replace "provision for doubtful debts arising from loans, or for diminution in the value of investments in securities," with "provision for losses";

(*i*) in subsection (7), delete the definition of "provisions"; and

(*j*) in subsection (7), replace the definition of "qualifying profit" with —

"'"qualifying profit" means the net profit as shown in the audited accounts of the bank or qualifying finance company before deducting —

(*a*) any provision for taxation;

(*b*) any tax paid; and

(*c*) any provision for losses;".

(2) The amendments to section 14G of the ITA apply for the year of assessment 2027 and any subsequent year of assessment.

Amendment of section 14H

15. In the ITA, in section 14H(1A)(*a*)(ii) and (8), replace "2025" with "2030".

Amendment of section 14M

16. In the ITA, in section 14M —

(*a*) in subsection (1)(*a*), replace "the year of assessment 2012 or any subsequent year of assessment" with "any year of assessment between the year of assessment 2012 and the year of assessment 2025 (both years inclusive)";

(*b*) after subsection (2), insert —

"(2A) Where —

(*a*) a special purpose vehicle has acquired treasury shares or previously issued shares in a company and, in the basis period for the year of assessment 2026 or any subsequent year of assessment, transfers those shares to any person under

a stock option scheme or a share award scheme by reason of any office or employment held in Singapore by that person in the company; and

(*b*) payment by the company for the shares transferred to the person has become due and payable,

then the company is allowed a deduction for the relevant year of assessment of an amount referred to in subsection (2B).

(2B) The amount of deduction under subsection (2A) is —

(*a*) where the transferred shares are previously issued shares, the lower of the following:

(i) the amount paid or payable by the company for the shares, less any amount paid or payable by the person for the shares, to the extent the amount so paid or payable has not been deducted from the firstmentioned amount;

(ii) the cost to the special purpose vehicle of acquiring the shares, less any amount paid or payable by the person for the shares; or

(*b*) where the transferred shares are treasury shares, the cost to the company of acquiring the shares, less any amount paid or payable by the person for the shares.";

(*c*) in subsection (3), replace "subsection (2)(*a*)(ii) and (*b*)(i)(B)" with "subsections (2)(*a*)(ii) and (*b*)(i)(B) and (2B)(*a*)(ii)";

(*d*) in subsection (4)(*c*), after "subsection (1)", insert "or (2A) (as the case may be)";

(*e*) in subsection (4)(*c*), in the definition of "D", after "subsection (1)", insert "or (2A) (as the case may be)";

(*f*) in subsection (5), replace "subsection (2)(*b*)(i)(C) and (ii)" with "subsections (2)(*b*)(i)(C) and (ii) and (2B)(*b*)";

(*g*) in subsection (7), replace "the subsidiary company" wherever it appears with "subsidiary X";

(*h*) in subsection (7)(*a*), replace "the year of assessment 2012 or any subsequent year of assessment" with "any year of assessment between the year of assessment 2012 and the year of assessment 2025 (both years inclusive)";

(*i*) in subsection (8)(*a*)(i) and (*b*)(i)(A), replace "the subsidiary company" with "subsidiary X";

(*j*) after subsection (8), insert —

"(8A) Where —

(*a*) a special purpose vehicle has acquired treasury shares or previously issued shares in the holding company of another company (called in this section subsidiary Y) and, in the basis period for the year of assessment 2026 or any subsequent year of assessment, transfers those shares to a person under a stock option scheme or a share award scheme by reason of any office or employment held in Singapore by that person in subsidiary Y; and

(*b*) payment by subsidiary Y for the shares transferred to the person has become due and payable,

then subsidiary Y is allowed a deduction for the relevant year of assessment of an amount mentioned in subsection (8B).

(8B) The amount of deduction under subsection (8A) is —

(*a*) where the transferred shares are previously issued shares, the lower of the following:

(i) the amount paid or payable by subsidiary Y for the shares, less any amount paid or payable by the person for the shares, to the extent the amount so paid or payable has not been deducted from the firstmentioned amount;

(ii) the cost to the special purpose vehicle of acquiring the shares, less any amount paid or payable by the person for the shares; or

(*b*) where the transferred shares are treasury shares, the lower of the following:

(i) the amount paid or payable by subsidiary Y for the shares, less any amount paid or payable by the person for the shares, to the extent the amount so paid or payable has not been deducted from the firstmentioned amount;

(ii) the cost to the holding company of acquiring the shares, as determined in accordance with section 14L(8A), less any amount paid or payable by the person for the shares.";

(*k*) in subsection (9), replace "subsection (8)" with "subsections (8)(*a*)(ii) and (*b*)(i)(B) and (8B)(*a*)(ii)";

(*l*) in subsection (9), replace "the subsidiary company" with "subsidiary X or subsidiary Y (as the case may be)";

(*m*) in subsection (10)(*a*), delete "and" at the end;

(*n*) in subsection (10)(*b*), replace the full-stop at the end with "; and";

(*o*) in subsection (10), after paragraph (*b*), insert —

"(*c*) a reference to subsection (2A) is a reference to subsection (8A).";

(*p*) in subsection (13), in the definition of "regular interval", in paragraph (*b*)(i), replace "or subsidiary company" with ", subsidiary X or subsidiary Y";

(*q*) in subsection (13), in the definition of "relevant year of assessment", in paragraph (*a*), replace "or (7)" with ", (2A), (7) or (8A)";

(*r*) in subsection (13), in the definition of "relevant year of assessment", in paragraphs (*a*) and (*b*), replace "or subsidiary company" with ", subsidiary X or subsidiary Y";

(*s*) in subsection (13), in the definition of "special purpose vehicle", in paragraph (*a*), after "subsection (1)", insert "or (2A)";

(*t*) in subsection (13), in the definition of "special purpose vehicle", in paragraph (*a*)(ii), delete "or" at the end;

(*u*) in subsection (13), in the definition of "special purpose vehicle", in paragraph (*b*), replace "subsidiary company referred to in that subsection" with "subsidiary X";

(*v*) in subsection (13), in the definition of "special purpose vehicle", in paragraph (*b*), replace the full-stop at the end with "; or"; and

(*w*) in subsection (13), in the definition of "special purpose vehicle", after paragraph (*b*), insert —

"(*c*) in the case of subsection (8A), shares in one company within a group of companies to which both the holding company and subsidiary Y belong, are to be used for the remuneration of a person by reason of any office or employment held by that person in

a company within the same group of companies.”.

New section 14MA

17. In the ITA, after section 14M, insert —

“**Deduction for new shares issued by holding company under employee equity-based remuneration scheme**

14MA.—(1) Where —

(*a*) in the basis period for the year of assessment 2026 or any subsequent year of assessment —

(i) a company issues new shares; or

(ii) a special purpose vehicle that was issued new shares of a company (whether or not those shares were issued in that basis period) transfers those shares,

to a person (called in this section an employee) under a stock option scheme or a share award scheme by reason of any office or employment held in Singapore by that employee in a subsidiary of the company; and

(*b*) payment by the subsidiary for the shares issued or transferred to the employee has become due and payable,

then the subsidiary is allowed a deduction of an amount mentioned in subsection (2) in the year of assessment relating to the basis period in which paragraph (*a*) or (*b*) occurs, whichever is later.

(2) The amount of deduction under subsection (1) is the lower of —

(*a*) the amount paid or payable by the subsidiary for the shares, less any amount paid or payable by the employee for the shares to the extent the secondmentioned amount has not been deducted from the firstmentioned amount; and

(*b*) the value of the shares at the time of issue under subsection (1)(*a*)(i) or transfer under subsection (1)(*a*)(ii) (as the case may be) of the shares to the employee, less any amount paid or payable by the employee for the shares. 5

(3) For the purpose of subsection (2)(*b*), the value of the shares is —

(*a*) the price of the shares in the open market; or

(*b*) if it is not possible to determine that price, the net asset value of the shares at the time of their issue 10 under subsection (1)(*a*)(i) or transfer under subsection (1)(*a*)(ii) (as the case may be) to the employee.

(4) For the purpose of this section, shares are issued or transferred to an employee when the employee acquires the legal 15 and beneficial interest in the shares.

(5) No deduction is allowed to a subsidiary under this section if a deduction has already been allowed to the subsidiary under any other provision of this Act in respect of the shares issued or transferred to the employee. 20

(6) In this section —

"group of companies" means 2 or more companies each of which is either a holding company or subsidiary of the other or any of the others;

"shares" includes stocks but does not include redeemable 25 or convertible shares or shares of a preferential nature;

"special purpose vehicle" means a trustee of a trust (when acting in such capacity) that is set up solely for the administration of a stock option scheme or share award scheme under which shares in one company within a 30 group of companies to which both the company and subsidiary mentioned in subsection (1) belong, are to be used for the remuneration of a person by reason of any

office or employment held by that person in a company within that group of companies.”.

Amendment of section 14X

18. In the ITA, in section 14X(2)(*c*) —

(*a*) after “14EA,”, insert “14EB,”; and

(*b*) after “14EA(8),”, insert “14EB(12),”.

New section 14ZJ

19. In the ITA, after section 14ZI, insert —

“**Deduction for expenditure on green certificates and green credits**

14ZJ.—(1) A person carrying on a trade or business who surrenders any green certificates or green credits prescribed by rules made under section 7 is allowed, for the year of assessment relating to the basis period in which the person surrenders them, a deduction for any qualifying expenditure the person incurred for them during the basis period relating to the year of assessment 2026 or any subsequent year of assessment.

(2) Qualifying expenditure, in relation to any green certificates or green credits, means —

(*a*) any expenditure incurred for their acquisition, their registration with the relevant registry, their issue, or their transfer to the person concerned;

(*b*) any expenditure incurred for their surrender; or

(*c*) any expenditure incurred for such other matter as may be prescribed by rules made under section 7.

(3) In this section, “surrender”, in relation to any green certificates or green credits, means to surrender or retire the green certificates or green credits, but excludes any activity as may be prescribed by rules made under section 7.”.

Amendment of section 15

20.—(1) In the ITA, in section 15 —

(*a*) in subsection (1)(*i*), after sub-paragraph (ii), insert —

"(ii*a*) such payment made on or after 1 January 2026 by an employer on behalf of the employer's employee directed to be paid to the medisave account of that employee in accordance with section 13B of the Central Provident Fund Act 1953;";

(*b*) in subsection (1)(*i*), reletter the existing sub-paragraphs (ii*a*) and (ii*b*) as sub-paragraphs (ii*b*) and (ii*c*), respectively;

(*c*) in subsection (1)(*p*), delete "or" at the end;

(*d*) in subsection (1)(*q*), after "section 14M(7)", insert "or (8A) or 14MA(1)";

(*e*) in subsection (1)(*q*), replace the full-stop at the end with "; or";

(*f*) in subsection (1), after paragraph (*q*), insert —

"(*r*) any payment made, or any outgoings and expenses incurred, by the person in furtherance of, or in connection with, the commission of an offence under Part 3 of the Prevention of Corruption Act 1960 or section 161, 162, 163, 164, 165, 204B, 213, 214 or 215 of the Penal Code 1871.";

(*g*) in subsection (2), after "14EA,", insert "14EB,";

(*h*) in subsection (2), after "14M,", insert "14MA,";

(*i*) in subsection (2A), replace "or 14Z" with ", 14Z or 14ZJ"; and

(*j*) in subsection (2C), after "section 14C(1)(*g*)", insert "or 14EB".

(2) The amendments to section 15(1)(*i*) of the ITA apply for the year of assessment 2027 and any subsequent year of assessment.

Amendment of section 18C

21. In the ITA, in section 18C —

(*a*) in subsection (1B), replace "2025" with "2030"; and

(*b*) in subsection (15)(*b*), replace sub-paragraphs (i) to (v) with —

"(i) where the application for planning permission or conservation permission is made between 25 March 2016 and 31 December 2025 (both dates inclusive) and the application under subsection (1) or (1A) is made on or after 25 March 2016 —

(A) one of those persons beneficially holds, directly or indirectly, at least 75% of the total number of issued ordinary shares of the other person (being a company);

(B) one of those persons is entitled, directly or indirectly, to at least 75% of the income of the other person (being a partnership);

(C) a third person beneficially holds, directly or indirectly, at least 75% of the total number of issued ordinary shares of each of those persons (being companies);

(D) a third person is entitled, directly or indirectly, to at least 75% of the income of

each of those persons (being partnerships); or

(E) a third person beneficially holds, directly or indirectly, at least 75% of the total number of issued ordinary shares of one of those persons (being a company), and is entitled, directly or indirectly, to at least 75% of the income of the other person (being a partnership); or

(ii) where the application for planning permission or conservation permission and the application under subsection (1) or (1A) are made on or after 1 January 2026 —

(A) one of those persons beneficially holds, directly or indirectly, more than 50% of the total number of issued ordinary shares of the other person (being a company);

(B) one of those persons is entitled, directly or indirectly, to more than 50% of the income of the other person (being a partnership);

(C) a third person beneficially holds, directly or indirectly, more than 50% of the total number of issued ordinary shares of each of those persons (being companies);

(D) a third person is entitled, directly or indirectly, to more

than 50% of the income of each of those persons (being partnerships); or

(E) a third person beneficially holds, directly or indirectly, more than 50% of the total number of issued ordinary shares of one of those persons (being a company), and is entitled, directly or indirectly, to more than 50% of the income of the other person (being a partnership).".

Amendment of section 19B

22. In the ITA, in section 19B(10A)(*a*)(i), after "14EA", insert ", 14EB".

Amendment of section 34AA

23.—(1) In the ITA, in section 34AA —

(*a*) in subsection (3), replace paragraph (*h*) with —

"(*h*) despite paragraph (*g*), section 14G applies in relation to a provision made by a qualifying person that is a bank or qualifying finance company for an expected credit loss arising from its loans or investments in securities, or both, where the loans or securities are not credit impaired;"; and

(*b*) in subsection (15), after the definition of "debt securities", insert —

" "expected credit loss" has the meaning given by FRS 109 or SFRS(I) 9;".

(2) The amendments to section 34AA(3) and (15) of the ITA apply for the year of assessment 2027 and any subsequent year of assessment.

Amendment of section 34CA

24. In the ITA, in section 34CA —

(*a*) in subsection (1)(*c*), after "after date A", insert "(or such other period as may be allowed under subsection (1A))";

(*b*) after subsection (1), insert —

"(1A) The Minister or Comptroller may, in a particular case, extend the period of 12 months before or after date A that date B must fall."; and

(*c*) in subsection (3)(*d*), after "prescribed date", insert "or such later date as the Minister or Comptroller may allow in a particular case".

Amendment of section 34D

25. In the ITA, in section 34D, after subsection (2A), insert —

"***Transactions with partnerships***

(3) In subsections (1)(*a*) and (*b*), (1B), (1C) and (2) —

(*a*) a reference to a person includes a partnership; and

(*b*) a person (*X*) is treated as a related party of another person (*Y*) that is a partnership if *X* is related to *Y* in such manner as may be prescribed by rules made under section 7.

(4) In a case where a related party is a partnership, a reference to the person in subsections (1)(*c*) and (1A) is to a partner of the partnership.

Transactions involving trusts

(5) In subsections (1)(*a*) and (*b*), (1B), (1C) and (2) —

(*a*) a reference to a person includes the trustee of a trust (excluding a registered business trust) when acting in that capacity; and

(*b*) a person (*X1*) is treated as a related party of another person (*Y1*) that is a trustee of a trust (excluding a registered business trust) if *X1* is related to *Y1* in such manner as may be prescribed by rules made under section 7.

(6) In a case where a related party is the trustee of a trust (excluding a registered business trust), a reference to the person in subsections (1)(*c*) and (1A) is to the person in whose hands the income, deduction or loss concerned is taxable or deductible under this Act.

(7) In subsections (1)(*a*) and (2) —

(*a*) a reference to a person includes a registered business trust; and

(*b*) a person (*X2*) is treated as a related party of another person (*Y2*) that is a registered business trust, if *X2* is related to *Y2* in such manner as may be prescribed by rules made under section 7.

(8) In a case where a related party is a registered business trust (*Y2*) —

(*a*) a reference in subsections (1)(*b*), (1B) and (1C) to commercial or financial relations *Y2* has with another party, is to commercial or financial relations entered into by its trustee-manager (*Z*) (for or on behalf of *Y2*) with the other party, and a reference in those provisions to conditions made or imposed in those commercial or financial relations is to conditions made or imposed between *Z* (for or on behalf of *Y2*) and the other party;

(*b*) a reference to the person in subsections (1)(*c*) and (1A) is to the registered business trust; and

(*c*) a reference to the carrying on of business by a person in subsection (2) that is *Y2* is to the trustee-manager carrying on business for or on behalf of *Y2*. 5

(9) This section does not apply where the related parties are parties to a trust mentioned in subsection (10), and the transaction in question is for the carrying out of the trust.

(10) Subsection (9) applies to a trust of which —

(*a*) every settlor is an individual; and 10

(*b*) every beneficiary is an individual or a charitable institution, trust or body of persons established for a philanthropic purpose only,

and that is not one of the following:

(*c*) a real estate investment trust within the meaning of section 43(10); 15

(*d*) a unit trust within the meaning of section 10A;

(*e*) a business trust within the meaning of section 2 of the Business Trusts Act 2004;

(*f*) any other trust that is established for the purpose of carrying out a business or commercial activity. 20

(11) In this section —

"philanthropic purpose" means any purpose mentioned in paragraphs (*a*) to (*k*) of the definition of "philanthropic purpose trust" in section 13L(3); 25

"registered business trust" has the meaning given by section 2 of the Business Trusts Act 2004.".

Amendment of section 34F

26. In the ITA, in section 34F, after subsection (10), insert —

"(11) For the purposes of this section, a related party of a partnership, a trustee of a trust, or a registered business trust is 30

determined by reference to section 34D(3), (5) or (7), as the case may be.

(12) Subsection (3) does not apply to a transaction between parties to a trust mentioned in section 34D(10).

(13) To avoid doubt, a reference to a company in this section includes (by reason of section 36B(1)) a "registered business trust" as defined by section 2 of the Business Trusts Act 2004.".

Amendment of section 36B

27. In the ITA, in section 36B(1) —

(*a*) replace paragraph (*d*) with —

"(*d*) for the purposes of section 13W(1) and (1A), any reference in those provisions to ordinary shares or preference shares in investee companies B and B1 (each called an investee company) which are legally and beneficially owned by divesting companies A and A1 (each called a divesting company) respectively, is, in a case where the divesting company is a registered business trust, a reference to ordinary shares or preference shares in the investee company which are trust property of the registered business trust;

(*da*) section 13W(1B) does not apply to a registered business trust;";

(*b*) in paragraph (*e*), replace "section 92J" with "sections 92J and 92L";

(*c*) in paragraph (*e*), replace "section 92J(7)" with "sections 92J(7) and 92L(7)";

(*d*) in paragraph (*e*), in the definition of "local employee", in paragraph (*b*), after "2023", insert "(for the purposes of section 92J) or 2024 (for the purposes of section 92L)";

(*e*) in paragraph (*e*), replace the full-stop at the end with a semi-colon; and

(*f*) after paragraph (*e*), insert —

"(*f*) for the purposes of section 92K —

(i) any reference to the ordinary shares of a company is a reference to the units in a registered business trust; and

(ii) any reference to a subsidiary wholly-owned (directly or indirectly) by a company is to a company all the shares of which are held (directly or indirectly) for a registered business trust by its trustee-manager.".

Amendment of section 37O

28. In the ITA, in section 37O, in the following provisions, replace "2025" with "2030":

Subsection (1)

Subsection (1A)(*b*)

Subsection (4A)(*a*), (*b*) and (*c*).

Amendment of section 37Q

29. In the ITA, in section 37Q(2)(*a*), after "14EA(10),", insert "14EB(9),".

Amendment of section 37R

30. In the ITA, in section 37R, after subsection (31), insert —

"(31A) Where an amount of cash payout is to be made by the Comptroller to an eligible person under this section, and an amount is recoverable by the Comptroller from the eligible person as a debt due to the Government under subsection (20), (21), (22) or (30) —

(*a*) the amount of cash payout to be made by the Comptroller to the eligible person is reduced by the amount so due under that subsection; and

(*b*) the amount of the reduction is treated as a repayment of the debt by the eligible person.

(31B) Where the amount of cash payout to be made to an eligible person under this section is less than the sum of the amount of tax, duty, interest or penalty due from the eligible person under subsection (28) and the amount recoverable as a debt due to the Government under subsection (20), (21), (22) or (30), the Comptroller may determine the amount of reduction to be made under subsection (28)(*a*) or (31A)(*a*), or both, in a manner that he or she considers reasonable.".

Amendment of section 39

31.—(1) In the ITA, in section 39 —

(*a*) in subsection (2)(*c*), replace "a wife from whom he" with "a spouse from whom the individual";

(*b*) in subsection (2)(*d*)(v), replace "(being his wife) from whom he" with "from whom the individual";

(*c*) in subsection (2)(*ga*)(i), replace "the individual's life or, in the case of a male individual, on the life of the individual's wife" with "the life of the individual or the individual's spouse";

(*d*) in subsection (2), replace paragraph (*ha*) with —

"(*ha*) has carried on a trade, business, profession or vocation and has made voluntary contributions to the Central Provident Fund then, subject to subsection (10B), there is to be allowed for the year of assessment 2026 or a subsequent year of assessment a deduction in respect of such contributions of an amount to be determined by the formula A – B, where —

(i) A is the lower of —

(A) 37%, or such other rate as may be prescribed, of the amount of his or her income derived in the basis period for that year of assessment from his or her trade, business, profession or vocation on which contributions were obligatory under the Central Provident Fund Act 1953 (excluding any income on which contributions are obligatory as a Group A worker); and

(B) $37,740, or such other amount as may be prescribed; and

(ii) B is the amount of any deduction allowed under paragraph (*haa*),

except that if A – B is less than or equal to zero, the amount of deduction is treated as zero;

(*haa*) has made obligatory contributions under the Central Provident Fund Act 1953 in respect of income derived in any year from a trade, business, profession or vocation to the Central Provident Fund then, subject to subsection (10B), there is to be allowed for the year of assessment (being the year of assessment 2026 or a subsequent year of assessment) a deduction in respect of such contributions (excluding obligatory contributions on his or her income derived as a Group A worker);";

(*e*) in subsection (2)(*hb*), replace "sub-paragraphs (*ga*) and (*ha*)" with "paragraphs (*ga*), (*ha*) and (*haa*)";

(*f*) in subsection (2)(*hb*), replace "sub-paragraph (*ha*)" with "paragraph (*ha*)";

(*g*) in subsection (3)(*c*)(ii), after "medisave contributions", insert "(after deducting the prescribed amount of any MMSS grant, or the total of the prescribed amounts of any MMSS grant, given or to be given in connection with that payment or those payments if the payment or payments was or were made on or after 1 January 2026)";

(*h*) in subsection (3A)(*b*), replace "section 39(2)(*h*)" with "subsection (2)(*h*) for the year of assessment 2025 or any preceding year of assessment, or under subsection (2)(*ha*) for the year of assessment 2026 or any subsequent year of assessment";

(*i*) in subsection (3A)(*c*)(ii), after "medisave self-contributions", insert "(after deducting the prescribed amount of any MMSS grant, or the total of the prescribed amounts of any MMSS grant, given or to be given in connection with that payment or those payments if the payment or payments was or were made on or after 1 January 2026)";

(*j*) replace subsection (3C) with —

"(3C) In subsections (3) and (3A) —

"prescribed amount of any MMSS grant" means —

(*a*) the full amount of a grant under the public scheme known as the Matched MediSave Scheme, as described on the website https://cpf.gov.sg; or

(*b*) if an amount of such grant is prescribed by rules made under section 7 for the purposes of this subsection — that amount;

"prescribed amount of any MRSS grant" means —

(*a*) the full amount of a grant under the public scheme known as the Matched Retirement Savings Scheme, as described on the website https://cpf.gov.sg; or

(*b*) if an amount of such grant is prescribed by rules made under section 7 for the purposes of this subsection — that amount.";

(*k*) in subsection (10B), replace "and (*ha*)" wherever it appears with ", (*ha*) and (*haa*)";

(*l*) in subsection (10B)(*d*), replace "subsection (2)(*ha*) (in respect of contributions which are obligatory under the Central Provident Fund Act 1953)" with "subsection (2)(*haa*)";

(*m*) in subsection (10B)(*d*), replace "paragraphs (*b*) and (*c*) do" with "paragraph (*b*) does"; and

(*n*) in subsection (10B)(*d*), replace ", allowable under subsection (2)(*ha*)" with ", allowable under subsection (2)(*haa*)".

(2) The amendments to section 39(2), (3A)(*b*) and (10B) of the ITA apply for the year of assessment 2026 and any subsequent year of assessment.

(3) The amendments to section 39(3)(*c*) and (3A)(*c*) and (3C) of the ITA apply for the year of assessment 2027 and any subsequent year of assessment.

Amendment of section 43

32. In the ITA, in section 43 —

(*a*) in subsection (2A)(*a*)(i) and (*b*)(i), replace "or income from the management or holding of immovable property" with ", income from the management or holding of immovable property, co-location income or co-working space income,";

(*b*) in subsection (2A)(*a*)(ii) and (*b*)(ii), after "holding of immovable property", insert ", or that is ancillary to co-location income or co-working space income,";

(*c*) in subsection (2A)(*a*)(iii), after "immovable property in Singapore,", insert "or co-location income or co-working space income in relation to immovable property in Singapore,";

(*d*) in subsection (2A)(*ba*), replace "in the period between 1 July 2018 and 31 December 2025 (both dates inclusive)" with "on or after 1 July 2018";

(*e*) after subsection (2C), insert —

"(2D) In subsection (2A)(*a*) and (*b*), any reference to co-location income or co-working space income is to such income that is derived on or after 1 July 2025.";

(*f*) in the following provisions, replace "2025" with "2030":

Subsection (3B)

Subsection (3C)(*b*)

Subsection (3D)

Subsection (3E);

(*g*) in subsection (3F), after paragraph (*a*), insert —

"(*aa*) a partner of an approved limited partnership under section 13OA;";

(*h*) in subsection (3F)(*w*), replace "or an approved foreign government-owned entity under section 13V." with ", an approved foreign government-owned entity, a prescribed

international organisation or an approved international organisation under section 13V.";

(*i*) in subsection (10), after the definition of "captive insurer", insert —

"“co-location income” means any income that is derived from the undertaking of both of the following:

(*a*) the provision of a physical space relating to any immovable property for use by one or more persons to house or operate any information technology equipment belonging to that person or those persons;

(*b*) the provision of any infrastructure, facilities or services, relating to the immovable property used to house or operate the information technology equipment;

"co-working space income" means any income that is derived from the undertaking of both of the following:

(*a*) the provision of a physical space within any immovable property for use by one or more persons to carry out any activity relating to their respective trades, businesses or operations, and to use the communal facilities, within the physical space;

(*b*) the provision of any infrastructure, facilities or services within the immovable property for use by that person or those persons for the purposes mentioned in paragraph (*a*);"; and

(*j*) after subsection (10), insert —

"(10A) In the definition of "co-location income" in subsection (10), a reference to an immovable property includes such property (whether or not immovable property) used or to be used to house or operate any information technology equipment as may be prescribed by rules made under section 7.".

Amendment of section 43C

33. In the ITA, in section 43C —

(*a*) in subsection (1), replace paragraph (*aa*) with —

"(*aa*) to provide for tax at the rate specified in the first column of the following table, to be levied and paid for each year of assessment upon such income as the Minister may specify that is derived by an approved insurer set out opposite that rate in the second column of the table, from the reinsurance of liabilities under policies relating to life business as defined in section 3(1)(*a*) of the Insurance Act 1966, or such description of general business within the meaning of section 3(1)(*b*) of that Act, as may be prescribed:

Tax rate	*Approved insurer*
10%	An approved insurer whose approval is granted between 1 June 2017 and 18 February 2025 (both dates inclusive)
10% or 15%	An approved insurer whose approval is granted on or after 19 February 2025

";

(*b*) in subsection (1)(*c*), in the table, under the heading "*Approved insurer*", in paragraph (ii), replace "on or after 1 April 2018" with "between 1 April 2018 and 18 February 2025 (both dates inclusive)";

(*c*) in subsection (1)(*c*), in the table, after the item relating to "10%", insert —

"10% or 15%	An approved captive insurer whose approval is granted on or after 19 February 2025"; and

(*d*) after subsection (2), insert —

"(2A) Regulations made under subsection (1)(*aa*) or (*c*) to provide for tax at the rate of 15% to be levied and paid for each year of assessment upon income mentioned in that provision may be made to take effect from (and including) 1 January 2025.".

Amendment of section 43J

34.—(1) In the ITA, in section 43J —

(*a*) replace subsection (1) with —

"(1) Despite section 43, the Minister may by regulations —

(*a*) provide that tax at the rate of 5%, 10%, 12% or 13.5% is to be levied and paid for each year of assessment upon any income specified by the Minister that is derived on or after 1 January 2004 by a financial sector incentive company from one or more prescribed qualifying activities; and

(*b*) provide that tax at the rate of 15% is to be levied and paid for each year of assessment upon any income specified by the Minister that is derived on or after 1 January 2025 by a financial sector incentive company that is approved on or after 19 February 2025 from one or more prescribed qualifying activities.

(1A) Regulations made under subsection (1) may provide for the deduction of losses otherwise than in accordance with section 37(3).";

(*b*) after subsection (2), insert —

"(2AA) Regulations made for the purposes of this section may provide the last date by which approval for a financial sector incentive company or a specified class of financial sector incentive companies may be given or extended."; and

(*c*) after subsection (2A), insert —

"(3) Regulations made for the purposes of subsection (1)(*b*) may be made to take effect from (and including) 1 January 2025.".

(2) In the ITA, in section 43J (as amended by subsection (1)) —

(*a*) in subsection (1)(*a*), delete "and" at the end;

(*b*) in subsection (1)(*b*), replace the full-stop at the end with "; and";

(*c*) in subsection (1), after paragraph (*b*), insert —

"(*c*) provide for exemption from tax for each year of assessment of any income specified by the Minister that is derived on or after 19 February 2025 by a financial sector incentive company from one or more prescribed qualifying activities, if the requirements specified by the Minister or an authorised body for the exemption to apply to that income for that year of assessment are satisfied.";

(*d*) after subsection (1A), insert —

"(1B) Despite section 43, the Minister may by regulations provide that tax at the rate of 5% is to be levied and paid for each year of assessment upon any income specified by the Minister that is derived on or after 19 February 2025 by a financial sector incentive

company approved under subsection (1C), from one or more prescribed qualifying activities, if the requirements specified by the Minister or an authorised body for the tax rate to apply to that income for that year of assessment are satisfied.

(1C) The Minister or an authorised body may approve a company (*X*) as a financial sector incentive company for the purposes of subsection (1B) only if the following conditions are satisfied:

(*a*) *X* or its holding company becomes listed on a stock exchange in Singapore on or after 19 February 2025;

(*b*) *X* or its holding company (as the case may be) is not an approved company under section 92K(6), or an approved nominee under section 92K(15)(*a*), (16) or (22).

(1D) It is a condition of the approval for *X* that *X* or its holding company (as the case may be) remains listed on the stock exchange in Singapore throughout the period of *X*'s approval.

(1E) In a case where it is a condition of the approval for *X* that its holding company remains listed on the stock exchange in Singapore throughout the period of *X*'s approval, a delisting of the holding company from that stock exchange during that period is treated as a failure by *X* to comply with a condition of *X*'s approval under section 105R(1)(*b*).

(1F) Regulations made under subsection (1B) may provide for the deduction of losses otherwise than in accordance with section 37(3).”; and

(*e*) after subsection (3), insert —

“(4) Regulations made for the purposes of subsections (1)(*c*) and (1B) may be made to take effect from (and including) 19 February 2025.

(5) The Minister or authorised body may at the time of approving a company as a financial sector incentive company for the purposes of subsection (1)(*c*), provide in the letter of approval that if a specified requirement is not satisfied by the company on any day in a basis period or throughout a basis period, the tax exemption does not apply to the company's income for the year of assessment to which the basis period relates or for that year of assessment and subsequent years of assessment.

(6) The Minister or authorised body may at the time of approving a company as a financial sector incentive company for the purposes of subsection (1B), provide in the letter of approval that if a specified requirement is not satisfied by the company or its holding company (as the case may be) on any day in a basis period or throughout a basis period, the tax rate of 5% does not apply to the company's income for the year of assessment to which the basis period relates or for that year of assessment and subsequent years of assessment.

(7) In this section, a reference to the holding company of a company (*A*) is to a company that owns (directly or indirectly) the percentage of ownership in *A* prescribed in regulations made under subsection (1B).".

Amendment of section 43L

35. In the ITA, in section 43L(4A), replace "2026" with "2031".

Amendment of section 43P

36. In the ITA, in section 43P —

(*a*) replace subsection (2C) with —

"(2C) Subsection (1)(*a*), (*c*), (*e*) and (*f*) does not apply to —

(*a*) income derived between 12 December 2018 and 18 February 2025 (both dates inclusive) from the leasing of a container or intermodal equipment that is acquired by the approved container investment enterprise or the approved related party by way of a finance lease entered into with an entity that is not an approved related party; or

(*b*) income derived on or after 19 February 2025 from the leasing of a container or intermodal equipment that is acquired by the approved container investment enterprise or the approved related party by way of a finance lease not treated as a sale under section 10C, entered into with an entity that is not an approved related party.”; and

(*b*) in subsections (3) and (4)(*b*), replace “2026” with “2031”.

Amendment of section 43Q

37. In the ITA, in section 43Q(4A), replace “2026” with “2031”.

Amendment of section 43R

38. In the ITA, in section 43R —

(*a*) replace subsection (1) with —

“(1) Despite section 43, the Minister may by regulations provide that tax at the rate specified in the first column of the following table, is to be levied and paid for each year of assessment upon such income as the Minister may specify that is derived on or after a prescribed date by an approved insurance broker set out opposite that rate in the second column of the table, from the provision of such direct insurance broking, reinsurance broking or advisory

services relating to the insurance sector as may be prescribed:

Tax rate	*Approved insurance broker*
10%	An approved insurance broker whose approval is granted between 1 April 2008 and 18 February 2025 (both dates inclusive)
10% or 15%	An approved insurance broker whose approval is granted between 19 February 2025 and 31 December 2028 (both dates inclusive)

”; and

(*b*) after subsection (2), insert —

“(2A) Regulations made under subsection (1) to provide for tax at the rate of 15% to be levied and paid for each year of assessment upon income mentioned in that provision may be made to take effect from (and including) 1 January 2025.”.

Amendment of section 43U

39. In the ITA, in section 43U —

(*a*) in subsection (2), replace “2026” with “2031”;

(*b*) after subsection (5J), insert —

“***Application of section to approved SPVs of approved companies***

(5K) A company may at the time of making its application or at any time during the period of its approval, apply to the Minister or authorised body for its SPV to be approved in respect of any shipping-related support service provided in or from Singapore by the SPV for the purposes of this section.

(5L) The Minister or authorised body may —

(*a*) approve an SPV of an approved company between 19 February 2025 and 31 December 2031 (both dates inclusive), subject to such conditions as the Minister or authorised body may impose;

(*b*) approve for the SPV one or more shipping-related support services, and may approve for the approved SPV any additional shipping-related support services during the period of its approval; and

(*c*) specify the period for which the SPV is approved, which must expire on the date of expiry of the period of approval of the approved company or, if an extension is granted for the approved company under subsection (5A), the expiry of the extension.

(5M) Despite section 43, tax at the rate mentioned in subsection (5N) is to be levied and paid for each year of assessment upon the amount of income in subsection (5O) of an approved SPV derived on or after the service approval date and during the period of its approval under subsection (5L), from providing in or from Singapore any shipping-related support service approved for the SPV under subsection (5L).

(5N) In subsection (5M), the rate of tax is that which is applicable to the income of the approved company derived during the same period under subsection (1), (5C) or (5CA).

(5O) In subsection (5M), the amount of the income is that which exceeds the base amount calculated in accordance with subsection (4) or (5I) (whichever is applicable), subject to the following modifications:

(*a*) a reference in subsection (4) or (5I) to the approved company is to the approved SPV;

(*b*) a reference in subsection (4) or (5I) to shipping-related support services approved for the approved company is to the shipping-related support services approved for the approved SPV;

(*c*) a reference in subsection (4) or (5I) to any audited accounts of the approved company or other accounts of the approved company approved by the Minister or authorised body is to the audited accounts of the approved SPV or other accounts of the approved SPV approved by the Minister or authorised body;

(*d*) a reference in subsection (4) to the date of approval of the approved company is to the date of approval of the approved SPV;

(*e*) a reference in subsection (5I) to the date that the extension is granted under subsection (5A) to an approved company is to the date that the extension is granted to the approved SPV under subsection (5Q).

(5P) Unless the Minister otherwise decides —

(*a*) the base amount determined in accordance with subsection (4) (as applied by subsection (5O)) applies to the approved SPV for the entire period of its approval; or

(*b*) the base amount determined in accordance with subsection (5I) (as applied by subsection (5O)) applies to the approved SPV for any extended period of its approval under subsection (5Q).

(5Q) Where the Minister or authorised body —

(*a*) has approved an SPV of an approved company; and

(*b*) has granted an extension of the period of approval of the approved company under subsection (5A),

the Minister or authorised body may —

(*c*) extend the period of approval of the approved SPV by the same period in paragraph (*b*); and

(*d*) approve one or more shipping-related support services for the purposes of subsection (5M) at the time of granting the extension, and may approve any additional shipping-related support services for the approved SPV during the extended period of the SPV's approval,

but only if the SPV satisfies such conditions as the Minister or authorised body has imposed on it at the time of granting the extension or approval of additional shipping-related support services.";

(*c*) above subsection (6), insert —

"***General provisions***";

(*d*) in subsection (6), after "company", insert "or approved SPV";

(*e*) in subsection (8), in the definition of "corporate service", after "an approved company", insert "or its approved SPV";

(*f*) in subsection (8), in the definition of "corporate service", after "the approved company", insert "or approved SPV";

(*g*) in subsection (8), in the definition of "corporate service", after "(5I)", insert "(or those provisions as applied by subsection (5O))";

(*h*) in subsection (8), after the definition of "freight forwarding and logistics service", insert —

" "maritime technology service" means —

(*a*) any service relating to the provision or use of maritime drones;

(*b*) any service relating to autonomous vessel systems;

(*c*) any service relating to maritime cybersecurity; or

(*d*) any service relating to any other maritime technology prescribed by rules made under section 7;";

(*i*) in subsection (8), in the definition of "service approval date", after "(5B)", insert "or an approved SPV under subsection (5L) or (5Q)";

(*j*) in subsection (8), in the definition of "service approval date", after "that company", insert "or SPV";

(*k*) in subsection (8), in the definition of "service approval date", replace "the company to its approved related company" with "the company or SPV to the company's approved related company";

(*l*) in subsection (8), in the definition of "shipping-related business", in paragraph (*q*), after "offshore renewable energy activity", insert ", renewable energy activity";

(*m*) in subsection (8), in the definition of "shipping-related business", after paragraph (*q*), insert —

"(*r*) maritime technology service;";

(*n*) in subsection (8), in the definition of "shipping-related support service", in paragraph (*f*), replace the full-stop at the end with a semi-colon;

(*o*) in subsection (8), in the definition of "shipping-related support service", after paragraph (*f*), insert —

"(*g*) maritime technology service;";

(*p*) in subsection (8), after the definition of "shipping-related support service", insert —

" "special purpose vehicle" or "SPV", in relation to an approved company, means a company —

(*a*) that is incorporated and resident in Singapore;

(*b*) at least 50% of the total number of the issued ordinary shares of which are beneficially owned, directly or indirectly, by —

(i) the approved company; or

(ii) a company which beneficially owns (whether directly or indirectly) at least 50% of the total number of the issued ordinary shares of the approved company; and

(*c*) carries on the business of providing shipping-related support services;";

(*q*) in subsection (9)(*a*), replace "and (5CA)" with ", (5CA), (5K), (5L), (5M) and (5Q)";

(*r*) in subsection (9)(*a*) and (*b*), after "approved company" wherever it appears, insert "or approved SPV (as the case may be)"; and

(*s*) in subsection (9)(*b*), after "and (5I)", insert "(or those provisions as applied by subsection (5O))".

Amendment of section 45G

40. In the ITA, in section 45G(2)(*a*) and (*b*) and (5), replace "2025" with "2030".

Amendment of section 83

41. In the ITA, in section 83, after subsection (3), insert —

"(4) However, the name of the taxpayer may be disclosed in the publication mentioned in subsection (3) with the taxpayer's consent.

(5) Subsection (4) applies to any proceedings before the Board that are heard before, on or after the date of commencement of section 41 of the Finance (Income Taxes) Act 2025.".

New section 92K

42. In the ITA, after section 92J, insert —

"**Rebate for company for listing shares on stock exchange in Singapore**

92K.—(1) This section applies to a company the ordinary shares of which —

(*a*) are first listed on a stock exchange in Singapore on a date (called in this section the listing date) between 19 February 2025 and 31 December 2027 (both dates inclusive), by way of a primary listing or a secondary listing; and

(*b*) are offered in conjunction with such listing.

(2) For the purposes of this section, the first listing of ordinary shares of a company on a stock exchange includes a relisting of ordinary shares of that company on that stock exchange, at any time after ordinary shares of that company have been delisted from that stock exchange.

Approval of approved company

(3) The company may apply to the Minister or an authorised body to be approved for the purposes of this section.

(4) An application under subsection (3) must be made within such period as the Minister or authorised body may allow, and must be accompanied by such information and documents as the Minister or authorised body may require.

(5) A company that is approved as a financial sector incentive company for the purposes of section 43J(1B), or its holding

company, is not eligible to make an application under subsection (3).

(6) The Minister or authorised body may, subject to such conditions (including conditions subsequent) as the Minister or authorised body may impose, approve a company as an approved company for the purposes of this section.

(7) An approval under subsection (6) is for a single period of 5 years (called in this section the incentive period) starting from the first day of the month in which the listing date falls, and the earliest date on which an approval may take effect is 1 February 2025.

(8) It is a condition of approval of an approved company for its ordinary shares to remain listed on a stock exchange in Singapore throughout its incentive period, starting from its listing date.

(9) No approval under this section may be granted after 31 December 2027.

Tax rebate for approved company

(10) The following is to be made to an approved company:

(*a*) where its ordinary shares are listed on a stock exchange in Singapore by way of a primary listing in the whole or part of the basis period for a year of assessment that is within its incentive period — a rebate computed in accordance with the following formula:

$$20\% \times \frac{A}{B} \times C,$$

where —

(i) A is —

(A) where the ordinary shares are so listed in the whole of the basis period within its incentive period — the number of months in that basis period;

(B) where only a part of the basis period during which the ordinary shares are so listed falls within its incentive period — the number of months in that part;

(C) where the ordinary shares are so listed in a part of the basis period within its incentive period before the occurrence of a listing conversion — the number of months in that part before the month in which the listing conversion occurs; or

(D) where the ordinary shares are so listed in a part of the basis period within its incentive period after the occurrence of a listing conversion — the number of months in that part beginning with the month in which the listing conversion occurs;

(ii) B is the total number of months in the basis period; and

(iii) C is the tax payable by the approved company for that year of assessment as determined under subsection (11);

(*b*) where its ordinary shares are listed on a stock exchange in Singapore by way of a secondary listing in the whole or part of the basis period for a year of assessment that is within its incentive period — a rebate computed in accordance with the following formula:

$$10\% \times \frac{A}{B} \times C,$$

where —

(i) A is —

(A) where the ordinary shares are so listed in the whole of the basis period within its

incentive period — the number of months in that basis period;

(B) where only a part of the basis period during which the ordinary shares are so listed falls within its incentive period — the number of months in that part;

(C) where the ordinary shares are so listed in a part of the basis period within its incentive period before the occurrence of a listing conversion — the number of months in that part before the month in which the listing conversion occurs; or

(D) where the ordinary shares are so listed in a part of the basis period within its incentive period after the occurrence of a listing conversion — the number of months in that part beginning with the month in which the listing conversion occurs;

(ii) B is the total number of months in the basis period; and

(iii) C is the tax payable by the approved company for that year of assessment as determined under subsection (11).

(11) In subsection (10)(*a*)(iii) and (*b*)(iii), the tax payable by the approved company for a year of assessment is the amount of tax levied on the chargeable income of the approved company under Part 11 for that year of assessment (excluding any tax levied under section 43(3), (3A), (3B) and (3C)) —

(*a*) before making any set-off under Part 13;

(*b*) before making any remission of the tax under any other provision of this Part; and

(*c*) after making any deduction of tax credit under Part 14.

(12) The rebate to be made to an approved company against the tax payable for each year of assessment must not exceed —

(*a*) if the approved company has a market capitalisation of at least $1 billion on the listing date — $6 million; or

(*b*) if the approved company has a market capitalisation of less than $1 billion on the listing date — $3 million.

(13) If a listing conversion occurs in the basis period for a year of assessment, then the maximum amount of rebate to be made to the approved company against the tax payable for that year of assessment is to be computed as follows:

(*a*) the rebate against the tax payable for that year of assessment, pro-rated for the period before the listing conversion, must not exceed an amount determined by $A \times \frac{B}{C}$, where —

(i) A is the amount mentioned in subsection (12)(*a*) or (*b*) (whichever is applicable);

(ii) B is the number of months in the part of the basis period ending before the month in which the listing conversion occurs; and

(iii) C is the total number of months in the basis period for the year of assessment;

(*b*) the rebate against the tax payable for that year of assessment, pro-rated for the period after the listing conversion, must not exceed an amount determined by $A1 \times \frac{C-B}{C}$, where —

(i) A1 is —

(A) if the approved company has a market capitalisation of at least $1 billion on the date of occurrence of the listing conversion — $6 million; or

(B) if the approved company has a market capitalisation of less than $1 billion on the

date of occurrence of the listing conversion — $3 million; and

(ii) B and C are the number of months mentioned in paragraph (*a*)(ii) and (iii), respectively.

(14) In this section, a listing conversion occurs when ordinary shares of an approved company which are listed by way of a primary listing on a stock exchange in Singapore, then becomes listed on that or another stock exchange in Singapore by way of a secondary listing, or vice versa.

Nomination of subsidiaries for rebate

(15) A company making an application under subsection (3) may, at any time before the application is approved —

(*a*) nominate for the approval of the Minister or authorised body, up to 3 of its eligible subsidiaries to which the rebate is to be made; and

(*b*) where more than one eligible subsidiary is nominated, specify the order of priority in which the rebate is to be made to the nominees under subsection (26), which is to remain the same throughout the company's incentive period.

(16) If less than 3 eligible subsidiaries are approved under subsection (15)(*a*), an approved company may at any time after its approval, nominate for the approval of the Minister or authorised body one or more of its other eligible subsidiaries to which the rebate is to be made, subject to the following:

(*a*) an approved company may not have more than 3 eligible subsidiaries approved as its nominees at any one time;

(*b*) where more than one eligible subsidiary is nominated under this subsection, the approved company must in its application specify the order of priority in which the rebate is to be made to the nominees under subsection (26), which is to remain the same throughout the approved company's incentive period;

(*c*) in the order of priority mentioned in paragraph (*b*) —

(i) an eligible subsidiary that is approved under this subsection ranks below any other eligible subsidiary approved under subsection (15)(*a*); and

(ii) an eligible subsidiary that is approved under this subsection ranks below any other eligible subsidiary whose effective date of approval is earlier than its date of approval.

(17) An approval of a nominee under subsection (15)(*a*) is effective from the first day of the month in which the listing date falls, or such other date as the Minister or authorised body may allow.

(18) An approval of a nominee under subsection (16) is effective from —

(*a*) the later of the following:

(i) the first day of the month in which the nomination is made;

(ii) the first day of the month in which the nominee first becomes an eligible subsidiary of the approved company; or

(*b*) such other date as the Minister or authorised body may allow.

(19) In this section, an "eligible subsidiary" of a company is a company that is wholly-owned (directly or indirectly) by the company and has a financial year that ends on the same day as that of the company.

(20) If any nominee approved by the Minister or authorised body (including one approved under subsection (22)) is in liquidation, ceases to carry on a trade or business in Singapore or ceases to exist at any time during the basis period for a year of assessment, then the approval of that nominee is treated as revoked as of the first day of that basis period in which the date of commencement of the liquidation or cessation falls.

(21) If any nominee approved by the Minister or authorised body (including one approved under subsection (22)) —

(*a*) ceases to be wholly-owned (directly or indirectly) by the approved company concerned; or

(*b*) ceases to have a financial year that ends on the same day as that of the approved company,

at any time during the basis period for a year of assessment, then the approval of that nominee is treated as revoked as of the first day of that basis period.

(22) In a case mentioned in subsection (20) or (21), the approved company may, within such period as the Minister or authorised body may allow, apply to the Minister or authorised body for the approval of another of its eligible subsidiaries as a replacement nominee.

(23) An approval of the replacement nominee is effective from —

(*a*) the later of the following:

(i) the date the nominee being replaced is treated as revoked under subsection (20) or (21);

(ii) the first day of the month in which the replacement nominee first becomes an eligible subsidiary of the approved company; or

(*b*) such other date as the Minister or authorised body may allow,

and the replacement nominee assumes the position of the nominee being replaced in the order of priority specified under subsection (15)(*b*), or subsection (16)(*b*) read with subsection (16)(*c*), for the purpose of making the rebate.

(24) A company that is approved as a financial sector incentive company for the purposes of section 43J(1B), or its holding company, may not be nominated under subsection (15)(*a*), (16) or (22).

(25) The application under subsection (15), (16) or (22) must be accompanied by such information and documents as the Minister or authorised body may require.

(26) Where an approval is granted in respect of one or more nominees (including a replacement nominee) of an approved company, the rebate to be made to the approved company (as determined by subsections (10) to (13)) is instead to be made —

(*a*) first against the tax payable by the approved company in a year of assessment; and

(*b*) then against the tax payable by those approved nominees in the same year of assessment in the order of priority specified under subsection (15)(*b*), or subsection (16)(*b*) read with subsection (16)(*c*),

until the applicable maximum amount of rebate under subsection (12)(*a*) or (*b*) or (13) (as the case may be) is reached; and subsections (10) and (11) apply with the necessary modifications to the making of the rebate against the tax payable by an approved nominee (including a replacement nominee) as they apply to the making of the rebate against the tax payable by the approved company.

Revocation of approval of approved company

(27) Section 105R applies to a failure to comply with a condition of approval (including the condition in subsection (8)) of an approved company under this section with the following modifications:

(*a*) a reference to a tax incentive is to a rebate under this section;

(*b*) a reference to the application of a tax incentive to a person's income is to the making of a rebate under this section against any tax payable by the approved company or its nominee;

(*c*) the following subsections apply in place of section 105R(6):

"(6) Where —

(*a*) a rebate has been made against the tax payable by the approved company or its nominee for a year of assessment; 5

(*b*) the full or a part of the amount of the rebate would not have been so made if the company had no incentive period, or its incentive period had been reduced, owing to its not being 10 an approved company under this section on any date in the basis period for that year of assessment; and

(*c*) the approval is revoked under this 15 section with effect from and including that date,

the full or part of the amount of rebate as mentioned in paragraph (*b*) (less any remission of tax under any provision in this Part (other 20 than section 92)) is recoverable by the Comptroller as a debt due to the Government from the company or the nominee.

(6A) For the purpose of subsection (6) —

(*a*) the amount recoverable is payable 25 within one month after the service of a notice on the company or the nominee or such further time as the Comptroller may allow, subject to such terms and conditions as the 30 Comptroller may impose, and in the manner stated in the notice; and

(*b*) sections 57, 87(1) and (2), 89 and 90 apply to the collection and recovery

by the Comptroller of that amount.”.

Miscellaneous

(28) A reference to a company in this section excludes a VCC.”.

New section 92L

43. In the ITA, after section 92K (as inserted by section 42), insert —

“**Remission of tax for companies for year of assessment 2025 and cash grant for companies**

92L.—(1) Where the Comptroller is satisfied that the remission of tax would be beneficial to a company, then there is to be remitted the tax payable for the year of assessment 2025 by the company of an amount equal to the lower of the following:

(*a*) 50% of the tax payable for that year of assessment (excluding any tax levied under section 43(3), (3A), (3B) and (3C)), less the cash grant of $2,000 made to the company under subsection (3), where applicable;

(*b*) $40,000, less the cash grant of $2,000 made to the company under subsection (3), where applicable.

(2) However, where 50% of the tax payable under subsection (1)(*a*) is less than the cash grant of $2,000, the amount in subsection (1)(*a*) is nil.

(3) Subject to subsection (4), where a company has made a CPF contribution in respect of at least one local employee in the calendar year 2024 in accordance with regulation 2(1) of the Central Provident Fund Regulations (called in this section the time requirement), there is to be made to the company a cash grant of $2,000.

(4) Unless the Comptroller otherwise permits, no cash grant may be made to a company (*X*) if, at the time of disbursement —

(*a*) *X* is not carrying on a trade or business (including the activity of holding any investments);

(*b*) *X* is in liquidation;

(*c*) *X* is under receivership in respect of all of its properties; or

(*d*) *X* has ceased to exist.

(5) The Comptroller may waive the time requirement under subsection (3) if the Comptroller is satisfied that it is just and equitable to do so.

(6) The cash grant under subsection (3) is exempt from tax in the hands of the company.

(7) For the purpose of subsection (3) —

"central hirer" and "central hiring arrangement" have the meanings given by section 14ZG(5);

"CPF contribution" means a contribution to the Central Provident Fund that is obligatory under section 7(1) of the Central Provident Fund Act 1953;

"employee", in relation to a company, means —

(*a*) an individual who is an employee of the company for any period in the calendar year 2024 and is on the payroll of the company for that period;

(*b*) an individual —

(i) who is engaged by the central hirer of a central hiring arrangement for a group of related parties that includes the company;

(ii) who is deployed to work solely for the company for any period in the calendar year 2024;

(iii) who is on the payroll of the central hirer or the company for that period; and

(iv) whose salary and other remuneration for that period (including any CPF contribution in respect of the individual) is borne (directly or indirectly) by the company; or

(*c*) an individual —

(i) who, being an employee of another person that is a related party of the company (called in this subsection and subsection (8) the employer), is seconded to a position in the company under a bona fide commercial arrangement to work solely for the company for any period in the calendar year 2024;

(ii) who is on the payroll of the employer or the company for that period; and

(iii) whose salary and other remuneration for that period (including any CPF contribution in respect of the individual) is borne (directly or indirectly) by the company,

but excludes any individual who is a shareholder and also a director of the company;

"local employee" means a Singapore citizen or Singapore permanent resident who is an employee of the company.

(8) For the purpose of determining whether the individual mentioned in paragraph (*b*) or (*c*) of the definition of "employee" in subsection (7) is also an employee of the central hirer or the employer by virtue of paragraph (*a*) of that definition, the period mentioned in paragraph (*b*) or (*c*) (as the case may be) is to be disregarded for the purpose of paragraph (*a*) of that definition.".

New section 93AA

44. In the ITA, after section 93, insert —

"**Modification of section 93 for repayment of tax for training allowance under Workfare Training Support scheme**

93AA.—(1) Section 93 (Repayment of tax) applies to enable a person who had paid tax in respect of any payment mentioned in section 13(1)(*zpa*) that ought not to have been paid because of the backdating of the date of commencement of section 5(1)(*a*) of the Finance (Income Taxes) Act 2025.

(2) In the application of section 93 under subsection (1), section 93(2) is replaced with the following:

"(2) A claim for repayment must be made to the Comptroller by 31 December 2029.". ".

Amendment of section 93B

45. In the ITA, in section 93B —

(*a*) in subsection (2), in the definition of "unutilised RICs", in paragraph (*b*), after "subsection 40(*a*)", insert "(including that provision as applied by subsections (14A) and (20B))";

(*b*) in subsections (5)(*i*), (12)(*h*) and (23)(*a*), replace "after" with "starting from";

(*c*) after subsection (14), insert —

"(14A) Subsections (38)(*b*), (40), (41) and (42) apply with the necessary modifications to an amendment of a letter of award under subsection (13) or (14) as they apply to an amendment of a letter of award under subsection (35)(*a*).";

(*d*) after subsection (20), insert —

"(20A) The approving authority may, in any prescribed circumstances, on the application by an awardee company or on its own initiative, amend any matter stated in a letter of confirmation given to the awardee company.

(20B) Where an amendment is made to a letter of confirmation under subsection (20A) —

(*a*) a reference in this section to that matter in relation to the awardee company is to that matter as so amended; and

(*b*) subsections (38)(*b*), (40), (41) and (42) apply with the necessary modifications to the amendment as they apply to an amendment of a letter of award under subsection (35)(*a*), and for this purpose, a reference to the letter of award in subsection (38)(*b*) is to the letter of confirmation.";

(*e*) in subsection (23)(*b*), replace ", and other matters relating to, such election" with "such election and the circumstances under which such election is treated as revoked, and other matters relating to such election";

(*f*) replace subsection (31) with —

"(31) The Comptroller is to make a monetary payment equivalent to the amount of those RICs to the awardee company on or before the payout date or payment date, to the extent that they have not been —

(*a*) revoked, or treated as revoked under the regulations; or

(*b*) debited under subsection (40)(*a*) (including that provision as applied by subsections (14A) and (20B)).";

(*g*) in subsection (43)(*c*), after "approving authority", insert ", within the prescribed period after the date of amalgamation,";

(*h*) in subsection (45), replace paragraph (*b*) with —

"(*b*) in the case of subsection (43)(*a*)(ii), the unutilised RICs —

(i) are to be credited to an RIC account kept or to be kept for *Y*; and

(ii) are treated as having been given to *Y* on the date they were given to *X* by the approving authority under subsection (17), except that this does not affect the debit of any RICs from *Y*'s RIC account carried out before those unutilised RICs are credited to *Y*'s RIC account under sub-paragraph (i).";

(*i*) after subsection (45), insert —

"(45A) If an application is not made in accordance with subsection (43)(*c*), or if such an application is refused, then the RICs mentioned in subsection (43)(*a*)(i) or (ii) are treated as forfeited.

(45B) Subsections (45) and (45A) apply despite anything in section 215G(*c*) of the Companies Act 1967 or section 34C.";

(*j*) in subsection (46), replace paragraph (*c*) with —

"(*c*) to apply with modifications the provisions of this section in relation to *Y* or to each *Y* as they apply in relation to *X*, if *Y* satisfies such requirements as may be prescribed;";

(*k*) replace paragraph (*e*) with —

"(*e*) to provide, in any prescribed circumstances, for the recovery from *Y* of any amount of RICs that have been used to

offset any due tax of *Y*, and for any RICs that were debited from *X*'s RIC account to offset that due tax to be credited back to the account;

(*ea*) to provide that any amount of RICs —

(i) credited back to *X*'s RIC account under regulations made for the purpose in paragraph (*e*); or

(ii) otherwise wrongly debited from *X*'s RIC account and credited back to that account,

is treated as having been given to *X* on the date that it was first given to *X* under subsection (17), but without affecting any previous debit of RICs from *X*'s RIC account; and"; and

(*l*) after subsection (48), insert —

"***Recovery of RICs for erroneous offsetting of tax, etc.***

(48A) If —

(*a*) an amount of RICs of an awardee company (*X*) is used to offset the due tax of any company (including *X*); or

(*b*) a monetary payment equivalent to an amount of RICs of an awardee company (also called *X*) is paid to *X* under subsection (31),

otherwise than in accordance with this section or the regulations made under subsection (51), then the amount of the due tax so offset or the amount paid to *X* is recoverable by the Comptroller from the company or *X* (as the case may be) as a debt due to the Government.

(48B) For the purposes of subsection (48A) —

(*a*) the amount recoverable under that provision is to be paid at the place stated in a notice served by the Comptroller on the company or *X* (as the case may be) within 30 days after the service of the notice;

(*b*) the Comptroller may, in the Comptroller's discretion and subject to such terms and conditions as the Comptroller may impose, extend the time limit within which payment is to be made; and

(*c*) sections 86(1) to (6), 87(1) and (2), 89, 90 and 91 apply to the collection and recovery by the Comptroller of that amount as they apply to the collection and recovery of tax.

(48C) In a case mentioned in subsection (48A) —

(*a*) the amount of *X*'s RICs mentioned in that provision is to be credited back to *X*'s RIC account; and

(*b*) those RICs so credited back are treated as having been given to *X* on the date that they were first given to *X* by the approving authority under subsection (17), except that this does not affect any debit of RICs from *X*'s RIC account carried out before those RICs are so credited back.

(48D) Where —

(*a*) an amount of RICs is credited back to the RIC account of an awardee company (*Y*) under subsection (48C) or any regulations made under subsection (51); but

(*b*) the payout date or payment date (as the case may be) for those RICs has passed,

then subsections (31) and (32) apply for the purpose of enabling a monetary payment equivalent to the amount of those RICs to be made to *Y* as if a reference to the payout date or payment date were a reference to a prescribed date after the RICs are credited back to *Y*'s RIC account.".

New section 93C

46. In the ITA, after section 93B, insert —

"**Recovery of cash grant from companies**

93C.—(1) Where a company receives a cash grant under any provision of this Part (other than a grant given under section 92B, 92C, 92J or 93B) —

(*a*) without having satisfied all the requirements to qualify for the cash grant; or

(*b*) that is in excess of that which may be given to the company under that provision,

the amount of the cash grant or the excess amount of the cash grant (as the case may be) is recoverable by the Comptroller from the company as a debt due to the Government.

(2) The Comptroller must send the company a notice specifying the amount to be repaid under subsection (1), and the company must pay the amount at the place stated in the notice within one month after the service of the notice.

(3) The Comptroller may, in his or her discretion and subject to such terms and conditions as the Comptroller may impose, extend the time limit within which payment under subsection (2) is to be made.

(4) Sections 57, 87(1) and (2), 89 and 90 apply with the necessary modifications to the collection and recovery by the Comptroller of the amounts recoverable under subsection (1) as they apply to the collection and recovery of tax.

(5) Without affecting subsections (2), (3) and (4), where an amount of cash grant (other than a grant under section 93B) (amount *A*) is to be made to a company under a provision of this Part and an amount of another cash grant (other than a grant under section 93B) (amount *B*) that was previously made to a company under another provision of this Part is recoverable by the Comptroller as a debt due to the Government under subsection (1), section 92B(4), 92C(5) or 92J(6), then —

(*a*) despite the firstmentioned provision, amount *A* is reduced by amount *B*; and

(*b*) the amount of the reduction is treated as a repayment by the company of the debt due to the Government.

(6) In addition, where an amount of cash grant (other than a grant under section 93B) is to be made to the company under a provision of this Part and any tax, duty, interest or penalty is due from the company —

(*a*) under this Act to the Comptroller of Income Tax;

(*b*) under the Goods and Services Tax Act 1993 to the Comptroller of Goods and Services Tax;

(*c*) under the Property Tax Act 1960 to the Comptroller of Property Tax; or

(*d*) under the Stamp Duties Act 1929 to the Commissioner of Stamp Duties,

then —

(*e*) despite that provision, the amount of cash grant to be made by the Comptroller to the company must be reduced by the amount so due; and

(*f*) the amount of the reduction is treated as tax, duty, interest or penalty paid by the company under the relevant Act and must (if it is due under an Act other than this Act) be paid by the Comptroller to the Comptroller of Goods and Services Tax, the Comptroller of Property Tax or the Commissioner of Stamp Duties, as the case may be.

(7) Where the amount of cash grant to be made to the company is less than the sum of the amount of cash grant recoverable by the Comptroller from the company under subsection (5) and the amount of tax, duty, interest or penalty due by the company under subsection (6), the Comptroller may determine the amount of reduction to be made under subsection (5) or (6), or both, in a manner that he or she considers reasonable.".

Amendment of section 105I

47. In the ITA, in section 105I, after the definition of "country-by-country report", insert —

"“crypto-asset reporting framework agreement” or “CARF agreement” means a bilateral or multilateral agreement that is based on the International Standards for Automatic Exchange of Information in Tax Matters pursuant to the Crypto-Asset Reporting Framework developed by the Organisation for Economic Co-operation and Development;".

Amendment of section 105K

48. In the ITA, in section 105K(1) —

(*a*) after paragraph (*ab*), insert —

"(*ac*) a CARF agreement between —

(i) the Government and —

(A) the government of another country; or

(B) the governments of 2 or more countries; or

(ii) the Minister or the Minister's authorised representative and —

(A) the authority of another country that exercises a power or carries out a duty corresponding to a power or

duty of the Minister or representative; or

(B) the authorities of 2 or more countries that exercise powers or carry out duties corresponding to a power or duty of the Minister or representative;";

(*b*) in paragraph (*b*), replace "or (*ab*)" with ", (*ab*) or (*ac*)"; and

(*c*) in paragraph (*c*), after "(*ab*)", insert ", (*ac*)".

Amendment of section 107

49. In the ITA, in section 107 —

(*a*) in subsection (11), after "14EA,", insert "14EB,";

(*b*) in subsection (11), after "14M,", insert "14MA,";

(*c*) in subsection (17)(*a*), replace "ordinary shares" with "ordinary shares or preference shares (or both)";

(*d*) after subsection (18), insert —

"(18A) Section 13W(1A) applies for the purpose of determining the exempt income of a company (including a non-umbrella VCC but excluding an umbrella VCC) from the disposal of shares in a VCC (whether or not an umbrella VCC) (called *X*) with the following modifications:

(*a*) all references to preference shares in *X* are omitted;

(*b*) the reference in section 13W(1A)(*b*)(ii) to the paid-up share capital of ordinary shares and preference shares in *X* is to the paid-up share capital of ordinary shares in *X*.";

(*e*) after subsection (20), insert —

"(20A) For the purposes of subsection (17A) —

"applicable accounting principles", in relation to a company, means —

(*a*) the accounting principles adopted by the company; or

(*b*) if the company is not required to comply with any accounting principles in preparing its financial statements — the International Financial Reporting Standards;

"preference shares", in relation to a company, means only preference shares that are accounted for as equity by the company under the applicable accounting principles.";

(*f*) in subsection (28), in the subsection heading, replace "***and 92J***" with "***, 92J and 92L***";

(*g*) in subsection (28A), after "Section 92J", insert "or 92L";

(*h*) in subsection (28A), after "section 92J(7)", insert "or 92L(7) (as the case may be)"; and

(*i*) in subsection (28A)(*b*), in the definition of "local employee", in paragraph (*b*), after "2023", insert "(for the purposes of section 92J) or 2024 (for the purposes of section 92L)".

Amendment of Third Schedule

50. In the ITA, in the Third Schedule, in Part 1 —

(*a*) in the Part heading, after "ORDINARY SHARES", insert "OR PREFERENCE SHARES (OR BOTH)";

(*b*) in section 13W, in the section heading, after "**ordinary shares**", insert "**or preference shares**";

(*c*) in section 13W(1), replace "the divesting VCC" wherever it appears with "divesting VCC 1";

(*d*) in section 13W(1)(*a*), replace "2027" with "2025";

(*e*) in section 13W, after subsection (1), insert —

"(1A) There is exempt from tax any gains or profits derived by an umbrella VCC (called in this section divesting VCC 2) for the purpose of a sub-fund from the disposal of ordinary shares or preference shares (or both) in a company (called in this section company Y) or of ordinary shares in a VCC (called in this section VCC Y) that are legally and beneficially owned by divesting VCC 2 for the purpose of that sub-fund immediately before the disposal, if —

(*a*) the disposal is made on or after 1 January 2026; and

(*b*) the disposal is made after divesting VCC 2 has, at all times during a continuous period of at least 24 months ending on the date immediately before the date of disposal of such shares —

(i) legally and beneficially owned (for the purpose of that sub-fund) at least 20% of the ordinary shares in company Y or VCC Y, as the case may be; or

(ii) in the case of company Y only — legally and beneficially owned (for the purpose of that sub-fund) ordinary shares or preference shares (or both) in company Y the value of which is at least 20% of the total amount of paid-up share capital of ordinary shares and preference shares in company Y under the applicable accounting principles.";

(*f*) in section 13W(2), after "Subsection (1)", insert "or (1A)";

(*g*) in the following provisions, replace "the divesting VCC" wherever it appears with "divesting VCC 1 or 2":

Section 13W(2)

Section 13W(3)

Section 13W(7)(*a*);

(*h*) in the following provisions, after "subsection (1)", insert "or (1A)":

Section 13W(3)

Section 13W(5)(*a*)

Section 13W(7)(*a*);

(*i*) in section 13W, replace subsection (4) with —

"(4) For the purposes of subsection (1) or (1A), divesting VCC 1 or 2 remains the legal and beneficial owner of any shares in another entity (*Y*) for the purpose of the sub-fund mentioned in that subsection during the borrowing period when the legal interest in shares had been transferred by divesting VCC 1 or 2 (as the case may be) to another person under a securities lending or repurchase arrangement.";

(*j*) in section 13W(5)(*a*), replace "company X or VCC X by the divesting VCC" with "company X or Y or VCC X or Y by divesting VCC 1 or 2";

(*k*) in section 13W(9), after the definition of "activity of holding immovable properties", insert —

" "applicable accounting principles", in relation to a company, means —

(*a*) the accounting principles adopted by the company; or

(*b*) if the company is not required to comply with any accounting principles in preparing its financial statements — the International Financial Reporting Standards;"; and

(*l*) in section 13W(9), after the definition of "ordinary share", insert —

" "preference shares" means only preference shares that are accounted for as equity by the company concerned under the applicable accounting principles;".

Amendment of Fourth Schedule

51. In the ITA, in the Fourth Schedule, after "14E,", insert "14EB,".

Amendments relating to acts done before assignment of functions or powers under section 3A

52.—(1) In the ITA, in section 43E, after subsection (3), insert —

"(3A) The reference to an authorised body in subsection (1A)(*c*) is, in a case where the concessionary rate of tax in that provision applicable to the approved Finance and Treasury Centre of a company is specified to the company during the period from 17 February 2024 to 11 April 2024 (both dates inclusive), a reference to a person appointed by the Minister.

(3B) A reference in subsections (1A)(*d*) and (1B) to an authorised body is, in a case where the notice to substitute the concessionary rate of tax applicable to the approved Finance and Treasury Centre of a company is given to the company during the period from 17 February 2024 to 11 April 2024 (both dates inclusive), a reference to a person appointed by the Minister.".

(2) In the ITA, in section 43I, after subsection (3), insert —

"(4) A reference in subsections (1AA)(*d*) and (1AC) to an authorised body is, in a case where the notice to substitute the rate of tax applicable to an approved global trading company is given to the company during the period from 17 February 2024 to 11 April 2024 (both dates inclusive), a reference to a person appointed by the Minister.".

(3) In the ITA, in section 43N, after subsection (7), insert —

"(8) The reference to an authorised body in subsection (1)(*c*) is, in a case where the concessionary rate of tax in that provision applicable to an approved aircraft leasing company is specified to the company during the period from 17 February 2024 to 11 April 2024 (both dates inclusive), a reference to a person appointed by the Minister.

(9) A reference in subsections (1)(*d*) and (1D) to an authorised body is, in a case where the notice to substitute the concessionary rate of tax applicable to an approved aircraft leasing company is given to the company during the period from

17 February 2024 to 11 April 2024 (both dates inclusive), a reference to a person appointed by the Minister.".

(4) In the ITA, in section 43X —

(*a*) in subsection (5)(*a*), replace "authorised body" with "person appointed by the Minister"; and

(*b*) after subsection (13), insert —

"(14) The reference to an authorised body in subsection (5)(*b*) is, in a case where the base rate in that provision is specified to an approved company during the period from 17 February 2024 to 11 April 2024 (both dates inclusive), a reference to a person appointed by the Minister.

(15) A reference in subsections (5)(*c*) and (6A) to an authorised body is, in a case where the notice to substitute the base rate applicable to an approved company is given to the company during the period from 17 February 2024 to 11 April 2024 (both dates inclusive), a reference to a person appointed by the Minister.

(16) A reference in subsections (5)(*d*) and (6)(*a*) to an authorised body is, in a case where the rate increase under subsection (6)(*a*) is specified to an approved company during the period from 1 January 2024 to 11 April 2024 (both dates inclusive), a reference to a person appointed by the Minister.

(17) A reference in subsections (5)(*d*) and (6)(*b*) to an authorised body is, in a case where the rate increase under subsection (6)(*b*) is specified to an approved company during the period from 17 February 2024 to 11 April 2024 (both dates inclusive), a reference to a person appointed by the Minister.".

Amendments to allow retrospective regulations in connection with sections 7, 36 and 41 of Income Tax (Amendment) Act 2023

53.—(1) In the ITA, in section 13, after subsection (17), insert —

"(17A) Regulations made to prescribe the conditions for the exemption from tax under subsection (1)(*a*), (*aa*), (*ab*) and (*ba*) of income derived from qualifying debt securities that are issued between 1 January 2024 and 31 December 2028 (both dates inclusive), that are made in connection with the amendments made by section 7(*a*) of the Income Tax (Amendment) Act 2023, may be made to take effect from (and including) 1 January 2024.

(17B) Regulations made to amend any regulations made for the purposes of subsection (1)(*ba*) to replace the terms "break cost" and "prepayment fee" with the term "early redemption fee", that are made in connection with section 7(*b*), (*g*), (*h*) and (*t*) of the Income Tax (Amendment) Act 2023, may be made to take effect from (and including) 15 February 2023.

(17C) Regulations made to prescribe the arrangements in paragraph (*b*) of the definition of "qualifying debt securities" in subsection (16), that are made in connection with the amendment to that definition by section 7(*i*) of the Income Tax (Amendment) Act 2023, may be made to take effect from (and including) 1 January 2024.

(17D) Regulations made to prescribe the arrangements in paragraphs (*b*) and (*c*) of the definitions of "qualifying debt securities" in subsection (16), that are made in connection with the amendments to that definition by section 7(*j*), (*k*), (*l*), (*m*) and (*n*) of the Income Tax (Amendment) Act 2023, may be made to take effect from (and including) 15 February 2023.

(17E) Regulations made to prescribe the arrangements in paragraph (*a*) of the definition of "qualifying project debt securities" in subsection (16), that are made in connection with the amendments to that definition by section 7(*p*), (*q*), (*r*) and (*s*) of the Income Tax (Amendment) Act 2023, may be made to take effect from (and including) 15 February 2023.".

(2) In the ITA, in section 43H, after subsection (3), insert —

"(3AA) Regulations made under subsection (1) —

(*a*) to provide that tax at the rate of 10% is to be levied and paid on income mentioned in that subsection that is derived from any qualifying debt securities issued between 1 January 2024 and 31 December 2028 (both dates inclusive); and

(*b*) to provide for exemption from tax of income derived by a primary dealer from trading in any Singapore Government securities between 1 January 2024 and 31 December 2028 (both dates inclusive),

that are made in connection with the amendments to subsections (1)(*aa*), (*ab*) and (*ac*) and (3) by section 36(*a*) of the Income Tax (Amendment) Act 2023, may be made to take effect from (and including) 1 January 2024.

(3AB) Regulations made to amend any regulations made for the purposes of subsection (1) to replace the terms "break cost" and "prepayment fee" with the term "early redemption fee", that are made in connection with section 36(*b*), (*c*) and (*d*) of the Income Tax (Amendment) Act 2023, may be made to take effect from (and including) 15 February 2023.".

(3) In the ITA, in section 45A —

(*a*) after subsection (2A), insert —

"(2AA) Regulations made to impose conditions under subsection (2A) for the disapplication of subsection (1) to any amount payable from Islamic debt securities issued between 1 January 2024 and 31 December 2028 (both dates inclusive), that are made in connection with the amendments made to subsection (2A) by section 41(*a*) of the Income Tax (Amendment) Act 2023, may be made to take effect from (and including) 1 January 2024."; and

(*b*) after subsection (2B), insert —

"(2BA) Regulations made to amend any regulations made for the purposes of subsection (2B) to replace the terms "break cost" and "prepayment fee" with the term "early redemption fee", that are made in connection with section 41(*b*) and (*c*) of the Income Tax (Amendment) Act 2023, may be made to take effect from (and including) 15 February 2023.".

(4) Section 45(1) of the ITA (including that provision as applied by section 45A of that Act) does not apply to impose any obligation on a person to deduct from any income payable to another person not known to the firstmentioned person to be resident in Singapore, the tax or additional tax chargeable on such income which, but for any regulations made for the purposes of sections 13(1) and 45A(2A) of that Act being given retrospective effect in reliance on sections 13(17A) and 45A(2AA) of that Act (as inserted by this section), would not have been so chargeable.

Amendments to allow retrospective regulations and conditions under sections 13O, 13OA and 13R

54.—(1) In the ITA, in section 13O, after subsection (1), insert —

"(1AA) Any condition under subsection (1) that is —

(*a*) prescribed by regulations; or

(*b*) specified by the Minister or an authorised body,

for the exemption from tax of any prescribed income of an approved company arising from funds managed in Singapore by a fund manager, or from funds managed by an approved person, that is derived at any time between 1 January 2025 and the date of commencement of section 54(1) of the Finance (Income Taxes) Act 2025 (both dates inclusive), may be made to take effect from (and including) 1 January 2025.".

(2) In the ITA, in section 13OA —

(*a*) after subsection (1), insert —

"(1A) Any condition under subsection (1) that is —

(*a*) prescribed by regulations; or

(*b*) specified by the Minister or an authorised body,

for the exemption from tax of any prescribed income of a partner of an approved limited partnership arising from funds managed in Singapore by a fund manager, or from funds managed by an approved person, that is derived at any time between 1 January 2025 and the date of commencement of section 54(2) of the Finance (Income Taxes) Act 2025 (both dates inclusive), may be made to take effect from (and including) 1 January 2025.”; and

(*b*) after subsection (13), insert —

“(13A) Any regulations to provide for any matter in subsection (13) (except for paragraph (*d*)) in relation to any income of a partner of an approved limited partnership that is derived at any time between 1 January 2025 and the date of commencement of section 54(2) of the Finance (Income Taxes) Act 2025 (both dates inclusive), may be made to take effect from (and including) 1 January 2025.”.

(3) In the ITA, in section 13U, after subsection (2E), insert —

“(2EA) Any condition under subsection (1) that is —

(*a*) prescribed by regulations; or

(*b*) specified by the Minister or an authorised body,

for the exemption from tax of any prescribed income of a person mentioned in subsection (1)(*a*) to (*d*), arising from funds managed in Singapore by a fund manager, that is derived at any time between 1 January 2025 and the date of commencement of section 54(3) of the Finance (Income Taxes) Act 2025 (both dates inclusive), may be made to take effect from (and including) 1 January 2025.”.

Remission of tax for Year of Assessment 2025

55.—(1) There is to be remitted the tax payable for the year of assessment 2025 by an individual resident in Singapore an amount equal to the lower of the following:

(*a*) 60% of the tax payable by that individual for that year of assessment;

(*b*) $200.

(2) The amount of such remission is to be determined by the Comptroller.

PART 2

AMENDMENT OF
MULTINATIONAL ENTERPRISE
(MINIMUM TAX) ACT 2024

Amendment of section 2

56. In the Multinational Enterprise (Minimum Tax) Act 2024 (called in this Part the MMTA), in section 2 —

(*a*) in subsection (1), in the definition of "excluded equity gain or loss", in paragraph (*a*), after "another entity", insert ", or the impairment of such interest,";

(*b*) in subsection (1), in the definition of "multi-parent group", replace paragraph (*b*) with —

"(*b*) at least one entity or permanent establishment of all the entities and permanent establishments of those groups is located in a different jurisdiction from that of the other entities and permanent establishments of those groups;";

(*c*) in subsection (1), in the definition of "portfolio shareholding", delete "constituent"; and

(*d*) after subsection (6), insert —

"***Prescription of qualified domestic minimum top-up tax, qualified IIR and qualified UTPR***

(6A) Subsections (6B), (6C) and (6D) apply to the regulations prescribing a tax as a "qualified domestic minimum top-up tax", "qualified IIR" or "qualified UTPR".

(6B) The regulations may provide that a tax is a qualified domestic minimum top-up tax, qualified IIR or qualified UTPR with effect from a particular date, and the tax is deemed to be such only with effect from that date.

(6C) The regulations may provide that a tax ceases to be a qualified domestic minimum top-up tax, qualified IIR or qualified UTPR with effect from a particular date, and the tax ceases to be such with effect from that date.

(6D) Regulations to provide that a tax is a qualified domestic minimum top-up tax, qualified IIR or qualified UTPR, and for the matters in subsections (6B) and (6C), may do so by reference to a webpage that is accessible from a prescribed Internet website of the Organisation for Economic Co-operation and Development (OECD), as amended from time to time.

"Reference entity"

(6E) In this Act, a constituent entity (A) of a group is a "reference entity" in relation to another constituent entity (B) of the group that is a flow-through entity if A —

(*a*) is not a flow-through entity; and

(*b*) either —

(i) holds a direct ownership interest in B; or

(ii) holds an indirect ownership interest in B through one or more flow-through entities only.

(6F) If no constituent entity of a group is a reference entity in relation to B under subsection (6E), then any flow-through entity that is the ultimate parent entity of the group is a "reference entity" in relation to B.

"Securitisation entity"

(6G) In this Act, "securitisation entity" means any entity —

(*a*) that is a participant in a securitisation arrangement (arrangement A);

(*b*) that only carries out activities that facilitate one or more securitisation arrangements;

(*c*) that grants security over its assets in favour of its creditors or the creditors of another securitisation entity; and

(*d*) that pays out all cash received from its assets to its creditors, or the creditors of another securitisation entity, on an annual or more frequent basis, other than —

(i) cash retained to meet an amount of profit for a financial year required by the documentation of arrangement A, for eventual distribution to equity holders (or equivalent), being an amount of profit that is negligible relative to the revenues of the entity for that financial year; or

(ii) cash reasonably required under the terms of arrangement A for either or both of the following purposes:

(A) to make provision for future payments which are required, or will likely be required, to be made by the entity under the terms of arrangement A;

(B) to maintain or enhance the creditworthiness of the entity.

(6H) In subsection (6G), "securitisation arrangement" means an arrangement that satisfies both of the following conditions:

(*a*) it is implemented for the purpose of pooling and repackaging a portfolio of assets (or exposures to assets) held by a member of an MNE group for investors that are not members of the MNE group, in a manner that legally segregates one or more identified pools of assets;

(*b*) it seeks through contractual agreements to limit the exposure of those investors to the risk of insolvency of an entity holding the legally segregated assets by controlling the ability of identified creditors of that entity (or of another entity in the arrangement) to make claims against it, through legally binding documentation entered into by those creditors.".

Amendment of section 3

57. In the MMTA, in section 3 —

(*a*) after subsection (1), insert —

"(1A) In this Act, an entity that is not a tax resident of any jurisdiction, and is not subject to DTT (if it is established, formed, incorporated or registered under the laws of Singapore), or any covered tax or qualified domestic minimum top-up tax in the jurisdiction

under whose laws it is established, formed, incorporated or registered, is also a "flow-through entity" to the extent that —

(*a*) it is fiscally transparent with respect to any of its income, expenditure, profit or loss that is attributable to any holder of ownership interests in it, under the laws of the jurisdiction where that holder is located;

(*b*) it does not have a place of business in the jurisdiction under the laws of which it is established, formed, incorporated or registered; and

(*c*) its income, expenditure, profit or loss is not attributable to a permanent establishment."; and

(*b*) replace subsections (2) and (3) with —

"(2) In this Act, a flow-through entity (A) is a "reverse hybrid entity" with respect to any of its income, expenditure, profit or loss that is attributable to its reference entity (B), if A, or any flow-through entity through which B holds its ownership interest in A, is not fiscally transparent with respect to that income, expenditure, profit or loss under the law of the jurisdiction where B is located.

(3) In this Act, an entity (X) is "fiscally transparent" with respect to any of its income, expenditure, profit or loss, or that of another entity in which X holds ownership interest, under the law of a jurisdiction if that law treats the income, expenditure, profit or loss as if it were derived or incurred by a direct owner of X in proportion to that owner's interest in X.".

Amendment of section 8

58. In the MMTA, in section 8(3) —

(*a*) in paragraph (*a*), delete "and" at the end; and

(*b*) after paragraph (*a*), insert —

"(*aa*) to provide, in the case of an MNE group which results from a demerger as defined in the regulations, a modification of the conditions in subsection (1) for the purpose of determining if this Act applies to the MNE group for a financial year beginning on or after 1 January 2025; and".

Amendment of section 20

59. In the MMTA, in section 20, replace subsections (3) and (4) with —

"(3) An election under subsection (1)(*b*) must be made in accordance with the GloBE rules and the regulations.

(4) An election is not effective for the purpose of subsection (1)(*b*) if made under such circumstances as the regulations made for the purposes of this section may prescribe.".

Amendment of section 22

60. In the MMTA, in section 22, after subsection (1), insert —

"(1A) In determining the jurisdictional top-up amount in section 16(4) as applied by subsection (1), there is to be further deducted from the amount determined in accordance with section 16(4) as modified by that subsection, any amount of DTT imposed on the stateless entity if it is also a section 29(*b*) entity.".

Amendment of section 25

61. In the MMTA, in section 25(3)(*c*) and (6)(*c*), delete "or a flow-through entity".

Amendment of section 26

62. In the MMTA, in section 26, replace "this Part applies" with "the provisions of this Act apply".

Amendment of section 27

63. In the MMTA, in section 27(1), replace "GloBE Rules" with "GloBE rules". 5

Amendment of section 30

64. In the MMTA, in section 30 —

(*a*) after subsection (2), insert —

"(2A) To avoid doubt, qualifying current tax expenses and qualifying deferred tax expenses that must not be allocated to the constituent entity because of any modifications mentioned in subsection (2)(*d*), must not in turn be allocated in accordance with sub-paragraph (5)(*b*), (*c*) or (*d*) of paragraph 1 of the First Schedule;"; 10 15

(*b*) in subsection (4)(*b*), replace the full-stop at the end with a semi-colon; and

(*c*) in subsection (4), after paragraph (*b*), insert —

"(*c*) subsection (1A) of section 22 is omitted.". 20

Amendment of section 31

65. In the MMTA, in section 31(5), after "where the MNE", insert "group".

Amendment of section 33

66. In the MMTA, in section 33 — 25

(*a*) after subsection (1), insert —

"(1A) In subsection (1), a constituent entity excludes a securitisation entity unless it is the only constituent entity of the MNE group located in Singapore."; 30

(*b*) in subsection (2)(*a*), after "on behalf of", insert "the"; and

(*c*) after subsection (3), insert —

"(3A) In subsection (3), a constituent entity excludes a securitisation entity unless it is the only constituent entity of the MNE group located in Singapore.".

Amendment of section 34

67. In the MMTA, in section 34 —

(*a*) after subsection (1), insert —

"(1A) In subsection (1), a constituent entity excludes a securitisation entity unless it is the only constituent entity of the MNE group located in Singapore."; and

(*b*) after subsection (3), insert —

"(3A) In subsection (3), a constituent entity excludes a securitisation entity unless it is the only constituent entity of the MNE group located in Singapore.".

Amendment of section 49

68. In the MMTA, in section 49(4), in the *Example*, replace "transitional" with "transition".

Amendment of section 59

69. In the MMTA, in section 59, after subsection (3), insert —

"(3A) A reference to an entity in subsection (2) or (3) excludes a securitisation entity.".

Amendment of First Schedule

70. In the MMTA, in the First Schedule —

(*a*) in paragraph 1(1)(*a*), replace "sub-paragraph (5)" with "sub-paragraph (5)(*a*)";

(*b*) in paragraph 1(1), after sub-paragraph (*a*), insert —

"(*aa*) taking into account any qualifying current tax expense and qualifying deferred tax expense of a constituent entity that is allocated to a flow-through entity in which A holds an ownership interest in that financial year, and that is allocated to A under sub-paragraph (5)(*b*), (*c*) and (*d*);";

(*c*) in paragraph 1(3)(*d*)(ii), after "entities", insert "only";

(*d*) in paragraph 1(4), replace "expense of the permanent establishment" with "expense in respect of the permanent establishment";

(*e*) in paragraph 1, replace sub-paragraph (5) with —

"(5) In sub-paragraph (1)(*a*) and (*aa*), where a proportion of the FANIL for a financial year of a flow-through entity (A) of an MNE group is allocated to another constituent entity (B) of the same MNE group under paragraph 6(9) or (12) —

(*a*) the same proportion of the qualifying current tax expense and qualifying deferred tax expense of A for the financial year is also allocated to B;

(*b*) a proportion described in sub-paragraph (5A) of the qualifying current tax expense and qualifying deferred tax expense of B that is allocated to A for the financial year, is allocated to B, if B had in accordance with the regulations allocated that qualifying current tax expense and qualifying deferred tax expense to A for that financial year;

(*c*) a proportion described in sub-paragraph (5B) of the qualifying current tax expense and qualifying deferred tax expense of another constituent entity (C) that holds ownership interest in A through B that is allocated to A for the financial year, is also allocated to B, if C had in accordance with the regulations allocated that qualifying current tax expense and qualifying deferred tax expense to A for that financial year; and

(*d*) a proportion described in sub-paragraph (5C) of the qualifying current tax expense and qualifying deferred tax expense of another constituent entity (D), through which B holds ownership interest in A, that is allocated to A for the financial year, is also

allocated to B, if D had in accordance with the regulations allocated that qualifying current tax expense and qualifying deferred tax expense to A for that financial year.

(5A) The proportion in sub-paragraph (5)(*b*) is 100%.

(5B) The proportion in sub-paragraph (5)(*c*) is that which C's ownership interests held in A through B bears to C's total ownership interests in A.

(5C) The proportion in sub-paragraph (5)(*d*) is that which B's ownership interests in D bears to the total direct ownership interests in D.";

(*f*) in paragraph 4(2), replace "an MNE group" with "a group";

(*g*) in paragraph 6(1)(*a*), replace "sub-paragraph (9), (11) or (12)" with "sub-paragraph (9) or (12)";

(*h*) in paragraph 6(6), after "for the permanent establishment", insert "(prepared in accordance with an authorised financial accounting standard that is either an acceptable financial accounting standard or another financial accounting standard that is adjusted to prevent any material competitive distortion)";

(*i*) in paragraph 6(9)(*a*)(ii), replace "(each of which is treated as fiscally transparent in the jurisdiction where B is located and none of which is the ultimate parent entity of that MNE group)" with "only (none of which is the ultimate parent entity of that MNE group)";

(*j*) in paragraph 6(9), replace sub-paragraph (*c*) with —

"(*c*) then, the part of any remaining FANIL that is attributable to a reference entity (C) in relation to A —

(i) is allocated to C in accordance with its ownership interest in the profits of A and to the extent that the law of the jurisdiction in which C is located treats A, and each entity through which C holds its ownership interest in A, as fiscally transparent with respect to A's FANIL; and

(ii) is allocated to A if not allocated to any reference entity under sub-paragraph (i).";

(*k*) in paragraph 6, replace sub-paragraphs (10) and (11) with —

"(10) However, sub-paragraph (9) applies with the omission of sub-paragraph (*a*) of that sub-paragraph to the extent that the ownership interests in A are held by a flow-through entity that is the ultimate parent entity of the MNE group, directly or through one or more flow-through entities only.";

(*l*) in paragraph 6(12)(*c*)(ii), replace "(each of which is treated as fiscally transparent in the jurisdiction where D is located)" with "only";

(*m*) in paragraph 6, after sub-paragraph (12), insert —

"(12A) For the purposes of sub-paragraphs (9) to (12), a flow-through entity that is the ultimate parent entity of an MNE group includes a flow-through entity that would be the ultimate parent entity of an MNE group if any controlling interest in the flow-through entity held by an excluded entity (Z) were disregarded.";

(*n*) in paragraph 6(13), delete "a direct ownership interest in X and who is";

(*o*) in paragraph 6(13), before sub-paragraph (*a*), insert —

"(*aa*) a direct ownership interest in X; or

(*ab*) in the case of a flow-through entity that is treated as the ultimate parent entity of an MNE group under sub-paragraph (12A) — an indirect ownership interest in X through Z's controlling interest in X,

and who is —";

(*p*) in paragraph 6(13)(*b*) and (*c*), after "interests in X", insert "or (in the case of a flow-through entity that is treated as the ultimate parent entity of an MNE group under sub-paragraph (12A)) an indirect ownership interest in X through Z's controlling interest in X,"; and

(*q*) in paragraph 7(3)(*c*), delete "direct".

PART 3

RELATED AMENDMENT TO GOODS AND SERVICES TAX ACT 1993

Amendment of section 56

5 **71.** In the Goods and Services Tax Act 1993, in section 56, after subsection (3), insert —

"(4) However, the name of the appellant may be disclosed in the publication mentioned in subsection (3) with the appellant's consent.

10 (5) Subsection (4) applies to any proceedings before the Board that are heard before, on or after the date of commencement of section 71 of the Finance (Income Taxes) Act 2025.".

PART 4

SAVING AND TRANSITIONAL PROVISION

15 ### Saving and transitional provision

72. For a period of 2 years after the date of publication in the *Gazette* of the Finance (Income Taxes) Act 2025, the Minister may, by regulations, prescribe such provisions of a saving or transitional nature consequent on the enactment of any provision of that Act as 20 the Minister may consider necessary or expedient, and such regulations may be made to operate retrospectively to a date no earlier than the commencement of the provision.

EXPLANATORY STATEMENT

This Bill seeks to implement the tax changes in the Government's 2025 Budget Statement in the Income Tax Act 1947 (called the ITA), and to make certain other amendments to the ITA. This Bill also seeks to amend the Multinational Enterprise (Minimum Tax) Act 2024 (called the MMTA) in accordance with various provisions of (and guidances on) the GloBE Model Rules, and to give effect to various guidances in the document entitled "Tax Challenges Arising from the Digitalisation of the Economy - Administrative Guidance on the Global Anti-Base Erosion Model Rules (Pillar 2), June 2024" published by the Organisation for

Economic Co-operation and Development (OECD) on 17 June 2024 (called the June 2024 AG). The Bill also makes a related amendment to the Goods and Services Tax Act 1993.

Clause 1 relates to the short title and commencement.

PART 1

AMENDMENT OF INCOME TAX ACT 1947

Part 1 makes amendments to various provisions of the ITA.

Clause 2 amends section 2 (Interpretation) —

(*a*) to insert a new definition for the term "renewable energy" (used in the amended sections 13A, 13E, 13P and 43U) which comprises the different types of power specified in the existing definition of "offshore renewable energy" but without referring to any such power being generated offshore; and

(*b*) to provide that a ship is used for renewable energy activity if it is used for the subsea distribution, exploration or exploitation of renewable energy.

These amendments are made because with effect from 19 February 2025, income derived from certain activities connected with a ship used for distribution (via sea), exploration or exploitation of renewable energy (whether generated onshore or offshore) may qualify for tax exemption under section 13A, 13E or 13P.

Clause 3 amends section 2A (Purpose of Act) to provide that the new sections 92K, 92L, 93AA and 93C apply only to taxes imposed under the ITA but not to taxes imposed under the MMTA.

Clause 4 amends section 10 (Charge of income tax) in relation to the tax treatment of gains or profits derived by a foreign individual from a right or benefit to acquire shares in a company because of his or her employment in Singapore.

Currently, if the individual ceases employment in Singapore and the right or benefit to acquire the shares has not been exercised, assigned, released or acquired by him or her, or the restriction on sale of such shares has not ceased to apply, section 10(7) provides that the deemed gains or profits are to be computed based on the price of the shares in the open market one month before the date of cessation of employment or the grant of the right or benefit (whichever is later).

The new section 10(7AA) provides that if within 5 years after the year in which the individual ceases employment in Singapore or the right or benefit is granted —

(*a*) the individual exercises, assigns, releases or acquires the right or benefit, or the restriction on the sale of the shares ceases to apply;

(*b*) the actual gains or profits derived are lower than what was deemed under section 10(7); and

(*c*) the individual makes an application under the new section 10(7AC),

then the individual's gains or profits from the right or benefit are to be re-computed in accordance with section 10(6), and treated as income derived on the date that the individual ceases employment in Singapore or the right or benefit is granted, and is chargeable to tax.

The new section 10(7AB) provides that the tax treatment in section 10(7) does not apply if —

(*a*) within 5 years after the year in which the individual ceases employment in Singapore or the right or benefit is granted, his or her right or benefit to acquire the shares lapses, or is forfeited or cancelled; and

(*b*) he or she makes an application under the new section 10(7AC).

Under the new section 10(7AC), the individual mentioned in the new section 10(7AA) or (7AB) may apply to the Comptroller to revise any assessment made in respect of the gains or profits derived from the right or benefit within 5 years after the year in which he or she ceases employment in Singapore or the right or benefit is granted.

Clause 5 amends section 13 (Exempt income) to exempt from tax the following payments received by an individual for attending any course that is eligible for the respective payments:

(*a*) the Workfare Training Support Training Allowance made under the Workfare Training Support scheme, or any payment made under any public scheme that succeeds or replaces that scheme;

(*b*) the SkillsFuture Mid-Career Training Allowance made under the SkillsFuture Level-Up Programme;

(*c*) the Workfare Skills Support (Level-Up) Full Time Training Allowance made under the Workfare Skills Support (Level-Up) scheme.

The tax exemption mentioned in paragraph (*a*) is backdated to take effect from (and including) 1 January 2013. The public scheme mentioned in paragraph (*a*) was replaced by the Workfare Skills Support scheme with effect from 2020, which was in turn replaced by the Workfare Skills Support (Basic) scheme with effect from 11 March 2025.

The exemption mentioned in paragraph (*b*) is for payment for a course specified on an Internet website (that is either prescribed or accessible from a

prescribed Internet website) on the later of the date of commencement of the course and 10 March 2025.

Next, clause 5 exempts from tax any payment received by an individual under the public scheme known as the Workforce Singapore's SkillsFuture Jobseeker Support scheme and any contribution to the Central Provident Fund in respect of an individual made by the Government under the Earn and Save Bonus (ESB) that is part of the public scheme known as the Majulah Package.

Next, clause 5 amends section 13 to empower the Minister to make a notification under subsection (4) to provide that any qualifying payment that is made by an approved shipping financing arrangement enterprise to a non-resident person is exempt from tax. Approval of a shipping financing arrangement enterprise for the purpose of the exemption may be granted from 1 January 2025 to 31 December 2031 and is for a period not exceeding 5 years as specified by the Minister or an authorised body, subject to any extension. Such notification may be backdated to 1 January 2025.

Next, clause 5 amends section 13 to extend the date (from 1 January 2026 to 1 January 2031) after which a tax exemption order made under section 13(12) for foreign-sourced income received in Singapore by the trustee of a real estate investment trust (REIT), the trustee of a sub-trust of a REIT or a wholly-owned subsidiary of the trustee of a REIT, will only apply to certain income as described in section 13(12A) and (12B).

Next, clause 5 amends section 13(12A)(*c*) to remove the requirement that a wholly-owned subsidiary of the trustee of a REIT must be incorporated in Singapore. This is so that an order in subsection (12A) can apply on or after 1 January 2031 to exempt income received by such subsidiary that is not incorporated in Singapore.

Next, clause 5 inserts a new section 13(14) to allow any order made under section 13(12) in relation to certain foreign-sourced income received in Singapore by a company resident in Singapore, the share capital of which is 100% owned by the trustee of a REIT, to be backdated to 19 February 2025. This is for the purpose of backdating the commencement date for the removal of the requirement under the Income Tax (Exemption of Foreign Income — REITs and Other Special Cases) Order 2006 (G.N. No. S 435/2006) that the company must be incorporated in Singapore for its foreign-sourced income received in Singapore to be exempt from tax.

The new section 13(14) also enables the making of other amendments to that Order to exempt from tax, with effect from 19 February 2025, certain income derived from the direct holding of immovable property situated outside Singapore that is received in Singapore by certain persons under that Order.

Lastly, clause 5 inserts a new section 13(14A) to allow an order made under section 13(12) in relation to foreign-sourced income received in Singapore by a

person resident in Singapore that is connected with any loan taken or debt securities issued for the purpose of acquiring, developing, investing in, owning or operating an offshore infrastructure asset or project, to take effect from (and including) 1 January 2026.

Clause 6 amends section 13A (Exemption of shipping profits) to provide that the income of a shipping enterprise derived from the mobilisation or holding of ships used for any renewable energy activity carried out on or after 19 February 2025 is exempt from tax. Such income includes income derived on or after that date from foreign exchange and risk management activities carried out in connection with and incidental to such activity. Consequential amendments are made to the definitions of "holding", "mobilisation" and "operation" in section 13A(16).

Clause 6 also amends section 13A(3) to ringfence a loss incurred from any foreign exchange and risk management activities that are carried out in connection with and incidental to the finance leasing of a Singapore ship for use outside the port limits of Singapore, so that the loss may only be deducted against income derived from certain tax-exempt activities in that section.

Clause 7 amends section 13E (Exemption of international shipping profits) to exempt from tax the income of an approved international shipping enterprise derived on or after 19 February 2025 from the operation outside the port limits of Singapore of a foreign ship for renewable energy activity. Income derived from the chartering of a foreign ship used for renewable energy activity outside the port limits of Singapore, and the mobilisation or holding of any ship used for renewable energy activity outside the port limits of Singapore, among others, is also exempt from tax with effect from that date.

Clause 7 also amends section 13E(2A) to extend (till 31 December 2031) the last date on which an approval of an approved international shipping enterprise may be granted for the tax incentive under the section.

Next, clause 7 amends section 13E(4) and (4A) to ringfence any loss incurred by an approved international shipping enterprise from certain newly incentivised activities, so that the loss may only be deducted against income derived from certain activities incentivised under that section.

Next, clause 7 amends the definition of "qualifying special purpose vehicle" in section 13E(7) to remove the requirement in paragraph (7)(*a*)(i) and (*d*)(i) that it must be incorporated in Singapore.

Finally, clause 7 amends section 13E to exempt from tax the income of an approved international shipping enterprise derived on or after the date of commencement of clause 7(2)(*c*) of the Bill from foreign exchange and risk management activities carried out in connection with and incidental to the provision of prescribed ship management services to certain persons. Loss from

such activity is also ringfenced, so that it may only be deducted against income derived from certain incentivised activities in that section.

Clause 8 amends section 13P (Exemption of income of shipping investment enterprise) to provide that with effect from 19 February 2025, income derived from the chartering or finance leasing of a seagoing ship that is acquired by an approved shipping investment enterprise or its approved related party by way of a finance lease entered into with an entity that is not an approved related party is exempt from tax, if the seagoing ship is treated as sold under section 10C.

Clause 8 also amends section 13P to extend (till 31 December 2031) the last date on which a shipping investment enterprise or its related parties may be approved for a tax incentive under that section.

Finally, clause 8 amends section 13P(4) to enable a tax exemption period not exceeding 40 years to be specified for certain ships used for renewable energy activity (as defined in the amended section 2).

Clause 9 amends section 13U (Exemption of income arising from funds managed by fund manager in Singapore) to expand the meaning of "eligible SPV", in relation to a master-feeder fund-SPV structure or a master fund-SPV structure, to include a prescribed international organisation or an approved international organisation under section 13V, as an investor of the SPV.

Clause 10 amends section 13W (Exemption of gains or profits from disposal of ordinary shares) to extend, with effect from 1 January 2026, the tax exemption in that section to any gains or profits derived by a company (called the divesting company) from the disposal of preference shares (which are accounted for as equity) in another company (called the investee company). The tax exemption is also extended with effect from that date to any such gains or profits if the divesting company, together with one or more companies in the same group, owns ordinary shares or preference shares (or both) of a prescribed percentage or value at the start of a 24-month period before the disposal (called group basis of assessment). Only gains from the disposal of shares owned by the divesting company at that start date qualify for the exemption under the group basis of assessment. For the purpose of the group basis of assessment, shares are treated as disposed of on a first-in-first-out basis.

Clause 11 amends section 14 (Deductions allowed) to make amendments to update terminology of certain terms, similar to the amendments made in section 14G.

Clause 11 also amends section 14 to provide that a person who is allowed a deduction under the new section 14ZJ for qualifying expenditure in relation to any green certificates or green credits is not allowed a deduction for the same expenditure under section 14.

Clause 12 amends subsection (2AA) of section 14B (Further deduction for expenses relating to approved trade fairs, exhibitions or trade missions, maintenance of overseas trade office, or electronic commerce) to extend the period (till 31 December 2030) in which certain expenses mentioned in subsection (2) that are incurred by a firm or company for the primary purpose of promoting the trading of goods or the provision of services are allowed a deduction despite the firm or company not being an approved firm or approved company.

Next, clause 12 amends subsection (2AB) of section 14B to extend the period (till 31 December 2030) in which a firm or company resident in Singapore or has a permanent establishment in Singapore may incur certain expenses for the primary purpose of promoting the trading of goods or provision of services, to enjoy a further deduction of the amount of such expenses (in addition to the deduction under section 14).

Finally, clause 12 amends section 14B(12) to extend (till 31 December 2030) the last date on which a firm or company may be approved for the purposes of the section.

Clause 13 inserts a new section 14EB to allow a deduction to be made for any payment made by a company under an innovation cost-sharing agreement in respect of any qualifying innovation activity to be carried out under the agreement, if the agreement is approved by the Minister or an authorised body. A "qualifying innovation activity" is an activity that falls within certain categories of activities specified in the "Oslo Manual 2018 — Guidelines for Collecting, Reporting and Using Data on Innovation" published by the OECD.

The Minister or authorised body may impose conditions when approving an innovation cost-sharing agreement and specify the period in which any payment made under the agreement is allowed a deduction (called the specified period). The Minister or authorised body may approve an innovation cost-sharing agreement only if the agreement provides that any benefit arising from it accrues wholly or partly to the company, and the company gives an undertaking that the whole or a part of the qualifying innovation activity is to be carried out in Singapore by or on behalf of the company.

A deduction under section 14EB is not allowed if benefit arising from the agreement does not accrue (whether wholly or partly) to the company or no qualifying innovation activity is carried out in Singapore by or on behalf of the company. In addition, if a company that has been allowed a deduction sells, assigns or disposes of any benefit that arose from the agreement during the specified period, either the amount of the deduction attributable to the benefit or the amount or the value of the consideration (whichever is lower) is treated as a trading receipt for the company's trade or business for the year of assessment relating to the basis period in which the sale, assignment or disposal occurs.

During the specified period of an approved innovation cost-sharing agreement, a deduction in respect of any payment made by the company under the agreement is allowed only under the new section 14EB, and no other provision (namely section 14A, 14C, 14D, 14EA, 14U or 19B).

Clause 14 makes technical amendments to section 14G (Provisions by banks and qualifying finance companies for doubtful debts and diminution in value of investments) —

(*a*) to replace the expressions "provision for doubtful debts" and "provision for diminution in the value of investment in securities" with "provisions for impairment losses or expected credit losses arising from loans or investments in securities", in order to adopt the terminology used in the Financial Reporting Standard 109 and Singapore Financial Reporting Standard (International) 9; and

(*b*) to delete "extraordinary gain" and "extraordinary loss" in the definition of "qualifying profit" as these terms are obsolete.

Clause 15 amends section 14H (Further or double deduction for overseas investment development expenditure) to extend the period (till 31 December 2030) in which certain investment development expenditure that is incurred by a firm or company may be allowed a deduction, without the need for the firm or company to be approved. It also extends (till 31 December 2030) the last date that a firm or company may be approved for the purposes of section 14H.

Clause 16 amends section 14M (Deduction for shares transferred by special purpose vehicle under employee equity-based remuneration scheme) to simplify the tax deduction rules for the transfer by a special purpose vehicle of treasury shares in a company (called Co X) or the holding company of Co X to an employee of Co X under a stock option scheme or share award scheme, from the year of assessment 2026 onwards.

If the transferred shares are treasury shares in Co X, the deduction to be allowed is the cost to Co X of acquiring the shares, less any amount paid or payable by the employee for those shares. If the transferred shares are treasury shares in the holding company of Co X, the deduction to be allowed is the lower of —

(*a*) the amount paid or payable by Co X in respect of the transferred shares, less any amount paid or payable by the employee for those shares; and

(*b*) the cost to the holding company of Co X of acquiring the shares, less any amount paid or payable by the employee for those shares.

Clause 17 inserts a new section 14MA to allow a deduction to a company (called a subsidiary) where —

(*a*) its holding company issues new shares to an employee of the subsidiary pursuant to an employee equity-based remuneration scheme; or

(*b*) a special purpose vehicle to which new shares of the holding company of the subsidiary were issued, then transfers those shares to an employee of the subsidiary, pursuant to an employee equity-based remuneration scheme.

The deduction to be allowed is the lower of the amount paid or payable by the subsidiary for those shares and the value of those shares, and is for the year of assessment relating to the basis period in which the shares are issued or transferred to the employee, or payment for the shares have become due and payable by the subsidiary, whichever is later.

Clause 18 amends section 14X (Attribution of deductible expenses incurred before commencement of trade, etc.) to make consequential amendments arising from the enactment of the new section 14EB by clause 13.

Clause 19 inserts a new section 14ZJ to allow a person who surrenders any prescribed green certificates or green credits a deduction for qualifying expenditure incurred for them in the basis period for the year of assessment 2026 or subsequent years of assessment. The deduction is to be allowed for the year of assessment relating to the basis period in which the person surrenders the green certificates or green credits. Qualifying expenditure includes (among other things) expenditure for the acquisition and surrender (or retirement) of the green certificates or green credits. Green certificates or green credits are "surrendered" or "retired" for such purposes as the offsetting of a person's carbon emissions or liability for carbon tax. The Minister may make rules under section 7 to exclude any activity from being treated as the surrendering (or retirement) of green certificates or green credits.

Clause 20 amends section 15 (Deductions not allowed) to allow a deduction for any payment made on or after 1 January 2026 by an employer on behalf of his or her employee to the employee's CPF medisave account, where that payment constitutes a voluntary contribution under section 13B of the Central Provident Fund Act 1953. The amendment has effect for the year of assessment 2027 and subsequent years of assessment.

Next, clause 20 makes amendments to section 15 that are consequential to the amendments to section 14M and the enactment of the new section 14EB (inserted by clause 13) and the new section 14MA (inserted by clause 17).

Clause 20 also makes a consequential amendment to section 15 arising from the new section 14ZJ (inserted by clause 19).

Finally, clause 20 amends section 15 to expressly disallow a deduction for any payment or expenditure incurred by a person that is in furtherance of, or in

connection with, the commission of an offence under the Prevention of Corruption Act 1960, or certain offences under the Penal Code 1871. The offences under the Penal Code 1871 concern (among others) the giving or accepting of a gratification for a corrupt purpose.

Clause 21 amends section 18C (Initial and annual allowances for certain buildings and structures) to extend the last date (till 31 December 2030) in which an approval may be granted for any construction or renovation of a building or structure on industrial land, port land or airport land, so that an allowance may be made in respect of any qualifying capital expenditure incurred on the approved construction or renovation.

Clause 21 also reduces the percentage (from at least 75% to more than 50%) of the beneficial interest in the total number of issued ordinary shares of a person (that is a company) or the income of a person (that is a partnership), that another person must hold or be entitled to, for the persons to be treated as related to each other for the purposes of section 18C. This amendment applies if both the application for planning permission or conservation permission and the application under section 18C(1) or (1A) are made on or after 1 January 2026.

Clause 22 amends section 19B (Writing-down allowances for intellectual property rights) to make a consequential amendment arising from the enactment of the new section 14EB by clause 13.

Clause 23 amends subsection (3)(*h*) of section 34AA (Adjustment on change of basis of computing profits of financial instruments resulting from FRS 109 or SFRS(I) 9) for 2 reasons:

(*a*) section 14G (as amended by clause 14) no longer uses the term "doubtful debt" and instead refers to a provision for an expected credit loss arising from loans and investments in securities. It is therefore no longer necessary to modify the application of section 14G to such instruments under section 34AA(3)(*h*);

(*b*) to provide that the tax treatment in section 14G of any provision by a bank or qualifying finance company arising from its loans and investments in securities, prevails over that in section 34AA(3)(*g*). Section 34AA(3)(*g*) provides that an amount of expected credit losses of a non-credit-impaired financial instrument that are recognised in accordance with FRS 109 or SFRS(I) 9 must be disregarded.

Clause 24 amends section 34CA (Transfer of businesses by insurer) to give the Minister or Comptroller the discretion to extend, in any particular case, the period before or after a licensed insurer (called a transferor) must transfer its non-insurance business to a transferee for the section to apply. Under the existing subsection (1)(*c*), the transfer must take place no earlier than 12 months before, and no later than 12 months after, the transferor transfers its insurance business to the transferee.

Clause 24 also amends section 34CA to give the Minister or Comptroller the discretion to extend, beyond the prescribed date under subsection (3)(*d*), the date by which the transferor is to be wound up or dissolved for the section to apply.

Clause 25 amends section 34D (Transactions not at arm's length) to provide for the making of subsidiary legislation for the identification of related parties in a transaction that involves a partnership, trust or registered business trust, to clarify how the provision applies to such transaction.

An exception is created so that section 34D does not apply to a transaction where the related parties to that transaction are parties to a trust (i.e., the settlor, trustee or beneficiary), and the trust is one which the settlor is an individual and all the beneficiaries are individuals or charitable institutions, trusts or bodies of persons established for philanthropic purposes (as defined in section 13L(3)) only. Section 34D applies to a transaction entered into between a party to the trust and a person that is not a party to the trust.

Clause 26 amends section 34F (Transfer pricing documentation) to apply the new section 34D(3), (5) or (7) (as inserted by clause 25) in identifying the related parties to a transaction for the purposes of section 34F, where the transaction involves a partnership, trust or registered business trust.

Clause 27 amends section 36B (Registered business trusts) to make consequential amendments arising from the amendments to section 13W by clause 10. Clause 27 also amends section 36B(1)(*e*) to modify the application of the new section 92L to a registered business trust, by replacing the definitions of "employee" and "local employee" in section 92L(7) with another definition of "local employee".

Finally, clause 27 amends section 36B to modify the application of the new section 92K as inserted by clause 42 to a registered business trust by treating the references in section 92K to the ordinary shares of a company as references to the units in a registered business trust, and references to a wholly-owned subsidiary as references to a company all the shares of which are held (directly or indirectly) for a registered business trust by its trustee-manager.

Clause 28 amends section 37O (Deduction for acquisition of shares of companies) to extend the last date (till 31 December 2030) on which any capital expenditure incurred by a Singapore company or its subsidiary for qualifying acquisition of shares in another company is allowed a deduction under that section.

Clause 29 amends section 37Q (Exclusion of expenditure or payment subsidised by capital grant) to make a consequential amendment arising from the enactment of the new section 14EB (inserted by clause 13).

Clause 30 amends section 37R (Cash payout under Enterprise Innovation Scheme) by inserting new subsections (31A) and (31B). The new

subsection (31A) requires any amount of cash payout to be made to an eligible person under the section to be reduced by any amount recoverable by the Comptroller from the eligible person as a debt due to the Government under subsection (20), (21), (22) or (30). The amount of reduction is treated as a repayment of the debt.

Under the new subsection (31B), where the amount of cash payout to be made to an eligible person is less than the sum of the amount of tax, etc., due from the eligible person under subsection (28) and the amount recoverable from the eligible person under subsection (20), (21), (22) or (30), the Comptroller may determine the amount of reduction under subsection (28)(*a*) or subsection (31A)(*a*), (or both), in a manner that the Comptroller considers reasonable.

Clause 31 amends section 39 (Relief and deduction for resident individual) to expand the scope of relief under subsection (2)(*c*), (*d*) and (*ga*)(i) to allow a woman to claim a deduction on any payment mentioned in those provisions. Currently, only a man may claim a deduction under those provisions. These amendments have effect for the year of assessment 2026 and subsequent years of assessment.

Next, clause 31 amends section 39 by replacing paragraph (*ha*) of subsection (2) with new paragraphs (*ha*) and (*haa*).

The new paragraph (*ha*) sets out the existing relief in respect of voluntary CPF contributions made in the year immediately preceding the year of assessment by a resident individual who carried on a trade, business, profession or vocation in that year.

The new paragraph (*haa*) provides for a revised relief for obligatory CPF contributions made by a resident individual in respect of income derived in any year from a trade, business, profession or vocation. The full amount of obligatory CPF contributions on such income (excluding any obligatory CPF contribution on such income derived as a Group A worker) made in the year immediately preceding the year of assessment 2026 or any subsequent year of assessment is allowed as relief and is no longer subject to a cap of 37% of such income.

Next, clause 31 amends section 39 to provide that tax deduction will not be allowed to a resident individual for an amount of cash top-up made on or after 1 January 2026 by the individual to his or her own or his or her spouse's, sibling's, parent's, parent-in-law's, grandparent's or grandparent-in-law's medisave account. The amount is the full amount of cash top-up in respect of which a matching grant is made under the Central Provident Fund Board's Matched MediSave Scheme or part of that amount prescribed by rules.

Next, clause 31 amends section 39 to exclude from the deduction allowable under subsection (3A) for a voluntary contribution made to the CPF medisave account of an individual resident in Singapore, any amount of CPF contribution

that is allowed a deduction under subsection (2)(*ha*). This amendment has effect for the year of assessment 2026 and subsequent years of assessment.

Finally, clause 31 makes amendments to subsections (2)(*hb*) and (10B) of section 39 that are consequential to the other amendments to that section.

Clause 32 amends section 43 (Rate of tax upon companies and others) for the following purposes:

(*a*) to provide that tax transparency applies to co-location income and co-working space income (as defined in the amended subsection (10)) derived by a trustee of a REIT or an approved sub-trust of a REIT with effect from 1 July 2025;

(*b*) to remove the sunset clause for the tax transparency concession for an approved REIT exchange-traded fund;

(*c*) to extend the period (till 31 December 2030) by which distributions from certain income made by the trustee of a REIT or an approved REIT exchange-traded fund are subject to a concessionary tax rate of 10%;

(*d*) to extend the period (till 31 December 2030) by which distributions from certain income made by the trustee of a REIT or an approved REIT exchange-traded fund to certain persons or entities that are eligible for tax exemption under section 13D, 13OA, 13U or 13V are subject to a concessionary tax rate of 10%.

Clause 32 also amends section 43(3F) which sets out the distributions to which section 43(3D) and (3E) applies. Section 43(3D) and (3E) provides that in the application of section 43(3B) and (3C) respectively to a distribution made out of certain incomes by a trustee of a REIT or an approved REIT exchange-traded fund to persons described in section 43(3F) with a Singapore fund manager, that fund manager is not considered a Singapore permanent establishment. Section 43(3F) is amended to include distributions to the following persons who are not Singapore residents:

(*a*) a partner of an approved limited partnership under section 13OA;

(*b*) a prescribed international organisation or an approved international organisation under section 13V.

Clause 33 amends section 43C (Exemption and concessionary rate of tax for insurance and reinsurance business) to enable the Minister to make regulations —

(*a*) to provide for a concessionary tax rate of 15% to apply to income mentioned in subsection (1)(*aa*) derived by an approved insurer, whose approval is granted on or after 19 February 2025; and

(*b*) to provide for a concessionary tax rate of 15% to apply to income specified under subsection (1)(*c*) derived by an approved captive insurer, whose approval is granted on or after 19 February 2025.

The regulations for the purposes of paragraphs (*a*) and (*b*) may be made to take with effect from (and including) 1 January 2025.

Clause 34 amends section 43J (Concessionary rate of tax for financial sector incentive company) to enable the Minister to make regulations to provide for —

(*a*) a concessionary rate of tax of 15% on income from prescribed qualifying activities derived on or after 1 January 2025 by a financial sector incentive company that is approved on or after 19 February 2025;

(*b*) tax exemption on income from prescribed qualifying activities derived on or after 19 February 2025 by a financial sector incentive company; and

(*c*) a concessionary rate of tax of 5% on income from prescribed qualifying activities derived on or after 19 February 2025 by a financial sector incentive company that becomes listed, or whose holding company becomes listed, on a Singapore stock exchange on or after that date, among other conditions.

In relation to the tax incentives mentioned in paragraphs (*b*) and (*c*), the Minister or authorised body may at the time of approving a company, provide that if any specified requirement is not satisfied in a basis period or throughout a basis period for any year of assessment, the tax incentive will not apply for that year of assessment, or for that year of assessment and each subsequent year of assessment.

In relation to the tax incentive mentioned in paragraph (*c*) —

(*a*) it is a condition of approval for the financial sector incentive company (called *X*) or its holding company to remain listed on the Singapore stock exchange throughout the period of *X*'s approval; and

(*b*) *X* or its holding company must not be an approved company under section 92K(6), or an approved nominee under section 92K(15)(*a*), (16) or (22).

In a case where it is a condition of approval for *X* that its holding company remains listed on the Singapore stock exchange, a delisting by the holding company during that period is treated as a failure by *X* to comply with its condition of approval under section 105R (Revocation of approval).

The new subsection (3) provides that regulations made for the purposes of the tax incentive mentioned in paragraph (*a*) may take effect from 1 January 2025. The new subsection (4) provides that regulations made for the purposes of the tax

incentive mentioned in paragraph (*b*) or (*c*) may take effect from 19 February 2025.

Clause 35 amends section 43L (Concessionary rate of tax for shipping investment manager) to extend till 31 December 2031, the last date on which a shipping investment manager may be approved for a tax incentive under the section.

Clause 36 amends section 43P (Concessionary rate of tax for container investment enterprise) to provide that with effect from 19 February 2025, income derived from the leasing of a container or intermodal equipment that is acquired by an approved container investment enterprise or its approved related party by way of a finance lease with an entity that is not an approved related party is subject to a concessionary rate of tax of 5% or 10%, if the container or intermodal equipment is treated as sold under section 10C.

Clause 36 also amends section 43P to extend till 31 December 2031, the last date on which a container investment enterprise or its related parties may be approved for a tax incentive under that section.

Clause 37 amends section 43Q (Concessionary rate of tax for container investment manager) to extend till 31 December 2031, the last date on which a container investment manager may be approved for a tax incentive under that section.

Clause 38 amends section 43R (Concessionary rate of tax for approved insurance brokers) to enable the Minister to make regulations for specified income derived by an approved insurance broker that is approved between 19 February 2025 and 31 December 2028 (both dates inclusive) to be subject to a concessionary rate of tax of 15%, to take effect from 1 January 2025.

Clause 39 amends section 43U (Concessionary rate of tax for shipping-related support services) to extend till 31 December 2031 the last date on which a company may be approved for a tax incentive under the section. Clause 39 also amends section 43U so that a company approved under that section may apply to the Minister or authorised body for its special purpose vehicle to be approved for the purpose of the section. An approved SPV of an approved company enjoys the same concessionary rate of tax as the approved company in respect of certain income derived by the approved SPV from the provision of any shipping-related support services approved for the SPV. The approval of an SPV of an approved company expires on the same date on which the approval of the approved company expires.

Clause 39 also amends section 43U to include maritime technology service as a shipping-related business and a shipping-related support service, and the use of any ship for renewable energy activity as a shipping-related business. Corporate service provided to a company that is related to an approved company and carries on a "shipping-related business" is considered a shipping-related support service.

Clause 40 amends section 45G (Application of section 45 to distribution from any real estate investment trust) —

(*a*) to extend the period (till 31 December 2030) by which a distribution by a trustee of a REIT or an approved REIT exchange-traded fund to certain persons may be made for a concessionary tax rate of 10% to apply; and

(*b*) to extend the period (till 31 December 2030) for the making of a distribution by a trustee of a REIT to a trustee of an approved REIT exchange-traded fund where the withholding tax requirement under subsection (1) will not apply.

Clause 41 amends section 83 (Proceedings before Board) to allow the name of a taxpayer to be disclosed in a publication of matters relating to any proceedings that are heard in private before the Board, with the taxpayer's consent. This applies to any proceedings that are heard before, on or after the date on which the amendment to section 83 comes into force.

Clause 42 introduces a new section 92K to allow a company the ordinary shares of which are first listed or re-listed on a stock exchange in Singapore by way of a primary listing or a secondary listing on a date on or after 19 February 2025 (called the listing date), and which are offered in conjunction with the listing, to apply to the Minister or an authorised body to be approved for a tax rebate.

Subsection (4) states that the application must be made within the time allowed by the Minister or authorised body and be accompanied by such information and documents as may be required. Subsection (5) provides that a financial sector incentive company approved for the purposes of the tax incentive in the new section 43J(1B), and its holding company, are ineligible to apply for the approval of a tax rebate under section 92K.

Under subsections (6) and (7), the Minister or authorised body may approve a company for a single period of 5 years (called its incentive period), which starts from no earlier than 1 February 2025, and no approval may be given after 31 December 2027 (subsection (9)).

Subsection (8) provides that it is a condition of approval for the ordinary shares of an approved company to remain listed on a stock exchange in Singapore throughout its incentive period, starting from its listing date.

Subsections (10) to (12) provide for the determination of the tax rebate. A rebate of either 20% or 10% of the tax payable by the approved company is to be made to it for each year of assessment relating to a basis period that falls within its incentive period. The higher rebate of 20% is to be made to an approved company for the part of a basis period where its shares are listed by way of a primary listing on a stock exchange in Singapore, and the lower rebate of 10% is to be made to it for the part of a basis period where its shares are listed by way of a secondary

listing on a stock exchange in Singapore. The rebate is subject to a cap of $6 million or $3 million based on the amount of the approved company's market capitalisation on the listing date.

Subsection (13) provides for the determination of the rebate cap if, in the basis period for a year of assessment, the listing of the company's ordinary shares converts from a primary listing to a secondary listing, or vice versa. The rebate cap is then to be determined based on the number of months in the parts of the basis period for that year of assessment, before and after the listing conversion occurs.

Under subsection (15), a company applying to be approved under this section may, at any time before its approval, nominate for the Minister's or authorised body's approval up to 3 of its eligible subsidiaries (as defined in subsection (19)) to which the tax rebate may be given in addition to the company. The company must specify the order in which the rebate is to be made to the nominees. Subsection (16) provides that the company may, after its approval, nominate additional eligible subsidiaries if less than 3 eligible subsidiaries are approved under subsection (15)(*a*).

Subsections (17) and (18) provide for the effective date of an approval of a nominee.

Subsection (20) provides that the nomination of any approved nominee is treated as revoked if the nominee is in liquidation, ceases to carry on a trade or business in Singapore, or ceases to exist at any time during the basis period for a year of assessment, and the nomination is treated as revoked on the first day of that basis period in which the liquidation commences or the cessation falls.

Subsection (21) provides that the nomination of any approved nominee is treated as revoked if the nominee ceases to be wholly-owned (directly or indirectly) by the approved company, or ceases to have a financial year that ends on the same day as that of the approved company, at any time during the basis period for a year of assessment, and the nomination is treated as revoked on the first day of that basis period.

Subsection (22) allows the approved company to apply to the Minister or authorised body within a specified period for approval of another eligible subsidiary as a replacement for a nominee whose revocation has been treated as revoked under subsection (20) or (21).

Subsection (23) provides that the approval of the replacement nominee takes effect from the date of the deemed revocation of the replaced nominee or the first day of the month in which the replacement nominee first becomes an eligible subsidiary of the approved company, whichever is later. The Minister or authorised body may also specify any other date on which the approval of the replacement nominee takes effect.

Subsection (23) also provides that the replacement nominee takes the position of the replaced nominee in the order of priority for the making of the rebate.

Subsection (24) provides that a financial sector incentive company approved for the purposes of the tax incentive in section 43J(1B), and its holding company, are ineligible to be a nominee.

Subsection (25) states that the application under subsection (15), (16) or (22) must be accompanied by such information and documents as may be required by the Minister or authorised body.

Subsection (26) provides for the order of priority in the making of a rebate to an approved company and its nominees. Essentially, the rebate is first to be made against the tax of the approved company, and then against that of its nominees according to the order of priority specified by the approved company. A nominee nominated before the company is approved ranks ahead of a nominee that is nominated after such approval. A replacement nominee takes the place of the nominee it replaces.

Subsection (27) applies (with modification) section 105R for the revocation of approval of an approved company for non-compliance with a condition of its approval.

Finally, subsection (28) disapplies the new section 92K to a variable capital company.

Clause 43 inserts a new section 92L to introduce a 50% corporate tax rebate for the year of assessment 2025, as announced in the Government's 2025 Budget Statement.

The new section 92L(1) provides for a corporate tax rebate for the year of assessment 2025. The rebate is 50% of the tax payable (less any cash grant of $2,000 made under the new section) or $40,000 (less the cash grant), whichever is lower. Where 50% of the tax payable is less than the cash grant of $2,000 made to the company, no corporate tax rebate will be given.

The new section 92L(3) and (6) provides for a non-taxable cash grant of $2,000 to be made to a company that has made a contribution to the Central Provident Fund (CPF) in respect of at least one local employee (as defined in the new section 92L(7)) in the calendar year 2024, in accordance with regulation 2(1) of the Central Provident Fund Regulations (Rg 15). However, a company is not qualified for the cash grant if, at the time of its disbursement, it is not carrying on a trade or business, it is in liquidation, it is in receivership in respect of all of its property, or it has ceased to exist.

According to regulation 2(1) of the Central Provident Fund Regulations, all contributions payable by an employer under section 7(1) of the Central Provident Fund Act 1953 must be paid to the Central Provident Fund Board not later than 14 days after the end of the month in respect of which the contributions are

payable. The new section 92L(5) enables the Comptroller to waive such requirement in the case of a late CPF contribution if he or she is satisfied that it is just and equitable to do so.

Clause 44 inserts a new section 93AA as a result of the enactment of section 13(1)(*zpa*) with effect from 1 January 2013. The new section 93AA applies with modification section 93 (Repayment of tax) to enable a person who had paid tax on any payment received under the public scheme known as the Workfare Training Support scheme (now known as the Workfare Skills Support (Basic) scheme) that is not payable because of the backdating of the enactment of section 13(1)(*zpa*), to apply to the Comptroller for a refund. The application must be made on or before 31 December 2029.

Clause 45 amends section 93B (Refundable investment credits) so that for the purposes of subsections (5)(*i*), (12)(*h*) and (23)(*a*), the date on which an awardee company makes an application to the approving authority for an amount of RICs to be given to it is included in determining the last date on which any unutilised RICs, or any amount of RICs which the awardee company has elected to be paid to it, must be paid to the company.

Next, clause 45 amends section 93B to apply the existing recovery provisions under subsections (38)(*b*), (40), (41) and (42) to an amendment of a letter of award under subsections (13) and (14), as those recovery provisions apply to any amendment of a letter of award.

Next, clause 45 amends section 93B to allow the approving authority to amend any letter of confirmation in any prescribed circumstances, and for the recovery provisions mentioned in the preceding paragraph to apply to an amendment of letter of confirmation.

Next, clause 45 amends section 93B(23)(*b*) to enable regulations to be made to provide for the revocation of an election by an awardee company for any amount of its RICs to be paid to it, and the circumstances under which the election is treated as revoked.

Next, clause 45 replaces section 93B(31) to make clear that any monetary payment is to be made under that provision only to the extent that the RICs have not been revoked (or treated as revoked) or debited from the RIC account of the awardee company under section 93B(40)(*a*).

Next, clause 45 amends section 93B to require an application under subsection (43)(*c*) by an amalgamated company (*Y*) for RICs of one of the companies in the amalgamation (*X*) to be transferred to it, to be made within a prescribed period after the date of amalgamation. If the application is not made within the prescribed period or is refused, then the amount of RICs is forfeited: see the new subsection (45A). Further, section 93B(45)(*b*) is amended to make it clearer and to provide that the unutilised RICs of *X* are treated as having been given to *Y* on the date they were first given to *X*, but without affecting any debit of

RICs from *Y*'s own RIC account carried out before those unutilised RICs are credited to that account. This is to address any uncertainty as to the RICs that were actually used owing to the first-in-first-out principle of debiting RICs under subsection (28).

Next, clause 45 inserts the new section 93B(45B) to provide that section 93B(45) and the new section 93B(45A) override the effects of amalgamation under section 215G(*c*) of the Companies Act 1967 (which provides that upon an amalgamation, the property and rights, etc., of an amalgamating company are transferred to and vested in the amalgamated company), and section 34C of the ITA (which, among other things, provides that rights and obligations of an amalgamating company in a qualifying amalgamation are those of the amalgamated company when the former ceases to exist on the date of amalgamation).

Next, clause 45 amends section 93B(46) to enable the Minister to make regulations —

(*a*) to provide that, where an awardee company (*X*) nominates another company (*Y*) in the same group for *X*'s RICs to be used to offset *Y*'s due taxes, the provisions in section 93B apply in relation to *Y* as they apply in relation to *X*, but only if *Y* satisfies prescribed requirements;

(*b*) to provide for the recovery from *Y* of any amount of *X*'s RICs that have been used to offset *Y*'s due tax in prescribed circumstances, and for *X*'s RICs that were debited from *X*'s RIC account for such purpose to be credited back to that account; and

(*c*) to provide that any amount of *X*'s RICs that were credited back to its RIC account under the prescribed circumstances mentioned in paragraph (*b*), or otherwise wrongly debited from *X*'s RIC account and credited back to the account, is treated as having been given to *X* on the date that the RICs were first given to *X*. The regulations may further provide that this treatment does not affect any previous debit of RICs from *X*'s RIC account.

Finally, clause 45 amends section 93B by inserting new subsections (48A) to (48D).

The new subsection (48A) provides that if —

(*a*) any amount of RICs of an awardee company is erroneously used to offset the due tax of any company (including the awardee company); or

(*b*) a monetary payment equivalent to an amount of RICs of an awardee company is erroneously paid to it,

the amount so offset or paid is recoverable as a debt due to the Government.

The new subsection (48B) provides for the time and manner of repayment of the amount due, and the recovery of such amount by the Comptroller.

The new subsection (48C) provides that the amount of RICs erroneously used to offset due tax, or in respect of which a monetary payment was erroneously made, is to be credited back to the awardee company's RIC account and treated as having been given to the awardee company on the date that the RICs were first given to the awardee company under subsection (17), in order to preserve the payout date or payment date of those RICs as determined by the section or the regulations. However, if the payout date or payment date has passed, the new subsection (48D) empowers the Minister to prescribe a different payout date or payment date.

Clause 46 inserts a new section 93C to provide for the recovery by the Comptroller of any cash grant given under Part 19 (other than a grant under section 92B, 92C, 92J or 93B) that is made to a company that did not satisfy the requirements to receive the cash grant, or that is in excess of what may be given to the company. The cash grant or excess amount is treated as a debt due from the company to the Government.

The new section 93C(5) requires any amount of cash grant to be reduced by the amount of the debt owed by the company to the Government.

The new section 93C(6) requires any amount of cash grant to be reduced to pay any income tax, goods and services tax, property tax or stamp duty (including any interest or penalty) due from the company.

Clause 47 amends section 105I (Interpretation of this Part) to insert a new definition "crypto-asset reporting framework agreement" or "CARF agreement" for the purposes of the amended section 105K. A CARF agreement is a bilateral or multilateral agreement based on the International Standards for Automatic Exchange of Information in Tax Matters pursuant to the Crypto-Asset Reporting Framework developed by the OECD.

Clause 48 amends section 105K (International tax compliance agreements) to enable the Minister to declare a CARF agreement as an international tax compliance agreement for the purposes of Part 20B.

Clause 49 amends section 107 (Variable capital companies or VCCs) to make amendments for the purpose of the application of the amended section 13W to a sub-fund of a VCC and to disapply the new section 14EB to a VCC.

Next, clause 49 amends section 107(11) to make a consequential amendment arising from the enactment of new section 14MA.

Finally, clause 49 amends section 107(28A) to apply the new section 92L to a VCC by replacing the definitions of "employee" and "local employee" in section 92L(7) with a new definition of "local employee".

Clause 50 amends the Third Schedule to make amendments to section 13W (as it applies to a sub-fund) arising from the amendments to section 13W by clause 10.

Clause 51 amends the Fourth Schedule (Prescribed sections) to include the new section 14EB as a prescribed section for the purposes of section 105R (Revocation of approval).

Clause 52 amends sections 43E, 43I, 43N and 43X to make technical corrections as to the reference to an authorised body when a function or power mentioned in any of the following provisions is exercised on or before 11 April 2024:

(*a*) section 43E(1A)(*c*) and (*d*) and (1B);

(*b*) section 43I(1AA)(*d*) and (1AC);

(*c*) section 43N(1)(*c*) and (*d*) and (1D);

(*d*) section 43X(5)(*b*), (*c*) and (*d*), (6)(*a*) and (*b*) and (6A).

The reason for this amendment is that the functions and powers under sections 43E, 43I, 43N and 43X were only assigned to the Economic Development Board or Enterprise Singapore Board (as the case may be) as an authorised body under section 3A of the ITA with effect from 12 April 2024. An authorised body in respect of the provisions mentioned in paragraphs (*a*) to (*d*) did not exist until 12 April 2024.

Clause 52 also amends section 43X(5)(*a*) to replace the reference to an authorised body with a reference to a person appointed by the Minister for the same reason above.

Clause 53 amends sections 13, 43H and 45A to allow for the backdating of certain proposed amendments to the Income Tax (Qualifying Debt Securities) Regulations (Rg 35), the Income Tax (Qualifying Project Debt Securities) Regulations 2008 (G.N. No. S 315/2008), and the Income Tax (Concessionary Rate of Tax or Exemption for Income Derived from Debt Securities) Regulations (Rg 32) to implement the changes announced in the Government's 2023 Budget Statement or communicated by the Monetary Authority of Singapore in respect of the tax incentive schemes for qualifying debt securities and qualifying project debt securities.

The proposed amendments to the Income Tax (Qualifying Debt Securities) Regulations seek to prescribe the conditions for the exemption from tax under section 13(1)(*a*), (*aa*), (*ab*) and (*ba*) of income derived from qualifying debt securities issued between 1 January 2024 and 31 December 2028. The proposed amendments implement the amendments made to the ITA by section 7(*a*) of the

Income Tax (Amendment) Act 2023 to extend the last date (from 31 December 2023 to 31 December 2028) on which qualifying debt securities must be issued for certain income derived by certain persons from those debt securities to be exempt from tax under those provisions. Under the new subsection (17A), amendments to those Regulations for this purpose may be made to take effect from 1 January 2024.

Next, amendments are proposed to be made to the Income Tax (Qualifying Debt Securities) Regulations to implement the amendment to section 45A(2A) of the ITA by section 41(*a*) of the Income Tax (Amendment) Act 2023, which extended the period (from 31 December 2023 to 31 December 2028) within which Islamic debt securities which are qualifying debt securities must be issued for the withholding tax exemption under that section to apply to income derived from such securities. Under the new section 45A(2AA), amendments to those Regulations to impose conditions to apply the withholding tax exemption to amounts payable from Islamic debt securities issued between 1 January 2024 and 31 December 2028 may be made to take effect from 1 January 2024.

Next, amendments are proposed to be made to the Income Tax (Qualifying Debt Securities) Regulations and Income Tax (Qualifying Project Debt Securities) Regulations 2008 to prescribe the arrangements that fall within the definitions of "qualifying debt securities" and "qualifying project debt securities" in section 13(16) of the ITA, as amended by section 7(*i*), (*j*), (*k*), (*l*), (*m*) and (*n*), and section 7(*p*), (*q*), (*r*) and (*s*) of the Income Tax (Amendment) Act 2023. Under the new section 13(17C), (17D) and (17E), regulations may be made for this purpose to take effect from 15 February 2023 or 1 January 2024, to give effect to the changes announced in the Government's 2023 Budget Statement or communicated by the Monetary Authority of Singapore.

Next, amendments are proposed to be made to the Income Tax (Concessionary Rate of Tax or Exemption for Income Derived from Debt Securities) Regulations to implement the amendments to section 43H of the ITA by section 36(*a*) of the Income Tax (Amendment) Act 2023, which extended the periods in which qualifying debt securities must be issued, and income from trading in Singapore Government securities must be derived by a primary dealer, for the tax incentives under section 43H to apply. Under the new section 43H(3AA), regulations to be made in connection with these amendments may be made to take effect from 1 January 2024, being the start date of the extended period.

Next, amendments are proposed to be made to the Regulations mentioned above to replace the terms "break cost" and "prepayment fee" with the term "early redemption fee". The proposed amendments to those Regulations may be made to take effect from 15 February 2023, the date on which the replacement of those terms in sections 13, 43H and 45A of the Act were deemed to have come into force.

Finally, clause 53 makes it clear that section 45 (Withholding of tax in respect of interest paid to non-resident persons) and section 45A (Application of section 45 to royalties, management fees, etc.) do not apply to impose any withholding tax obligation on a person in respect of any income payable by the person which, but for the backdating of the proposed amendments to the Income Tax (Qualifying Debt Securities) Regulations and the Income Tax (Qualifying Project Debt Securities) Regulations 2008 (made under sections 13(1) and 45A(2A)), would not have been chargeable with tax.

Clause 54 amends the following sections:

(*a*) section 13O (Exemption of income of company incorporated and resident in Singapore arising from funds managed by fund manager in Singapore);

(*b*) section 13OA (Exemption of income of partners of limited partnership arising from funds managed by fund manager in Singapore);

(*c*) section 13U (Exemption of income arising from funds managed by fund manager in Singapore),

to allow certain conditions for the exemption of tax, to take effect from 1 January 2025. The conditions seek to implement changes announced in the Government's 2024 Budget Statement in relation to tax incentive schemes for funds managed in Singapore by fund managers and approved persons, and apply to prescribed income that is derived at any time between 1 January 2025 and the date on which section 54 of the Finance (Income Taxes) Act 2025 comes into force.

Clause 54 also amends section 13OA to enable the making of retrospective regulations (from 1 January 2025) for certain matters in relation to income of a partner of an approved limited partnership that is derived at any time between 1 January 2025 and the date of commencement of that clause. This is also to give effect to the changes announced in the Government's 2024 Budget Statement.

Clause 55 provides for a remission of the tax payable by a resident individual for the year of assessment 2025. The amount of remission is 60% of the tax payable or $200, whichever is lower.

PART 2

AMENDMENT OF MULTINATIONAL ENTERPRISE (MINIMUM TAX) ACT 2024

Part 2 contains amendments to the MMTA.

Clause 56 amends the definition of "excluded equity gain or loss" in section 2 (Interpretation) to include gains or losses from impairment of direct ownership

interest in an entity, in accordance with Article 3.2.1(*c*) of the GloBE Model Rules read with its Commentary.

Next, clause 56 amends the definition of "multi-parent group" in section 2 so that a combined group qualifies as a "multi-parent group" so long as one entity or permanent establishment of the combined group (whether it is a constituent entity or an excluded entity) is located in a different jurisdiction from the others.

Next, clause 56 amends the definition of "portfolio shareholding" in section 2 in accordance with the definition of that term in the GloBE Model Rules, where the test of the carrying of at least 10% of the aggregated rights is applied to all entities of the group, and not just its constituent entities.

Next, clause 56 inserts new subsections (6A) to (6C) in section 2 to enable regulations prescribing a foreign tax as a qualified domestic minimum top-up tax, qualified IIR or qualified UTPR, to provide for start and end dates for the tax to be treated as such. The clause also inserts a new subsection (6D) to provide that the regulations may be made by reference to a webpage that is accessible from a prescribed Internet website of the OECD, as amended from time to time.

Next, clause 56 inserts new subsections (6E) and (6F) in section 2 to define the term "reference entity" in relation to a flow-through entity of a group, for the purposes of the amended section 3 and paragraph 6 of the First Schedule. A reference entity is one that holds a direct ownership interest in the flow-through entity (B) or holds an indirect ownership interest in B through one or more flow-through entities. Where there is no such entity, then a flow-through entity that is the ultimate parent entity of the group is a reference entity in relation to B.

Finally, clause 56 inserts new subsections (6G) and (6H) in section 2 to define "securitisation entity" which is an entity excluded under the amended sections 33 and 34 (unless it is the only constituent entity located in Singapore) and the amended section 59.

Clause 57 amends section 3 ("Flow-through entity", "reverse hybrid entity" and meaning of fiscal transparency) by inserting a new subsection (1A) to reflect Article 10.2.4 of the GloBE Model Rules. Under that Article, a constituent entity that is not a tax resident and not subject to a covered tax or a qualified domestic minimum top-up tax based on its place of management, place of creation or similar criteria is treated as a flow-through entity if certain conditions are satisfied.

Clause 57 also amends the definition of "reverse hybrid entity" in section 3(2) to reflect the guidance in Chapter 5 of the June 2024 AG, that whether or not a flow-through entity is a reverse hybrid entity is to be determined by reference to the tax law of the jurisdiction in which its reference entity (as defined in the amended section 2) is located.

Finally, clause 57 amends section 3(3) which defines when an entity is "fiscally transparent", so that an entity (*X*) is fiscally transparent under a law if that law

treats *X*'s income, expenditure, profit or loss (or that of another entity in which *X* holds ownership interest) as though it is derived or incurred by *X*'s direct owner in proportion to the owner's interest in *X*.

Clause 58 amends section 8 (MNE group to which the MMTA applies) to enable regulations to be made to modify any part of the threshold (EUR 750 million in consolidated group revenue for 2 out of the last 4 financial years) for the MMTA to apply to an MNE group that results from a demerger.

Clause 59 amends section 20 (GloBE Safe Harbours) to remove the condition that an election to apply a GloBE Safe Harbour is only effective if made by the due date for the filing of the GloBE information return for the financial year in question, as the election is not dependent on such due date. The amendment will align this election with other elections under the Act.

Clause 60 amends section 22 (Top-up amounts of stateless entities) by providing that in determining the jurisdictional top-up amount for a stateless entity (for the purpose of arriving at its top-up amount), there is to be further deducted any amount of DTT imposed in respect of it if it is also a section 29(*b*) entity.

Clause 61 amends section 25 (Application of Part 2 to joint ventures and JV subsidiaries) by removing unnecessary modifications made to various provisions incorporated by reference in section 25 for the purpose of determining the FANIL, GloBE income or loss, qualifying current tax expenses, qualifying deferred tax expenses and adjusted covered taxes for a financial year of a standalone JV or an entity of a JV group.

Clause 62 amends section 26 (Multi-parent groups) to allow regulations to be made to prescribe how the other provisions of the MMTA (in addition to Part 2) apply to a multi-parent group.

Clause 63 makes a minor editorial amendment to section 27 (Purpose of Part 3).

Clause 64 amends section 30 (Top-up amounts of constituent entities). Section 30 applies, with modifications, certain provisions of Part 2 (and by extension provisions of the First Schedule) to determine the top-up amount of each constituent entity of an MNE group, which is in turn necessary for determining the DTT payable by the MNE group. The amendment clarifies that where qualifying current tax expenses and qualifying deferred tax expenses are not to be allocated to a constituent entity because of any such modification, then such expenses must not be allocated under the new sub-paragraphs (*b*), (*c*) and (*d*) of paragraph 1(5) of the First Schedule.

Clause 64 also amends section 30 by amending subsection (4) (which applies section 22 to determine the top-up amount of a section 29(*b*) entity for determining DTT). The amendment is consequential to the amendment made to section 22.

Clause 65 makes a minor editorial amendment to section 31 (Registration of MNE group).

Clause 66 amends section 33 (Designated local GIR filing entity) to exclude a securitisation entity (as defined in the amended section 2) from being designated as the designated local GIR filing entity of a registered MNE group, unless it is the only constituent entity of the MNE group located in Singapore. The clause also makes a minor editorial amendment to section 33.

Clause 67 amends section 34 (Designated local DTT filing entity) to exclude a securitisation entity (as defined in the amended section 2) from being designated as the designated local DTT filing entity of a registered MNE group, unless it is the only constituent entity of the MNE group located in Singapore.

Clause 68 makes a minor editorial amendment to section 49 (Assessment).

Clause 69 amends section 59 (Recovery of unpaid DTT, interest and penalty) to provide that a securitisation entity (as defined in the amended section 2) is not one that is jointly and severally liable with other entities of an MNE group for DTT and interest in respect of the MNE group that are in arrears.

Clause 70 inserts a new sub-paragraph (*aa*) in sub-paragraph (1) of paragraph 1 ("Adjusted covered taxes" and "covered taxes") of the First Schedule to give effect to Chapter 5 of the June 2024 AG. In determining the adjusted covered taxes of a constituent entity (A), account must be taken of any qualifying current tax expense and qualifying deferred tax expense of another constituent entity that is allocated to a flow-through entity in which A holds an ownership interest, and that is in turn allocated to A.

Next, clause 70 amends paragraph 1(3)(*d*) of the First Schedule to clarify that the reference in that provision to an indirect ownership held by an entity in a flow-through entity is to an indirect ownership held through one or more other flow-through entities only, and not any other type of entity. The same amendment is also made to the same reference wherever it occurs in paragraph 6.

Next, clause 70 amends paragraph 1(4) of the First Schedule to clarify that the adjusted covered taxes of a main entity exclude the qualifying current tax expense and qualifying deferred tax expense in respect of its permanent establishment, whether those expenses are reflected in the permanent establishment's FANIL or elsewhere (e.g., in the main entity's own FANIL).

Next, clause 70 replaces sub-paragraph (5) of paragraph 1 of the First Schedule and inserts new sub-paragraphs (5A) to (5C) in that paragraph. The new paragraph 1(5)(*b*) to (*d*) and (5A) to (5C) gives effect to the guidance in Chapter 5 of the June 2024 AG. Where a part of the FANIL of a flow-through entity (A) is allocated to a constituent entity (B) with ownership interests in A, and (i) B; (ii) another constituent entity (C) that holds ownership interest in A through B; or (iii) another constituent entity (D) through which B holds ownership interest in A,

had allocated any of its qualifying current tax expense and qualifying deferred tax expense to A under the regulations, then a portion of that qualifying current tax expense and qualifying deferred tax expense of B, C or D is to be allocated to B.

Next, clause 70 amends paragraph 4 (Excluded entity) of the First Schedule to provide that an investment fund or real estate investment vehicle need only be the ultimate parent entity of a group (and not an MNE group) to qualify as an excluded entity. This is to reflect Article 1.5.1 of the GloBE rules.

Next, clause 70 amends sub-paragraph (6) of paragraph 6 ("GloBE income or loss" and "FANIL") of the First Schedule, which provides for the FANIL of a permanent establishment. The provision is amended so that, for the purposes of the definition of "FANIL" of a permanent establishment, the profits of a permanent establishment must be those reflected in separate financial accounts that are prepared in accordance with an acceptable financial accounting standard or another financial accounting standard that is adjusted to prevent material competitive distortion.

Next, clause 70 amends paragraph 6(9)(*a*)(ii) of the First Schedule to reflect Chapter 5 of the June 2024 AG. The law of the jurisdiction in which the non-group entity (B) mentioned in that provision is located need not treat each flow-through entity through which B owns the flow-through entity A, as fiscally transparent.

Next, clause 70 replaces paragraph 6(9)(*c*) of the First Schedule to reflect Chapter 5 of the June 2024 AG. The FANIL of a flow-through entity (A) that is attributable to a reference entity of A (C) is to be allocated to C to the extent that the law of the jurisdiction in which C is located treats A and each entity through which C owns A as fiscally transparent with respect to that FANIL. Paragraph 6(11) (which is premised on the previous paragraph 6(9)(*c*)) is consequently deleted.

Next, clause 70 replaces paragraph 6(10) of the First Schedule to reflect Chapter 5 of the June 2024 AG. Paragraph 6(9)(*a*) (exclusion of part of a flow-through entity's FANIL attributable to a non-group owner) is disapplied to the extent that ownership interests in the flow-through entity are held by the ultimate parent entity of the MNE group that is also a flow-through entity, either directly or through one or more other flow-through entities only.

Next, clause 70 modifies the operation of paragraph 6(9) to (12) of the First Schedule by inserting a new sub-paragraph (12A) and making consequential amendments to sub-paragraph (13). The new sub-paragraph (12A) treats a flow-through entity that would be the ultimate parent entity of an MNE group had any controlling interest held by an excluded entity in that entity been disregarded, as a flow-through entity that is the ultimate parent entity of the MNE group. Paragraph 6(9) to (13) sets out different ways in which the FANIL of a flow-through entity is to be excluded or allocated, depending on whether it is the ultimate parent entity of an MNE group.

Finally, clause 70 amends the definition of "real estate investment vehicle" in sub-paragraph (3) of paragraph 7 ("Investment entity", "investment fund", "real estate investment vehicle" and "insurance investment entity") of the First Schedule, so that an entity is also considered a real estate investment vehicle if (among other conditions) its income is subject to taxation in any jurisdiction as the income of the holders of its indirect ownership interests (as defined in section 2(6)).

PART 3

RELATED AMENDMENT TO GOODS AND SERVICES TAX ACT 1993

Clause 71 makes an amendment to section 56 of the Goods and Services Tax Act 1993 for the same purpose as the amendment to section 83 of the ITA by clause 41.

PART 4

SAVING AND TRANSITIONAL PROVISION

Clause 72 enables the Minister, for a period of 2 years after the publication in the *Gazette* of the Finance (Income Taxes) Act 2025, to make saving and transitional provisions by regulations.

EXPENDITURE OF PUBLIC MONEY

This Bill will involve the Government in extra financial expenditure, the exact amount of which cannot at present be ascertained.