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Greetings from your Tax & Legal team at Deloitte Singapore.

We are pleased to update you on the following:

Economic Expansion Incentives (Relief from Income Tax) (Amendment) Act 2023—Act 39 of 2023

The [Economic Expansion Incentives \(Relief from Income Tax\) \(Amendment\) Act 2023 – Act 39 of 2023](#) was passed on 29 December 2023.

The salient updates are as follows—all Section references are made with respect to Economic Expansion Incentives (Relief from Income Tax Act) 1967:

a. Legislation updated to give effect to Budget 2022 announcements

Section	Description
33 Application for approval of foreign loan	Section 33(4)—Extension of the Approved Foreign Loan Scheme from 31 December 2023 to 31 December 2028.
Part 9 Integrated Investment Allowance	This Part has been deleted as the Integrated Investment Allowance (IIA) scheme lapsed after 31 December 2022.

b. Legislation updated to give effect to Budget 2023 announcements

Section	Description
5 Application for and issue and amendment of pioneer certificate	Section 5(4)—Extension of approval as a pioneer enterprise from 31 December 2023 to 31 December 2028.
17 Application for and issue and amendment of pioneer certificate	Section 17(4)—Extension of the tax incentive scheme for pioneer service company from 31 December 2023 to 31 December 2028.
21 Application for and issue of certificate to development and expansion company	Section 21(4)—Extension of the tax incentive scheme for development and expansion company from 31 December 2023 to 31 December 2028.
37 Application for approval of royalties, fees or contributions	Section 37(4)—Sunsets the agreement-based approach for Approved Royalty Incentive (ARI) by ceasing approvals for royalty or technical assistance fees with non-residents from 1 April 2023.
<p>New Division 2 of Part 7—Introduces an activity-based approach for ARI, replacing the previous agreement-based approach and setting the framework for approval of activities and related tax relief conditions. Please refer to our previous commentary here for more information on the changes to the ARI scheme.</p>	
40A Application for approval of activities	<ul style="list-style-type: none"> • Outlines the process for companies to apply for ministerial approval of certain activities to receive tax incentives related to royalties, technical assistance fees, or R&D costs paid to non-residents from 1 April 2023 to 31 December 2028 (both dates inclusive).
40B Reduction of tax for royalties, fees or contributions payable under agreements or arrangements for purposes of approved activities	<ul style="list-style-type: none"> • Details the Minister's authority to grant tax incentives on royalties, fees, or contributions related to approved activities payable to non-residents, with potential for varying incentives based on different classes or categories.
40C Revocation of approval of approved royalties, fees or contributions	<ul style="list-style-type: none"> • Outlines the procedure for revoking approval under the old agreement-based ARI when transiting to the new activity-based scheme.
40D Retrospective revocation of approval of approved royalties,	<ul style="list-style-type: none"> • Addresses retrospective revocation of approval for certain royalties, fees, or contributions, detailing the tax consequences and potential refunds or recoveries due to such revocation.

fees or
contributions

40E
Amendment of
approved activity
certificate

- Allows for the amendment of an approved activity certificate, including revocation or addition of approved activities, and adjustment of the approval period or tax incentives associated with those activities.

40F
Revocation of
approval for activity

- Permits the Minister to revoke approval for an activity if a company violates any conditions of the approval, with the revocation potentially taking effect retrospectively.

40G
Recovery of tax

- Discusses the recovery of taxes that would have been deductible had certain approvals not been revoked, and the Minister of Finance's authority to waive such tax debts under specified conditions.

43
Capital expenditure
investment
allowance

- Extension of the Investment Allowance (IA) Scheme for pioneer service company from 31 December 2023 to 31 December 2028.
- Deletion of section 43(1)(i)—Provision of maintenance, repair and overhaul services to any aircraft".

48
Recovery of tax
exempted

This section has been deleted and replaced by the new Section 61A (see below).

61A
Revocation of tax
incentive and
recovery of tax

This new section provides the Minister with retrospective revocation powers across all incentives under the Act in two scenarios:

- The removal of any activity, agreement, arrangement, product, or other matter from a certificate or letter, and
- The revocation of any approval, certificate, or letter.

c. It is noted that there are consequential amendments to the Income Tax Act 1947 as a result of the above changes.

 [Read more](#)

Contacts

Should you have any comments or questions arising from this newsletter, please contact either the listed contacts below, or any member of the [Singapore Tax & Legal team](#).



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