

TEXT OF SPEECH BY THE MINISTER FOR FINANCE, MR. LIM KIM SAN, WHEN HE MOVED A MOTION IN SINGAPORE PARLIAMENT ON 13TH DECEMBER, 1965 TO RESCIND THE RESOLUTION PASSED BY THE LEGISLATIVE COUNCIL OF THE COLONY OF SINGAPORE ON NOVEMBER 20, 1951.

Minister: Sir, I beg to move: That this Assembly resolves that the resolution, passed on 20th November, 1951, by the Legislative Council of the Colony of Singapore under the provisions of the Income Tax Ordinance, 1947 (No. 39 of 1947) to exempt any person resident in Italy and carrying on the business of shipowner or charterer otherwise than through an establishment in Singapore from all the provisions of the Income Tax Ordinance, 1947, which relate to gains or profits from such business, be rescinded with effect from the 1st day of January, 1966.

Sir, until it was amended in 1964, the Singapore Income Tax Ordinance contained a provision in section 13 subsection (1) paragraph (p) to exempt from tax the gains or profits from the business of shipowner or charterer carried on by a person not resident in Singapore subject to provisos which I will deal with later.

In February, 1951, Singapore was asked by the British Colonial Office to agree that exemption be granted under that section to Italian shipowners whose vessels called regularly at the Port of Singapore, provided the Italian Government for its part agreed to exempt any British and Singapore shipping calling at Italian ports where such shipping did not maintain an organisation in Italy. There was, however, a proviso to that section that an equivalent exemption from tax must be granted by the country under reference to persons resident in Singapore or the U.K. As exemption from Italian income tax conferred on Foreign shipowners not possess an establishment in Italy, whereas the Singapore Ordinance contained no such limitation, the proviso to section 13(1)(p) was not fulfilled, and therefore that section could not properly be construed so as to exempt non-resident Italian shipowners.

Since it was considered anomalous that British shipping benefitted from the exemption under Italian income tax law, while Italian shipowners were not exempt from income tax in the then Colony of Singapore, the then Legislative Council was asked to approve a resolution that any person resident in Italy and carrying on the business of a shipowner or charterer otherwise than through an establishment in Singapore shall be exempt from all the provisions of the Income Tax Ordinance, 1947 in regard to the gains or profit from his business. The Income Tax ..2"-

Ordinance, as amended during Malaysia, now provides relief from tax on shipping only where such relief has been secured by a double taxation agreement. As the previous resolution was passed primarily to accord reciprocal income tax exemption between British and Italian shipowners during the Colonial era, the resolution has become an anomaly when the law was changed during Malaysia and therefore should be rescinded and replaced by a double taxation arrangement between the Singapore and Italian Governments. It follows that Italian non-resident shipowners are placed in an identical position to all other foreign countries which do not have a Double Taxation Agreement with Singapore. Sir, I beg to move.

DECEMBER 13, 1965.

Time issued: 1600 hours