

Speech for Second Reading in Parliament
on 14th November, 1967.

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The Income Tax (Amendment) Bill

Mr. Speaker, Sir, I beg to move that the Bill be now read a second time.

The Bill now before Parliament seeks to make amendments to the Income Tax Ordinance that are necessary.

Clause 2 alters the definition of "Accountant" to bring the legislation in line with the Singapore Society of Accountants Ordinance.

Clause 3 amends section 20 of the Ordinance to allow more accurate adjustments of balancing allowances and charges on machinery and plant where they are not used in Singapore but used in another branch of the business outside the Republic. This is required because of the repeal of the combined income provisions which previously operated between Singapore and the States of Malaya.

Clause 4 limits the right of election to adopt the written down value of plant and machinery in the case of controlled companies to cases where both the buyer and seller are chargeable under the Ordinance in Singapore. Otherwise, there is a danger of excessive depreciation where one of the parties is not within the tax jurisdiction of Singapore. This problem arises particularly where separate companies are now operated in Malaya and Singapore, where they previously operated as branches of the same organisation.

Clause 5 is a minor correction to section 40. It is purely a technical amendment arising out of an earlier amendment to section 39.

Clause 6 is an important variation in that it provides that the tax on interest earned by non-resident individuals on deposits held in Singapore banks will be 10%. The intent is to make it more attractive for non-residents to invest monies in Singapore banks. This amendment is in accordance with the Budget Speech made at the end of last year.

Clause 7 provides that non-resident public entertainers and non-resident public entertainers and non-resident persons in employment in Singapore will be charged tax at 15% or the normal rates applicable to residents instead of 40% as is provided for in the law now. It is considered that a flat rate of 40% causes hardship to persons who are in employment for less than 183 days a year and it is hoped that this amendment will result in better quality entertainment and also facilities industries and businesses in bringing out exports for short periods of time.

Clauses 8, 9 and 10 are technical amendments relating to the recovery of monies like penalties, sums deducted from interest paid to non-residents and sums due from companies which have declared dividends in excess of available taxed profits.

Clause 11 makes minor variation to the list of exempt bodies contained in the First Schedule of the Ordinance.

Sir, I beg to move.