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Greetings from your Tax & Legal team at Deloitte Singapore.

We are pleased to update you on the following:

Public Consultation on Proposed Income Tax (Amendment) Bill 2024

On 10 June 2024, the Ministry of Finance (MOF) issued the [draft Income Tax \(Amendment\) Bill 2024](#) for [public consultation](#).

In addition, the MOF has issued the draft Multinational Enterprise (Minimum Tax) Bill and subsidiary legislation to implement a Domestic Top-up Tax (DTT) and the Income Inclusion Rule (IIR) under Pillar Two of the Base Erosion and Profit Shifting (BEPS) 2.0 initiative for public consultation. For more details, please refer to our tax alert on the draft Multinational Enterprise (Minimum Tax) Bill and subsidiary legislation at the link [here](#).

Amendments introduced by the Draft Income Tax (Amendment) Bill 2024

The draft Income Tax (Amendment) Bill 2024 includes 22 legislative amendments, which encompasses the following:

- 15 amendments reflecting the tax measures announced in Budget 2024; and
- 7 amendments arising from MOF's periodic review aimed at better aligning Singapore's income tax regime with policy objectives and enhancing tax administration.

No. Change	Description of change	Cross-references & our comments
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15 legislative amendments arising from tax changes announced in Budget Statement 2024

1.	Withdrawal of income tax concession on royalty income accorded to authors, composers, and choreographers	<p>As part of other tax changes announced in Budget Statement 2024, the current tax concession of taxing only 10% of gross royalties will be withdrawn in phases with effect from YA 2027.</p> <p>For YA 2027 and YA 2028, taxpayers must report the lower of net royalties or a percentage of gross royalties (40% for YA 2027, 70% for YA 2028). This concession will cease after YA 2028, after which only net royalties will need to be reported.</p>	<p>Clause 2 of the Income Tax (Amendment) Bill 2024, amending Sections 10(14) and 10(15) of the ITA.</p>
2.	Extension and revision of the tax incentive scheme for funds managed by Singapore-based fund managers are proposed:		
a	Exemption of Income of Prescribed Persons	<ul style="list-style-type: none"> The tax exemption under Section 13D will only apply to income from funds managed in Singapore by a fund manager meeting prescribed requirements¹, effective from 1 January 2025. The eligibility date for companies or trustees to be incorporated or constituted respectively to qualify for the exemption will be extended to 31 December 2029. 	<p>Clause 5 of the Income Tax (Amendment) Bill 2024, amending Section 13D in the ITA.</p> <p>Deloitte Singapore: These proposed amendments to Section 13D appears to aim at narrowing down the scope of Section 13D exemption by way of prescribing conditions on the fund managers.</p>
b	Exemption of income of company incorporated and resident in Singapore arising from funds managed by fund manager in Singapore	<ul style="list-style-type: none"> The proposed amendments empower the Minister or the Monetary Authority of Singapore (MAS) to add, vary, or delete the conditions of the section 13O scheme conditions by notice or by publication generally, and to allow the Minister or the MAS 	<p>Clauses 9 and 19 of the Income Tax (Amendment) Bill 2024, amending Section 13O and Section 37AA (deduction for the donation of money by a person related to or connected with company approved under Section 13O or person, master fund, etc., approved</p>

¹ These prescribed requirements have yet to be published.

to revoke or suspend approvals, including that of approvals granted before the amendment came into force.

- The amendments will also allow the IRAS to issue additional assessments to recover tax underpaid resulting from the revocation of incentive approvals.
- The approval date for the exemption under Section 130 will be extended to 31 December 2029.

under Section 13U), consequential on the insertion of the new Section 130A in the ITA.

c Exemption of income of partners of limited partnership arising from funds managed by fund manager in Singapore

- This new section extends the tax treatment in Section 130 to partners of approved limited partnerships from funds managed by fund managers in Singapore.
- Specifies conditions and penalties for non-compliance (relating to the breach of the 30/50 rule) for exemption.
- The exemption is effective until 31 December 2029.

Clauses 10 and 30 of the Income Tax (Amendment) Bill 2024, introducing new Section 130A and amending Section 100 (provisions relating to penalty), consequential on the insertion of the new Section 130A in the ITA.

Deloitte Singapore:

Currently, the Section 130 exemption scheme is only available to Singapore incorporated tax resident companies. Extension of the 130 scheme to Singapore limited partnerships would be a welcomed change especially to limited partnership funds that are not able to qualify for Section 13U exemption scheme.

d Exemption of income arising from funds managed by fund manager in Singapore

- Similar to the proposed amendment for Section 130, the approval date for the exemption under Section 13U will also be extended to 31 December 2029.
- Other proposed amendments to Section 13U are aligned to those proposed for Section 130 (see additional comments below).

Clause 11 of the Income Tax (Amendment) Bill 2024, amending Section 13U in the ITA.

- Additionally, amendments to Section 13U will incorporate related changes due to Section 13OA, such as including limited partnerships and extending the applicable conditions and penalties.

Additional comments by Deloitte Singapore: Proposed amendments to the Section 13O and 13U Schemes to allow the Minister or MAS to impose, add, vary, or delete fund incentive conditions through the issuance of notices or by way of publication seek to effectively confer legal legitimacy to incentive conditions imposed by way of circulars, potentially putting the question of the binding nature of MAS circulars to rest. This proposed change would provide more certainty to beneficiaries of fund incentives that reliance could be placed on the latest MAS circulars. There are also proposed amendments to Sections 13O and 13U to empower the Minister or the MAS to revoke or suspend incentive approvals (including that of approvals granted before the amendment came into force), signaling a clear shift towards greater emphasis on compliance.

3. Deduction for renovation or refurbishment expenditure	<ul style="list-style-type: none"> • Option for same-year deduction on the full amount of renovation or refurbishment expenses incurred in the basis period for YA 2025 and onwards, subject to the prevailing expenditure cap. • “Specified period” for deductions under this Section to be redefined as any three consecutive basis periods starting from YA 2025. • Inclusion of designer or professional fees related to renovations, even if no approval from the Commissioner of Building Control is required. 	Clause 13 of the IT (Amendment) Bill 2024, amending Section 14N of the ITA.
4. Maritime Sector Incentive (MSI) sub-schemes	<p>Introduction of an alternative basis of tax where the qualifying income of shipping entities will be taxed by reference to net tonnage, for the following MSI sub-schemes:</p> <p>a. MSI-Shipping Enterprise (Singapore Registry of Ship) (MSI-SRS);</p>	Clauses 15, 31 and 34 of Income Tax (Amendment) Bill 2024, amending Section 34K and Twelfth Schedule of the ITA.

- b. MSI-Approved International Shipping Enterprise (MSI-AIS);
- c. MSI-Maritime Leasing (Ship) (MSI-ML(Ship))

<p>5. Introduction of an Overseas Humanitarian Assistance Tax Deduction Scheme (OHAS)</p>	<p>As part of the other tax changes announced in Budget Statement 2024.</p> <p>The OHAS will be piloted for 4 years from 1 January 2025 to 31 December 2028 to provide individual and corporate donors with 100% tax deduction for qualifying overseas cash donations made through a designated charity and towards a fundraiser for emergency humanitarian assistance with a valid Fund-Raising for Foreign Charitable Purposes permit from the Commissioner of Charities.</p> <ul style="list-style-type: none"> • Any amount of deduction not deducted in any year of assessment may not be carried forward. 	<p>Clause 20 of Income Tax (Amendment) Bill 2024, introducing new Section 37AB in the ITA.</p>
<p>6. Course Fees Relief (CFR)</p>	<p>The CFR will lapse with effect from YA 2026.</p>	<p>Clause 21 of the Income Tax (Amendment) Bill 2024, amending Section 39(12)(C) of the ITA.</p>
<p>7. Relief and deduction for resident individual</p>	<ul style="list-style-type: none"> • Removal of CPF Cash Top-Up Relief for cash top-ups that attract matching grants from the Government under the Matched Retirement Savings Scheme (MRSS) from YA 2026. • An individual may continue to enjoy tax relief of up to S\$16,000 a year for eligible CPF cash top-ups that do not attract the MRSS matching grant. • The maximum amount of CPF Cash Top-Up Relief is S\$8,000 per year for cash top-ups to the individual's own Special Account, 	<p>Clause 21 of the Income Tax (Amendment) Bill 2024, amending Sections 39(3)(c)(i), (3A)(c)(i) and (3C) of the ITA.</p>

8. Annual income threshold for dependant-related reliefs	<ul style="list-style-type: none">• Increase of annual income thresholds for various tax reliefs (e.g., spouse relief, parent relief, qualifying child and working mother's child relief, CPF cash top-up relief for top-up to the CPF account of spouse or siblings, and grandparent caregiver relief) from \$4,000 to \$8,000 effective from the YA 2025.	Clauses 21 and 33 of the Income Tax (Amendment) Bill 2024, amending Sections 39(2)(a), 39(2)(i), 39(2)(p) and 39(3AA) and Fifth Schedule of the ITA.
9 Corporate Income Tax (CIT) Rebate, with a CIT Rebate Cash Grant for eligible companies	<p>Announced as part of the Enterprise Support Package in Budget Statement 2024:</p> <ul style="list-style-type: none">• CIT Rebate of 50% of tax payable to be granted for YA 2024.• Companies that have employed at least one local employee in 2023 to receive a minimum benefit of S\$2,000 in the form of a cash payout.• The maximum total benefit that a company may receive is S\$40,000.	Clauses 16, 28 and 32 of the Income Tax (Amendment) Bill 2024, amending Sections 36B(1) and 107(28A) and inserting new Section 92J in the ITA.
10. Finance and Treasury Centre (FTC) incentive	Introduction of an additional Concessionary Tax Rate (CTR) tier of 10% under the FTC incentive for incentive awards approved from 17 February 2024.	Clause 22 of the Income Tax (Amendment) Bill 2024, amending Section 43E in the ITA.
11. Global Trader Programme (GTP)	Introduction of an additional CTR tier of 15% under the GTP incentive for incentive awards approved from 17 February 2024.	Clause 23 of the Income Tax (Amendment) Bill 2024, amending Section 43I in the ITA.
12. Aircraft Leasing Scheme (ALS)	Introduction of an additional CTR tier of 10% under the ALS incentive for incentive awards	Clause 24 of the Income Tax (Amendment) Bill 2024, amending Section 43N in the ITA.

approved from 17
February 2024.

13. Intellectual Property Development Incentive (IDI)	Introduction of an additional CTR tier of 15% under the IDI incentive for incentive awards approved from 17 February 2024.	Clause 25 of the Income Tax (Amendment) Bill 2024, amending Section 43X in the ITA.
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14. Refundable Investment Credits (RICs)	<ul style="list-style-type: none">• The RIC scheme will be introduced to support business investments by the giving of tax credits (termed as Refundable Investment Credits or RICs) for qualifying expenditure by companies to be used to offset taxes levied on and other amounts due from companies (called due taxes), and for unutilised credits to be paid to the companies.• Companies are to apply to the Minister or economic agencies for RICs.• The RIC can be awarded from 1 July 2024.• Currently, approvals would only be given up to 31 December 2029.• Expenditures equivalent to RICs are treated as subsidised by a government grant, disqualifying them from other deductions.• Successful RIC applicants can apply for their RICs to offset due taxes of one or more companies in the same group; conditions apply.• Any unutilised tax credits will be refunded to the company in cash within four years from when the economic agency has confirmed the amount of RIC that	Clause 29 of the Income Tax (Amendment) Bill 2024, inserting new Section 93B in the ITA.
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the company is eligible for.

- Other administrative requirements apply.

15. Personal Income Tax (PIT) Rebate	<ul style="list-style-type: none">• A PIT Rebate is to be granted to all tax-resident individuals for YA 2024.• The amount of remission is to be capped at 50% of the tax payable or S\$200, whichever is lower.	Clause 35 of the Income Tax (Amendment) Bill 2024
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7 legislative amendments arising from MOF's periodic review of Singapore's income tax regime

1. Amendments to Securities lending or repurchase (SBL) arrangement	<p>Expansion of the scope of SBL arrangements to:</p> <ul style="list-style-type: none">• Include unlisted stocks and shares of Singapore companies in qualifying securities lending or repurchase arrangements.• Align the tax treatment of income distributions from transferred securities, including Singapore's real estate investment trusts (REITs) and REIT exchange-traded funds.• Update the definition of "Singapore-based transferee" to include those operating through a permanent establishment in Singapore	Clause 3 of the Income Tax (Amendment) Bill 2024, amending Section 10H in the ITA.
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2. Additional Tier 1 (AT1) Capital Instruments	<p>AT1 instruments are a type of capital instrument under the Basel III global capital standards.</p>	Clause 4 of the Income Tax (Amendment) Bill 2024, amending Section 10I in the ITA.
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It is proposed that distributions by licensed insurers or designated financial holding companies on AT1 capital instruments issued from 1 January 2025 be considered as interest derived from a debt security.

3. Extension and refinement of the tax incentive schemes for foreign trusts, locally-administered trusts, and foreign accounts of philanthropic purpose trusts:		
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a	Exemption of Income of Foreign Trust	The constitution of foreign trusts or incorporation dates of eligible holding companies for certain income to be exempt from tax under the section will be extended to 31 December 2027. For trusts or companies constituted or incorporated before 31 December 2025, a later basis period for meeting conditions for exemptions is to be prescribed under Section 13F.	Clause 6 of the Income Tax (Amendment) Bill 2024, amending Section 13F in the ITA.
b	Exemption of Income of Philanthropic Purpose	<ul style="list-style-type: none"> • The constitution or incorporation dates for philanthropic foreign trusts or eligible holding companies respectively for certain income to be exempt from tax under the section be extended to 31 December 2027. • For trusts constituted or companies incorporated before 31 December 2027, a later basis period for meeting conditions for exemptions is to be prescribed under Section 13L. 	Clause 7 of the Income Tax (Amendment) Bill 2024, amending Section 13L in the ITA.
c	Exemption of relevant income of prescribed locally-administered trust	<ul style="list-style-type: none"> • The constitution of locally-administered trusts or incorporation dates for holding companies for certain income to be exempt from tax under the section will be extended to 31 December 2027. • For trusts constituted or holding companies incorporated before 31 December 2027, a later basis period for meeting conditions for exemptions is to be prescribed under Section 13N. • To apply an exemption to dividends received by prescribed locally-administered trusts from prescribed non-resident holding companies paid 	Clause 8 of the Income Tax (Amendment) Bill 2024, amending Section 13N in the ITA.

out of non-relevant income.

4. Exemption for Sovereign Fund Entities	<ul style="list-style-type: none">• Extension of approval deadline of government-owned entities for tax exemptions on income from their funds managed in Singapore and from management and advisory services provided in Singapore to 31 December 2029.• Expansion of definitions of “foreign government-owned entity” and “sovereign fund entity” to include entities owned by multiple foreign governments or public authorities.• Extension of tax exemption to include income of prescribed international organisations from funds managed in Singapore by approved foreign government-owned entities.• Application of tax exemptions to income of approved international organisations from their Singapore-managed funds and advisory services.	Clause 12 of the Income Tax (Amendment) Bill 2024, amending Section 13V in the ITA.
5. Deduction for real estate investment trust units held by managers of REITs	With effect from YA 2026, the tax deduction amount for REIT managers who use REIT units received as part of their management fees to pay employees or directors will be based on the market value of the REIT units on the date the units were originally received by the REIT managers.	Clause 14 of the Income Tax (Amendment) Bill 2024, introducing Section 14ZI in the ITA.
6. Furnishing of estimate of chargeable income (ECI) if no return is made under section 62	Waiver of requirement to furnish ECI from YA 2026 to YA 2030 by: <ul style="list-style-type: none">• Sole proprietors (including those who did not register their businesses with ACRA); and	Clauses 63 and 71 of the Income Tax (Amendment) Bill 2024, amending Sections 63 and 71 in the ITA.

- Persons responsible for filing partnership return.

7. Adjustment of capital allowances, losses, or donations between income subject to tax at different rates	Amendments are proposed for the apportionment and adjustment of tax deductions provided under the Philanthropy Tax Incentive Scheme for Family Offices (PTIS) between income subject to different tax rates as follows: <ul style="list-style-type: none">• Tax deductions provided to a company under the PTIS will be apportioned between income taxed at different rates (if applicable) on a basis considered reasonable by the Comptroller of Income Tax.• Unabsorbed deductions relating to an income will be set off against other income taxed at a different rate, after applying an adjustment factor in accordance with Section 37A of the ITA.	Clauses 18 and 19 of the Income Tax (Amendment) Bill 2024, amending Sections 37A(9), 37A(11) and 37AA(12) in the ITA.
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Deloitte Singapore's views

The MOF invites public feedback on the proposed Income Tax (Amendment) Bill 2024, with the consultation open until 5 July 2024. While many legislative changes were introduced during Budget 2024, this consultation seeks to refine and implement the proposed measures more effectively. We encourage stakeholders to share their insights, which will be taken into account as the amendments are refined to address current economic needs and support sustainable growth. Deloitte Singapore remains ready to assist you in understanding these changes and their potential impact on your business.

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